THE UPSIDE of DOWN

Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED

ANNUAL REPORT 2020-21

Content

"When life gives you every reason to be Negative, think of all the reasons to be Positive."

Headwinds push us back when we least expect it . Sometimes, the forces of nature seem to be at war with us. More often than not, they strike when things are cruising just fine.

The challenge then, is not about what will befall upon us …but how react to them. The negativity that tries to drown us is not as important as the positivity that we rely on to stay afloat!

Remember school days … we were engrained with the fact that two negatives make a positive. Actually, we were being shown that there is a potential positive in every negative. There's a fortune in every misfortune. An adversity, sometimes, is only a misplaced opportunity.

Setbacks are often opportunities turned upside down.

The pandemic presented a rare but narrow window of opportunity to reflect and reimagine our world – and new possibilities therein.

A probability to

up the ante

Covid 1.0 was a turmoil for the entire world. And India.

It was an emergency of unthinkable proportions to which we had no immediate remedy. Overnight, the health scare became and economic calamity as lives and livelihoods were impacted. Large businesses remained shut; its impact percolated right down to micro establishments.

For microfinance customers, who are largely hand-to-mouth, their ventures remained shut for 2-3 months. This reality was worse than their worst nightmare. Most onlookers were almost sure that the unprivileged rural masses would buckle under pressure.

Interestingly, that did not happen. Most microfinance customers repaid their dues, some directly, while others with some help. But they did. The industry recorded collections in excess of 90% by March 2021. At Arman, our collection efficiency scaled to 94%.

This showcased the grit and resilience of the most vulnerable segment of the Indian diaspora, considered unbankable, only a decade ago. They endured and sailed through, possibly the toughest phase in their journey of life.

It also brought to the fore that these are the proven lot with whom you can increase your business exposure. They are the ones who will drive growth over the coming years – for the economy, the microfinance sector.

And for Arman!

A paper with

promising prospects

In the midst of the pandemic-related pandemonium there appeared a ray of hope.

In 2012, when the RBI came out with regulations for the microfinance sector, ~95% of the MFI sector comprised of NBFC-MFIs. The initial successes of this segment attracted banks and other institutions into this space. Despite the growing competitive intensity in this space, the stringent rules of RBI remained applicable only to the NBFC-MFIs, not others. This created a regulatory arbitrage for the non-NBFC-MFI players and gave them a clear advantage.

Recently, RBI has published a Discussion Paper that proposes to change all that. 1) It sets out rules and policies that will apply to all microfinance practitioners – creating a level playing field. 2) It removes the cap on the interest rate charged to customers – this will allow MFIs to charge variable interest rates based on competition, risk, and operating cost. 3) It prevents customer from getting over leveraged – it uses 50% fixed obligations to income ratio (FOIR) for all loans.

Today, when close to 80% of the microfinance portfolio is concentrated in only 30% of India's districts[1] , this new document rings opportunity bells for our sector. And us!

[1]*Source : MFIN MicroMirror District Risk Index Report March 2021.*

Agile & Alive

to possibilities

Even as the deadlier Covid 2.0 hit India and its underbelly, opinion influencers are of the opinion that millions in the microfinance space will default.

We, at Arman, firmly believe, that things will only get better from now onwards. Because uncertainty is often the gateway to interesting opportunities. Because the India is fighting back with passion and perseverance. India will resurge… driven by the lowest slice of its social pyramid. Once Again!

At Arman, we are striving to go beyond the now to the next, which we are confident will be a stimulating journey. For this, we have

We managed our cost structure, making us more effective

- Leveraged technology to make our processes future-ready and enhancing people productivity.
- Saved money where we could but took care of our own team; there were no layoffs, salary cuts, or furloughs for the team members.

We solidified the organisation; it allows us to capitalise on new opportunities

- Widened our presence to Haryana even as we entrenched our presence in Rajasthan.
- Strengthened our expertise of assessing cash flows and business prospects of the rural Indians.
- Provisioned for future losses. Wrote off ₹16.47 crore of COVID impacted loans and made ₹38.12 crore of additional provisions during the year. Total of ₹51.55 crore available as provisions for the future write-offs.

Maintained a solid liquidity base to provide comfort against the unknown

- Created strong liquidity - Cash & Bank balance and Liquid investments stood at ₹ 132 crore and undrawn CC limits.
- Maintained healthy relations with 30+ banks and other financial institution. If cash is our raw material, we have a diverse set of suppliers and sources, including lower rate DFI funds from NABARD, SIDBI & MUDRA.

About Arman

Arman Financial Services Ltd (NSE: ARMANFIN; BSE: 531179) is a category 'A' Non-Banking Finance Company (NBFC) active in the 2-Wheeler, MSME, and Microfinance Lending business. The Microfinance division is operated through its wholly-owned subsidiary, Namra Finance Ltd, an NBFC-MFI.

The Group operates mostly in the underserviced segment of the economy, invests in the small dreams of the large unorganised sector residing in rural and semirural locales across seven states. Arman's big differentiator with a Bank and other NBFCs is the last mile credit delivery system. It serves areas and clients where it is simply not possible for banks to provide financial services under the current market scenario.

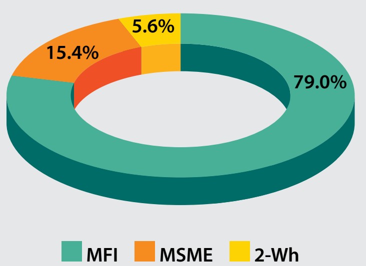
1,889
Team size

239
Branches

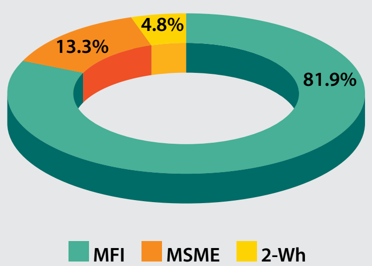
517.8
Market Capitalisation (₹ crore)

Business – vertical-wise

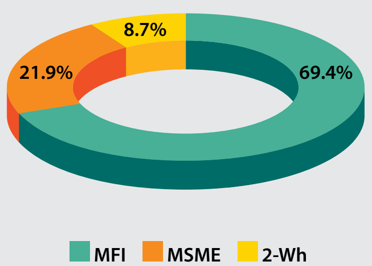
814.4
Assets under Management (₹ crore)



509.7
Disbursement (₹ crore)



190.9
Income from Operations (₹ crore)



Vision

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

Values

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

Our Competitive Moat

1) Genesis

- Arman Financial Services ("Arman") is a diversified NBFC focusing on the large underserved rural & semi-urban retail markets.
- Strong management team with 100+ years of experience led by Mr. Jayendra Patel.

2) Wide Distribution Network

- 239 branches; 55+ 2-Wheeler dealerships.
- 94 Districts, 7 states.
- ~3.74 lakh live customers.
- Contiguous geographic footprint for geographic diversification and cost efficiencies.

3) Robust Risk Management Framework

- 29-Year track record of consistent profitability; never reported an annual loss.
- Complete in-house operations with bottoms up driven credit appraisal models and rigorous collections practices – tailored for the areas of operations.
- Consistent rating upgrades backed by strong financial & operating performance; currently rated BBB+ by CARE Ratings.

4) Efficient Liability Management

- Comfortable Liquidity Position: Positive ALM.
- Average lending tenor at origination: ~24 months; average tenor of debt at origination: ~36 months.
- Diversified Borrowing Profile with Relationship across 30+ Banks & other Financial Institutions.
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5) Strong Financial Performance

- High Growth Trajectory (FY2016-21CAGR)
  - o AUM: 36%
  - o Net Income: 36%
- Consolidated debt to equity ratio of 3.9:1– Sufficient Capital to drive growth going forward.
- High Return Ratios except for COVID impact for FY21: ROE: 5.9%; ROAA: 1.3%.

From the Vice-Chairman's desk

> As a sustainable business, everything we do is inspired by a deep sense of purpose. Our values have held us in good stead at this time, and they are the foundation on which we have built our success. It is heartening to see Arman rise to the challenge and continue to make a positive impact on the lives of people, especially during these tough times where our customers need us the most.

Dear friends,

I consider myself fortunate to be expressing my thoughts after having endured a rather challenging period.

FY21 was a rather tough year. Problems appeared across the horizon. Systemic fractures in the business ecosystem, hitherto overlooked in the aggression for growth, became more apparent. But a resilient India Inc., albeit with some slippages, overcame the headwinds and scripted a remarkable recovery that silenced many naysayers.

The story is equally applicable to the microfinance industry too. Once we let the initial dust of the pandemic and lockdown settle in, realities became more apparent and the doom and gloom estimates during first quarter for FY21 became largely unfounded. The writing on the wall shone bright – survival over success was the clarion call for our customers and us.

This is exactly how we tempered our resolve. Even as we provided a moratorium and other benefits to our customers, we focused on recoveries – the rates of which scaled every month. We prioritised liquidity over growth. Our numbers may have contracted but the organisation's liquidity swelled. Our AUM dropped marginally but our NPAs remained manageable. We survived well, but at the cost of our plans being deferred by a year at best.

For me, that is literally no cost for enduring one of the most catastrophic health emergencies of several generations.

The upside of this downturn was that we got precious moments to reinforce our strengths and draw the contours of our blueprint for a post Covid world.

1) We realised that in the penchant for growth and numbers, somewhere the softer aspect of our business – relationships – were getting compromised. We undertook a disciplined drive to build on existing relations with our people – customers and employees.

2) We worked aggressively on strengthening our IT network and solutions which became a 'must have' mandate from the earlier 'good to have' priority. Our technology solutions will support our expansion strategy even as it promises to optimise costs. It will facilitate agility in decision-making and field operations even as we widen our operating canvass. In FY21, we made considerable progress on this front.

3) We piloted a flanking vertical - 2-wheeler loans for the rural markets. The pandemic brought to the fore the need for personal transport over public transport in rural areas. It was something that appeared to be a good fit in our business strategy. The numbers are small at present. We hope to build this piece to a reasonable size over the medium-term.

4) No matter how strong your belief system is about the strength of your company, your strategy and your own abilities, it is difficult to prepare for and face a crisis like a global pandemic. There are no manuals that teach you about leadership in times of a global pandemic, no notes to help you form

> **I whole-heartedly welcome RBI's announcement to harmonise the regulatory frameworks for various regulated lenders in the microfinance space.**

decisions, no experience base to fall back on and no guides to suggest a course of action. Crisis management is tough! Its during times like these that you must rely on the judgement of your team and entrust them to think on their feet; use their creativity and innovative ideas to find solutions. I am incredibly privileged and lucky to find myself working with one of the finest teams in the industry.

FY22 & beyond…

Interestingly, the start of FY22 mirrored that of FY21. The second wave was increasingly painful as it hit India's underbelly – the rural masses. Loss of lives was significant. My heart and prayers go out to all the families who have endured the pain and suffering.

The difference this time was that India Inc. was not completely shut. The aggressive fight against this invisible enemy by the health system, corporates, NGOs, other agencies and institutions, and individuals was an extraordinary effort. The entire country was glued to the television watching the numbers rise every day as the crisis unfold. As I pen this letter, it seems that we have successfully flattened the curve in a shorter time span and a resurgent India, yet again, has bounced back with vigour.

Our business remained subdued in April and May of 2021, but the recovery in subsequent months is better than our estimates. We hope to sustain our business momentum even as we endeavour to strengthen the organisation's asset quality and liquidity. Our estimates could face some headwinds from a possible third wave, which is not expected to be as brutal at the second… I am keeping my fingers crossed!

Looking beyond the pandemic, I am particularly optimistic for MFI players like us.

In the past, various RBI and government initiatives to support the NBFCs-MFI have helped the industry. The most recent White Paper penned by the RBI promises great prospects for the NBFC-MFIs operating in India.

I whole-heartedly welcome RBI's announcement to harmonise the regulatory frameworks for various regulated lenders in the microfinance space, which would stop the regulatory arbitrage amongst the 'Non-NBFC-MFI' microfinance practitioners and create a more robust industry to prevent overleveraging by microfinance customers, amongst other benefits.

As we have mentioned numerous times in the past few years, there was a genuine need for having such a framework, which would be uniformly applicable to all regulated lenders in the microfinance space rather than prescribing stringent guidelines for NBFC-MFIs alone. These new guidelines, if implemented, will put all microfinance practitioners on a level playing field. The removal of the existing pricing cap will allow MFIs to innovate risk-based products and enter previously underserved geographies, while the 50% FOIR rule will ensure that customers are not over leveraged.

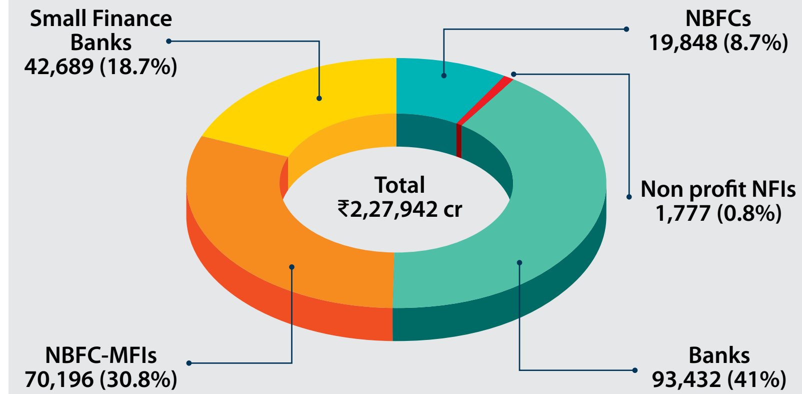
I also feel that there could be systemic change that could playout over the medium-term. While the JGL Group loan format would continue to grow, there could be the emergence of individual loans for the ambitious and the "emerging" rural customers. We have started a pilot to explore servicing these customers.

These possibilities provide considerable optimism for a promising future over the medium-term.

The big picture

The primary objective of the RBI consultative paper is to address concerns related to the over-indebtedness of microfinance borrowers and enable the market mechanism to lower the interest rates in the sector.

Loan amount outstanding (₹ in cr)



Source: RI Paper

In closing

As a sustainable business, everything we do is inspired by a deep sense of purpose. Our values have held us in good stead at this time, and they are the foundation on which we have built our success. It is heartening to see Arman rise to the challenge and continue to make a positive impact on the lives of people, especially during these tough times where our customers need us the most.

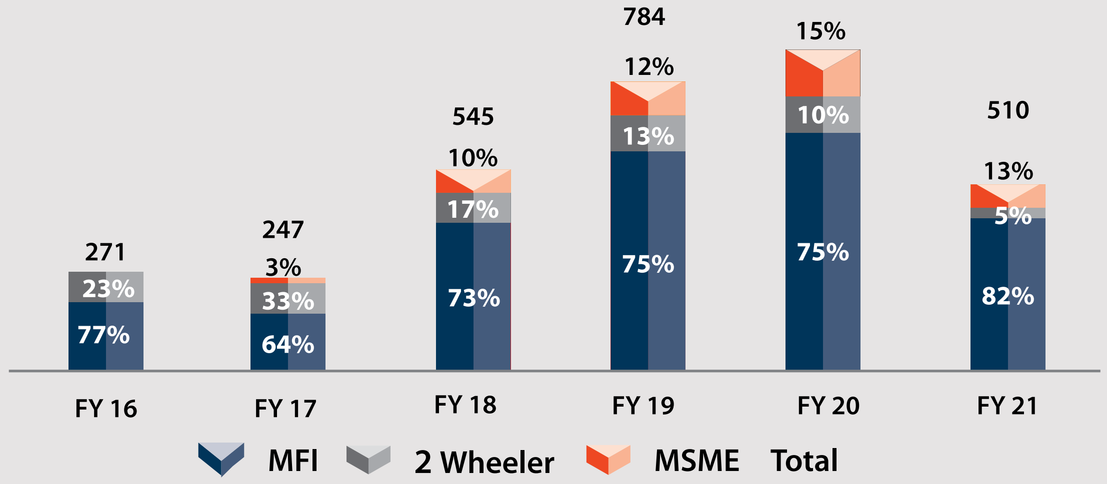
We are determined to come out stronger from this pandemic than we have ever been. I would like to thank the entire Arman team for their unflinching commitment, and our partners, shareholders and customers for your continued trust, confidence and support.

Warm regards,

Jayendrabhai Patel
Vice-Chairman & Managing Director

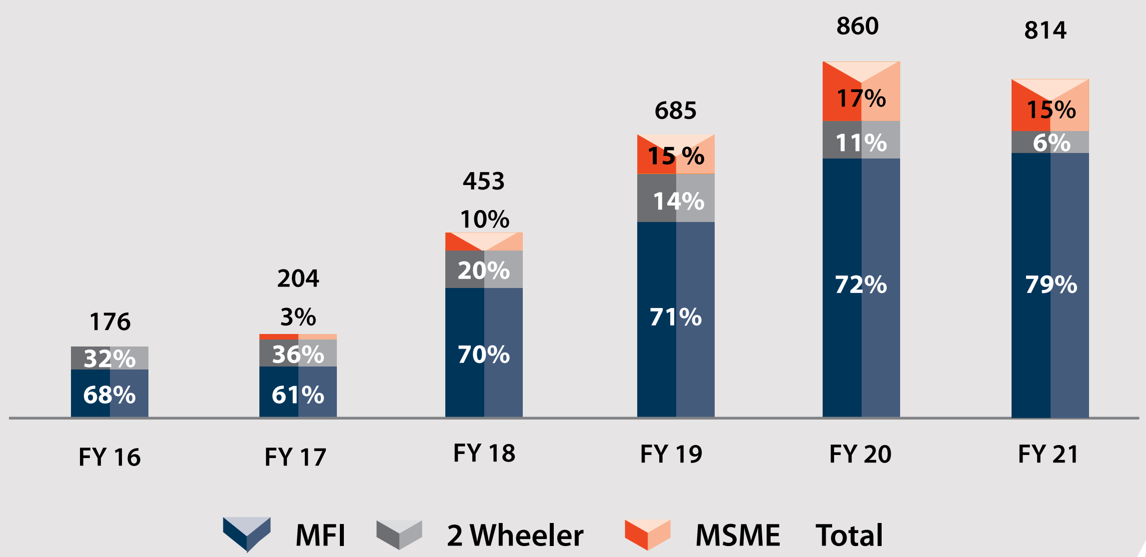
Key performance indicators

Total Disbursements (₹ in crore)



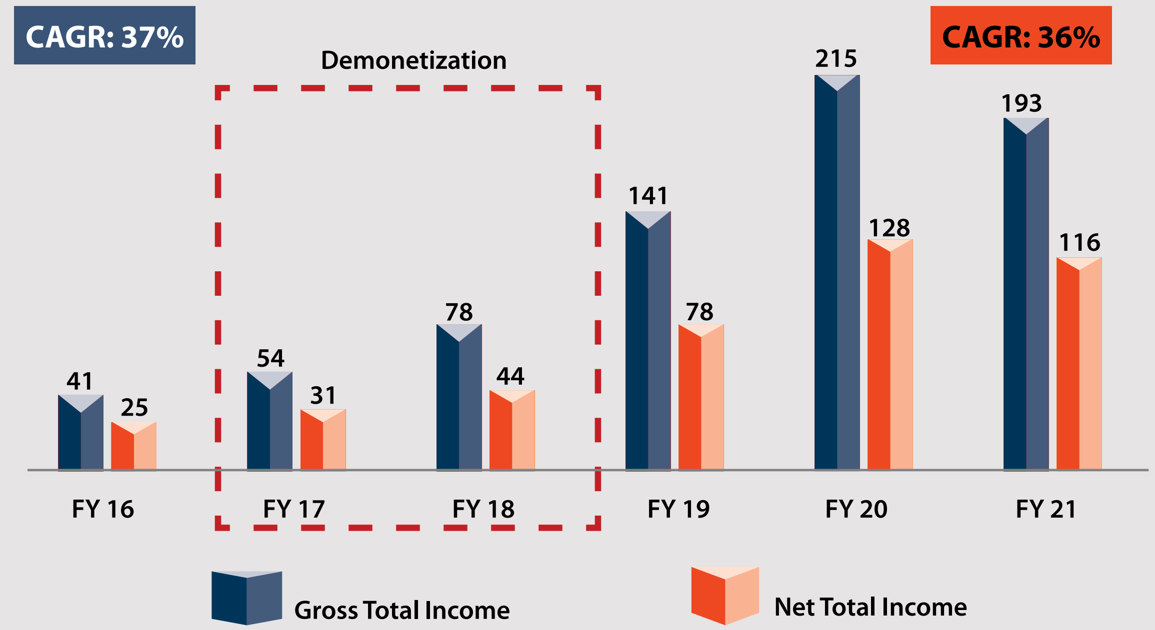
Note: *FY21, FY20 & FY 19 figures are as per IND-AS, all the figures to FY19 are as per I-GAAP*

Assets Under Management (₹ in crore)

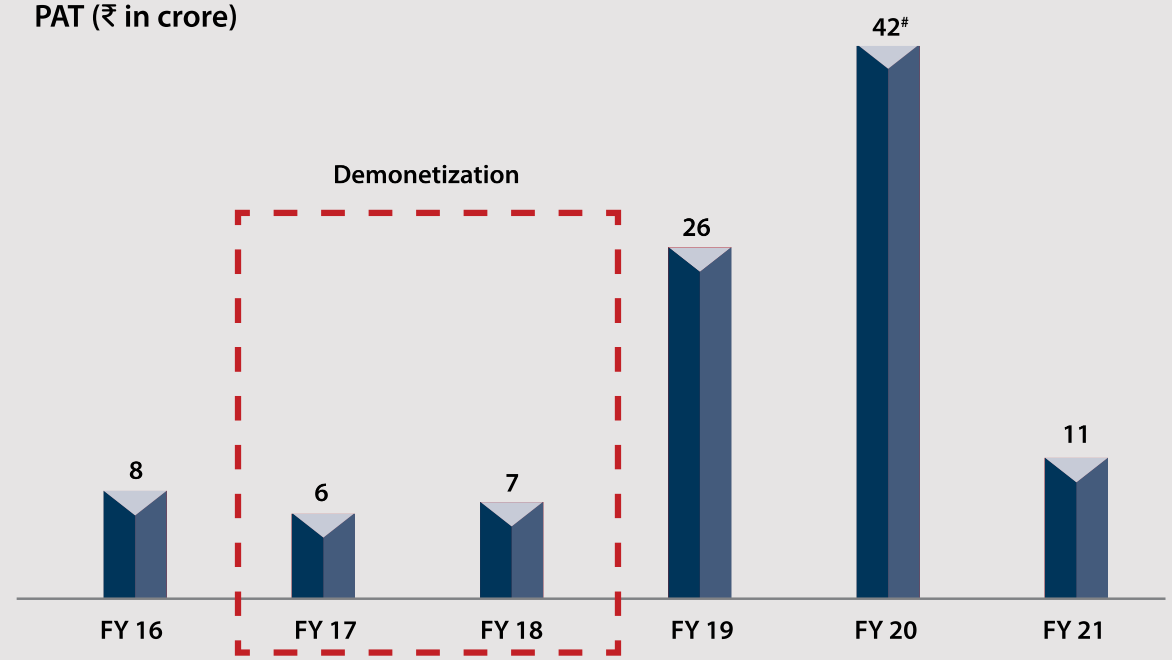


Note: FY21, FY20 & FY 19 figures are as per IND-AS, all the figures to FY19 are as per I-GAAP

Gross Income and Net Total Income (₹ in crore)

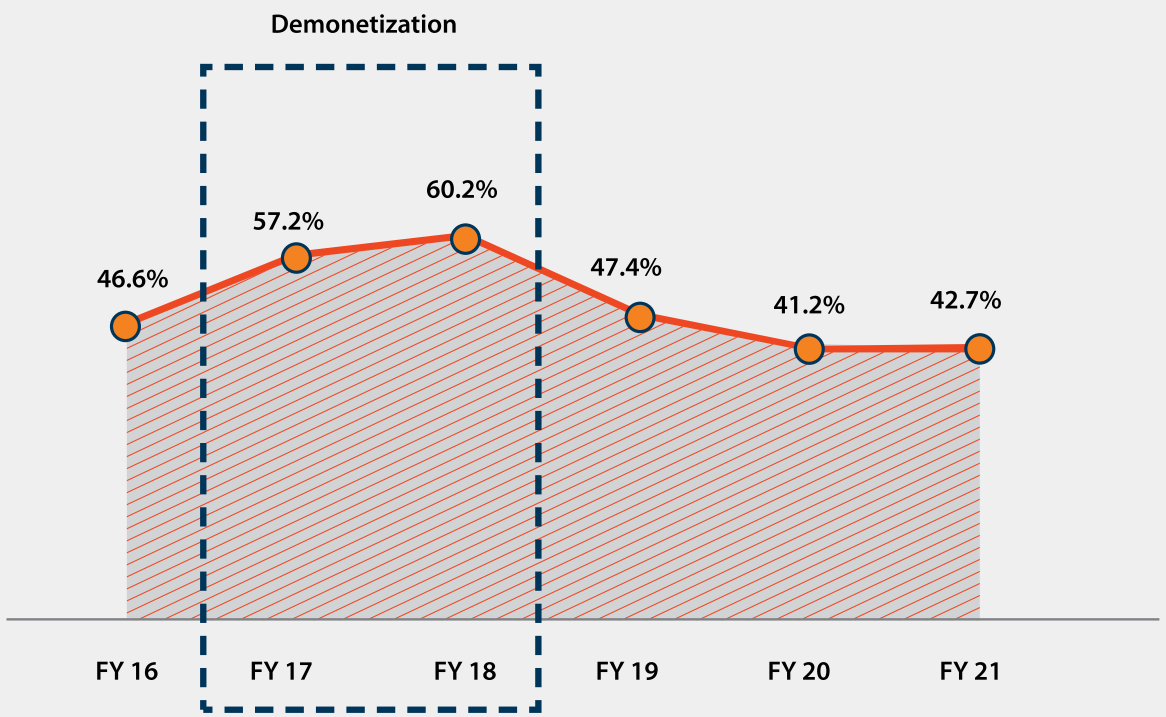


PAT (₹ in crore)

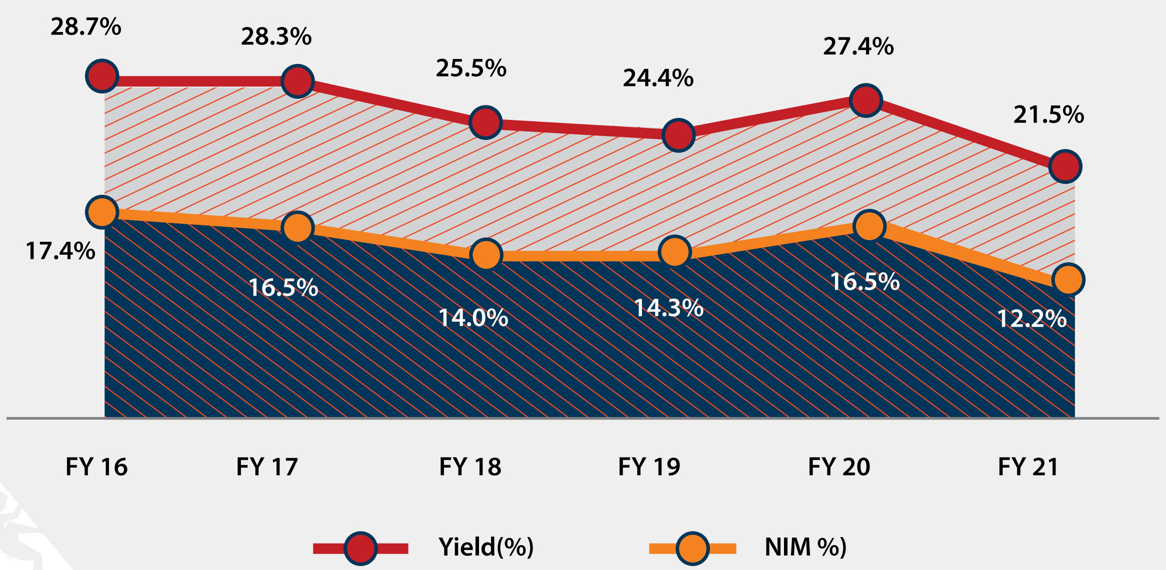


Adjusted for the Covid Provisioning of ₹6.68 crore, PAT would have stood at ₹48.2 crore in FY20; and ROE would have been 32.6%

Cost to Income Ratio (%)

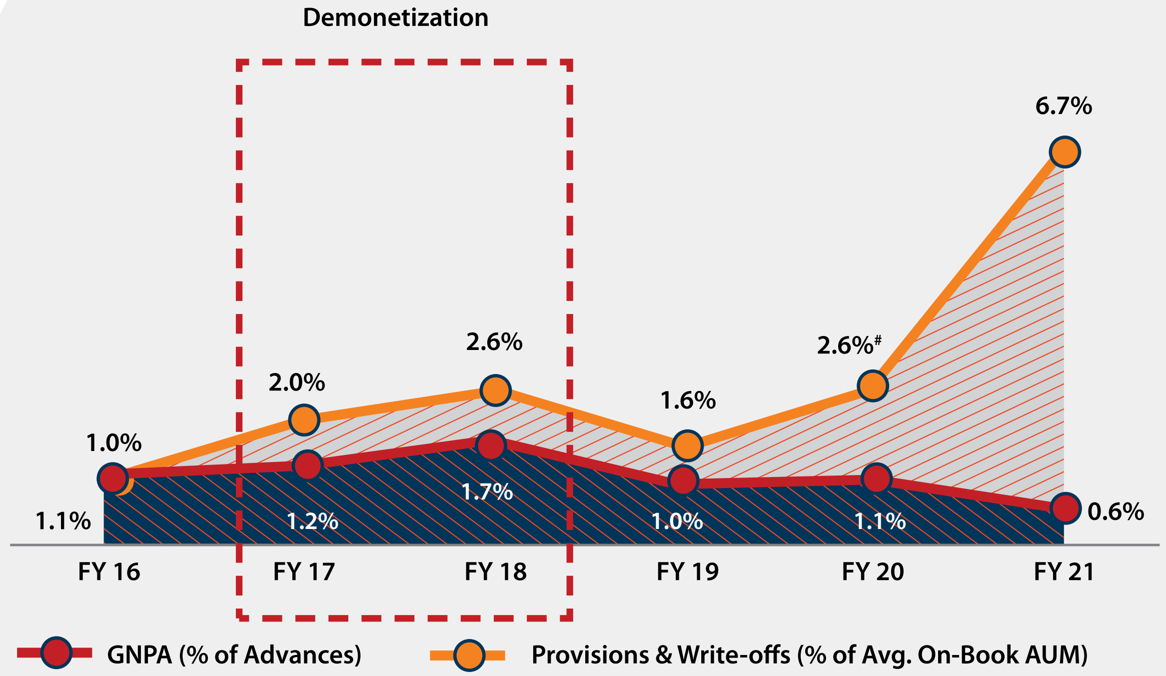


Yield & Net Interest Margin (NIM)



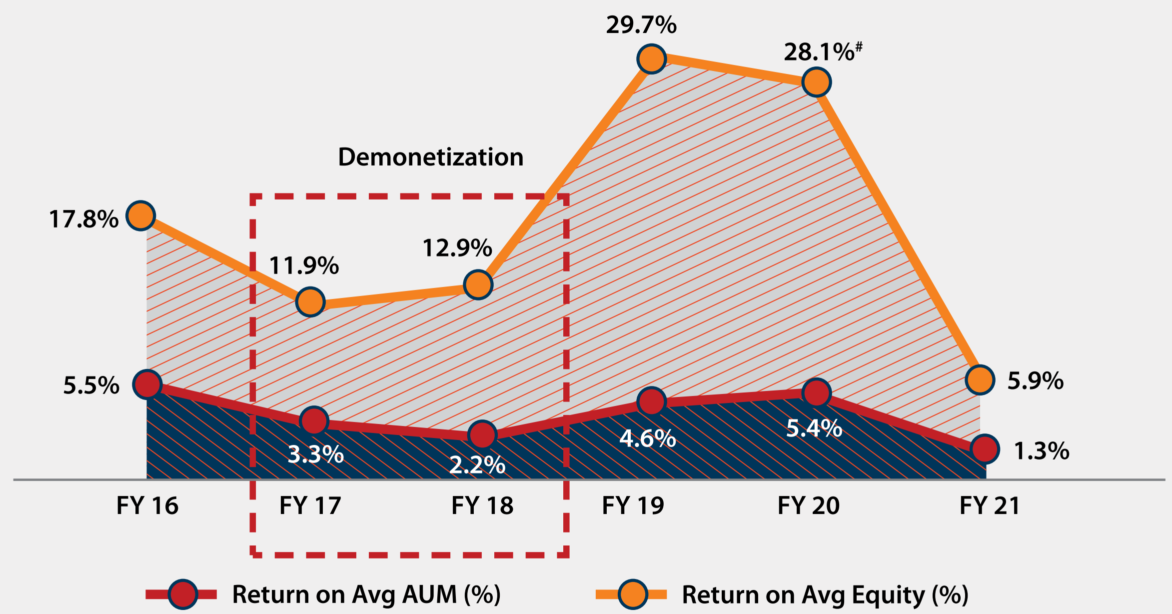
NOTE: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM (On + Off-Book); Yields = Gross Income / Average AUM

Asset quality



Includes Covid Specific provisioning of ₹6.68 crore

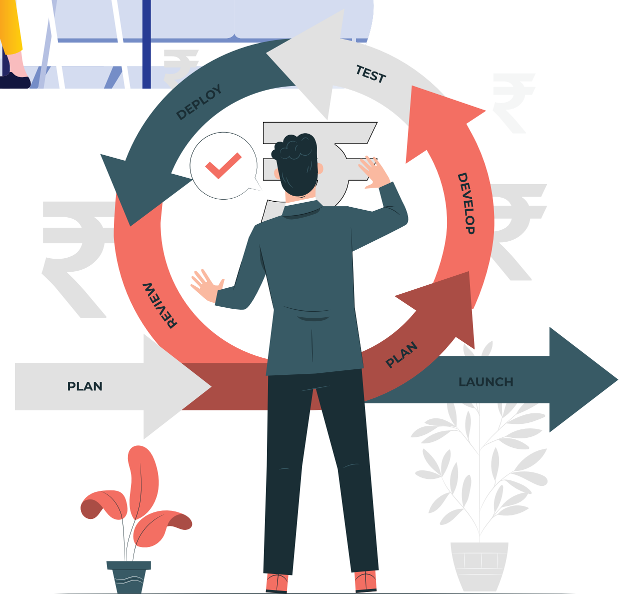
Business returns

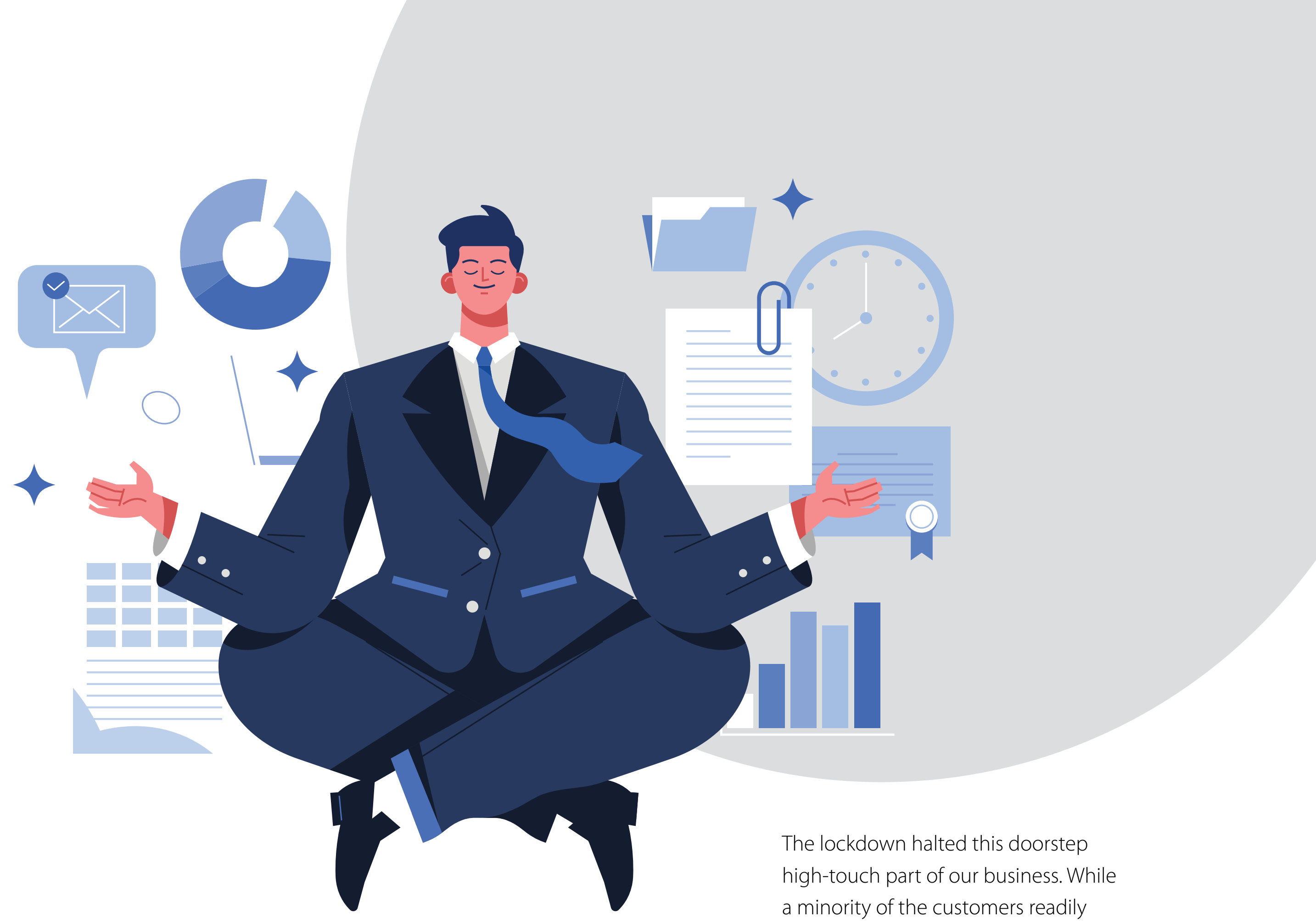


#Adjusted for the Covid Provisioning of ₹6.68 crore ROE would have been 32.6%
NOTE: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM (On + Off-Book); Yields = Gross Income / Average AUM

In conversation with **Aalok Patel**, *Joint Managing Director*

> We have successfully crossed the first wave and the second.
> We have capitalised on the upsides of the prevailing downtrend.
> We will take it ahead from here… one day at a time!





Could you take us through the Company's performance in FY21?

Along with everyone in the world, FY21 started off on a challenging note for the microfinance industry as a whole owing to the pandemic and lockdown instituted in H1FY21 to contain the contagion. Despite the uncertain ecosystem, the Company's performance during the fiscal was resilient in hindsight.

Our consolidated AUM at the end of FY21 stood at ₹ 814 crore marginally lower by 5% on a Y-o-Y basis. This was owing to a run-down in the loan book as there were virtually no disbursements during the Lock-Down and Moratorium periods, coupled with higher collections efficiencies, and a particularly cautious approach in fresh disbursements post the lockdown.

You talked about two key aspects of your business, disbursement and collection. Could you through some light on how collections panned out during the year?

Collection, as you are aware, is the backbone of any retail finance business. I have often said that we are in the business of collecting money and not disbursing money. We do door-step cash collections in our microfinance business; this is not only essential for customers based in the rural cash economy, but it has the added benefit of maintaining a high-touch, where regular interaction with customers by our field officers during the center meetings cements a healthy relationship. This results in an increased collection efficiency and leads to repeat and referral business.

The lockdown halted this doorstep high-touch part of our business. While a minority of the customers readily adapted and paid EMIs thru cash-less methods, the vast majority did not have the mechanism, nor the cash flows to pay EMIs through the cash-less means. Hence, our primary focus was on restoring collections post the lockdown.

After a washout in the first quarter, collections recovered swiftly, relatively speaking, in the second/third quarter for all three verticals.

- MFI vertical: ~93% of customers paid at least one instalment between April-October 20.
- MSME vertical: ~96.4% of customers paid at least one instalment from the period April-October 20.
- 2-Wheeler: ~97.1% of customers paid at least one instalment from the period April-October 20.

From the second quarter onwards, our collection efficiency saw a sequential quarter on quarter improvement with our blended collections improving from 91% in October 2020 to 94% in March 2021. This clearly demonstrated both the resilience and the positive intentions of our customers.

On the disbursement side, how was the traction in FY21?

This once in a lifetime event had blown considerable dust in the air. We decided to wait for some clarity because we needed to assess the impact of the pandemic on customers and their livelihood. Hence, there was no disbursement in the first quarter. In August 2020, as India got back to business, we commenced disbursements for all our verticals, albeit very slowly.

However, keeping in mind the prevailing environment, we tightened our underwriting process with the focus squarely on maintaining the quality and profitability of the portfolio.

In the microfinance segment, the Company primarily focused on renewing loans of existing customers who had made timely repayments and/or completed their tenure. In the MSME & two-wheeler segments, the Company adopted a cautious approach while disbursing fresh loans by increasing underwriting filters and reducing ticket sizes.

To help customers in genuine distress, the Company provided some relief customers - a one-time loan restructuring opportunity in December 2020. But this facility was offered to willing MFI and MSME customers who indicated genuine distress and for whom an EMI reduction was feasible by increasing the tenor. It helped in cementing a lasting recall.

The positive fallout of our more stringent credit filters was that the repayment rate for new loans disbursed post the first Covid wave was more than 99.8%.

Your post-Covid disbursements were of high quality. But what is the status of the overall quality of loans?

In-keeping with the conservative approach, the Company bolstered its provision coverage by prudently creating provisions cumulating to ₹ 38.1 crore during the year. Additionally, we took an aggressive write-off of ₹ 16.5 crore. The cumulative total provisions stood at ₹ 51.5 crore as on March 31, 2021, covering 6.7% of the on-book AUM. This, I am confident, will help the Company in dealing with any possible impairment on account of Covid-19. Thanks to aggressive provisioning, our Net NPA remains comfortable at 0.6% as on March 31, 2021.

Widening your footprint has been a continuous endeavour. Considering the prevailing headwinds, could you extend you footprint wider?

Every business aspires to grow. And we are no different. Growth for us, primarily happens when we widen our footprint. While we remained focused on collection and calibrated disbursements over the first nine months of the fiscal under review, we resumed our pan-India expansion strategy in the fourth quarter of FY21 in anticipation of an economic recovery and increased demand in FY22. Even as we entrenched our presence in Rajasthan (a state we entered for the first time in FY20), we extended our presence into Haryana – a new geography for Arman.

We opened 27 MFI branches in Q4FY21. As a result, our disbursements witnessed an uptick in Q4FY21 - they grew 51% sequentially to ₹ 275 crore. Moreover, they set the platform for sustaining our growth momentum in the current year.

Our total operational branch network as on March 31, 2021 stood at 239 (198 in MFI, 35 in MSME and 6 in 2W).

In the previous year you had mentioned about the digital transformation taking place with the Company. How did that pan out in FY21?

The pandemic clearly showcased the criticality of having a robust IT backbone for business operations. We are extremely fortunate to have proactively strengthened our IT systems in the previous year. This IT preparedness and cloud-based solutions allowed us to operate seamlessly from wherever we were.

In FY21, we continued to intensify the use of technology to support our business operations. For one, we launched a comprehensive digital collection solution which facilitates timely collection, automates reconciliation and provides a wholistic view (on a dashboard) of the organisation's collection activity. Additionally, we tweaked our technology solution for customer on-boarding, to filter out doubtful cases at the initial stage. Further, we made our network and systems more robust to take the additional load. These investments will make our business operations even more seamless as we widen our footprint. There are some other projects also in the pipeline which should see the light of day in the current year.

What is the liquidity position of the Company?

The Company enjoys adequate liquidity and a strong Balance Sheet. The Company's liquidity position remains robust with ₹ 132 crore in cash/bank balance, liquid investments, and undrawn CC limits as on March 31, 2021. It positions us in good stead to capitalise on growth opportunities when the business ecosystem turns favourable and provides the much-needed cash cushion during the uncertain times of Covid.

The start of FY22 appears to be a mirror image of the previous year. How do you see the year panning out?

The second wave of the pandemic was more aggressive in its spread and fatal in its impact. Unlike the first wave, the second wave has afflicted considerable pain to the rural segment of the Indian diaspora. Interestingly, this time around, our resilient nation has flattened the curve is a lesser time frame.

In line with this, our collections for April and May 2021 were also impacted. This decline was primarily due to lack of access to the customers in many geographies with more stringent lockdowns.

Even as I pour my thoughts over this piece, business has come back to normal with the easing of lockdown restrictions across states. There is significant improvement in the MTD repayment figures during June 2021. However, it will take a few months before they reach March 2021 levels.

Also, the aggressive inoculation drive panning out across India appears to be a significant confidence booster to the average Indian. I expect things to get better over the coming months.

99.8%-plus

Collection rate of new loans disbursed post Covid.

What about the third wave of the pandemic? Are you prepared for that?

We cannot rule out the possibility of a third wave. You can never be prepared for these kinds of challenges. There are no rule books to operate, and expectations rarely mimic reality. In the first wave, daily positive rate peaked at a little under a lakh; in the second wave they soared to 4 lakh plus daily positive numbers. No country in the world could have managed these numbers. We did, albeit with considerable loss of lives and pain. My heart goes out to all the families who have endured this pain.

From a business perspective, I have only one thing to say, we have seen the first wave and the second. We have capitalised on the upsides of the prevailing downtrend. We will take it ahead from here… one day at a time!

The journey through an exacting year

Q1

	ASSETS UNDER MANAGEMENT	TOTAL DISBURSEMENT	GROSS TOTAL INCOME	PROFIT AFTER TAX
GROWTH (₹ in Crore)	13.7%	NA%	2.1%	(56.6)%
Q1 FY21	823.1	0000	49.4	5.3
Q1 FY20	724.1	190.1	48.4	12.11

OTHER HIGHLIGHTS

This quarter was incomparable to any other quarter in the past. Repayment rates in Microfinance and MSME fell to low single digits owing to the stringent lockdown across the country. The Company had sufficient liquidity going into the Covid lockdown to repay debt obligations. The RBI announced moratorium also provided a confidence boost against the unexpected. In June, the Company resumed door-step collections in majority of it branches, with a repayment rate of 66% despite the RBI announced moratorium applicable until August, 2020.

Q2

	ASSETS UNDER MANAGEMENT	TOTAL DISBURSEMENT	GROSS TOTAL INCOME	PROFIT AFTER TAX
GROWTH (₹ in Crore)	6%	(78)%	(5)%	(87)%
Q2 FY21	704.3	50.7	51.7	1.5
Q2 FY20	753.1	231.0	54.4	12.0

OTHER HIGHLIGHTS

Strong pick-up in collections along with the incremental debt capital raised (₹ 50 crore from July '20 onwards) has materially improved the company's liquidity position. The company has duly repaid all the debt obligations that were due in Q2 FY21, and also repaid the moratorium obligations of April & May 2020 (i.e. voluntarily cancelled moratorium retrospectively) to reduce the moratorium interest burden

Q3

	ASSETS UNDER MANAGEMENT	TOTAL DISBURSEMENT	GROSS TOTAL INCOME	PROFIT AFTER TAX
GROWTH (₹ in Crore)	(13)%	(19)%	(16)%	(78)%
Q3 FY21	720.0	181.9	47.9	2.9
Q3 FY20	823.8	225.8	57.0	13.5

OTHER HIGHLIGHTS

The company has provided relief to distressed customers by allowing a one-time restructure. The restructuring was provided to willing MFI and MSME customers who showed genuine distress and an EMI reduction was feasible by increasing tenor. As of December 31st, 2021, 5.6% of loans (of which 3.4% were 90+ overdue) have been restructured.

Q4

	ASSETS UNDER MANAGEMENT	TOTAL DISBURSEMENT	GROSS TOTAL INCOME	PROFIT AFTER TAX
GROWTH (₹ in Crore)	(5)%	20%	(20)%	(77)%
Q4 FY21	814.4	275.2	44.3	0.9
Q4 FY20	859.1	229.2	55.6	3.8

OTHER HIGHLIGHTS

- Debt-Equity Ratio as on March 31, 2021 was 3.9x
- Collections continued to show sequential improvement since September 2020 to March 2021 across all segments.
- The company opened 27 new branches in the microfinance segment in anticipation of higher growth in the coming fiscal year 2022.

Management Discussion and Analysis

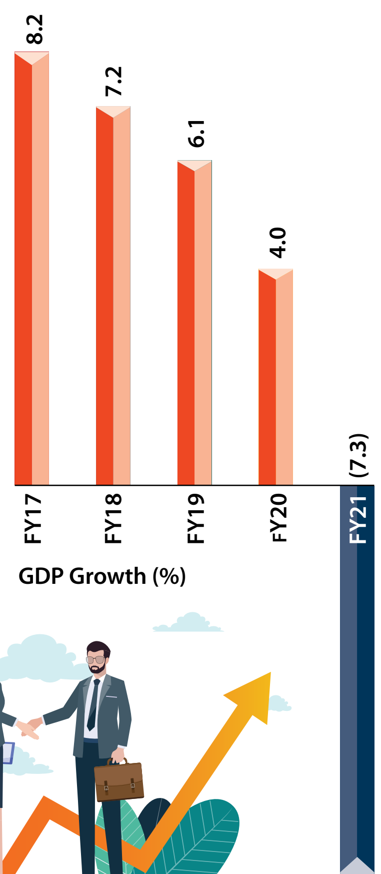
An Economic Overview

The global economy contracted by 3.3% in 2020 (Calendar Year), as all major economies barring China slipped into recession with COVID-induced lockdowns. The decline was considerably lesser than initially feared primarily due to unprecedented monetary policy support from global central banks and fiscal stimulus from governments. Global fiscal stimulus reached ~US$18.6 trillion by March 2021 (23% of GDP) while monetary stimulus by global central banks reached US$16.6 trillion (21% of GDP). The global economy is expected to witness a rebound in 2021 with the International Monetary Fund (IMF) expecting 6% growth. The growth recovery is likely to be led by the US and China. Governments and Central Banks are expected to maintain supportive policies until the recovery is firmly underway.

Aligned to the slide in global GDP, India's economic progress was expected to contract. But a smart V-shaped recovery arrested the fall in GDP. Most consumption and industrial indicators were back in positive growth territory in the Q3/FY21.

The Reserve Bank of India (RBI), and the central and state governments provided critical support to the economy during the crisis. The RBI maintained loose monetary policy, cutting repo rates by 115 bps during March-May of 2020. To keep funding markets easy, the RBI maintained liquidity surplus through various monetary measures.

In view of the economic momentum in Q4 of 2020-21, leading opinion makers had estimated a sharp growth in India GDP for 2021-22. But, with the outbreak of the second wave of Covid-19 in India, these estimates have been revised downwards.



Women of Rural India

Conventional wisdom suggests that in a growing economy, as job opportunities increase and education levels rise, more women enter the paid workforce. The Indian experience, however, has been exactly the opposite. Since the liberalization of the economy, which began in 1991, Indian GDP has grown at about 6 or 7% per year. Education of Indian women has risen; fertility rates have fallen; and access to electricity, cooking gas, and water has improved. However, women's labour force participation rate (LFPR) has fallen from 42.7% in 2004-05 to 23.3% in 2017-18.

Why?

The popular opinion that marriage may be the reason why women quit working does not hold ground when it comes to rural areas. Marriage did not affect workforce participation among women in villages. More married women work in these areas than unmarried women.

The World Bank research paper claims that one explanation for the drop in the participation rate among rural girls and women aged 15-24 is the recent expansion of secondary education and rapidly changing social norms leading to more working age young females opting to continue their education rather than join the labour force early.

NSS data shows that marginal women workers have been noticed to drop out of the workforce when household wages increased. Meaning, the need for money is the only drive for women in rural areas to work.

Impact of the pandemic on working women

The COVID-19 pandemic has had a significant impact on women's work, but as official statistics do not capture women's work adequately and accurately, little attention has been paid to the consequences of the pandemic for women workers and to the design of specific policies and programmes to assist them.

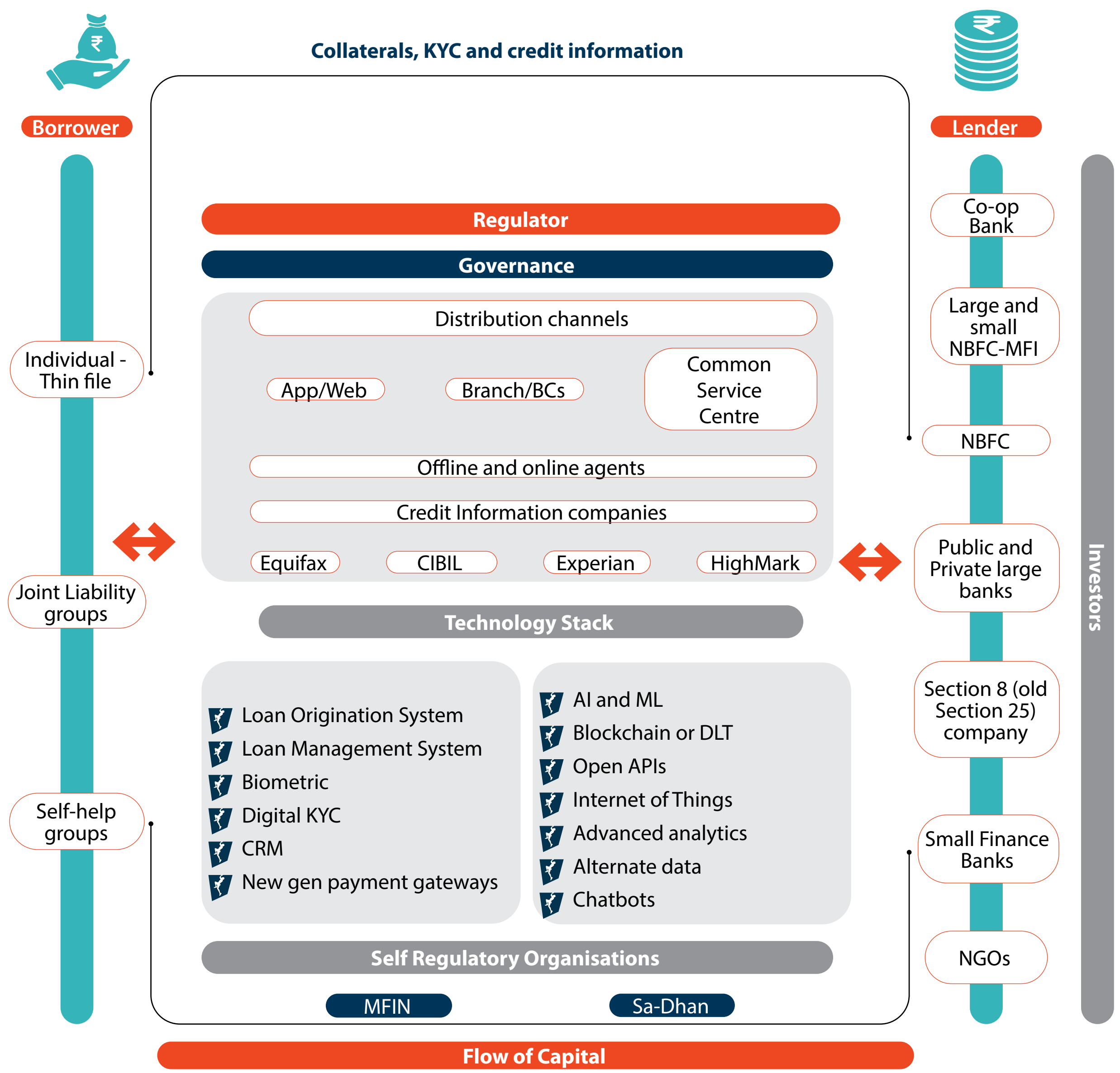
A survey by the Azim Premji University, of 5,000 workers across 12 States — of whom 52% were women workers — found that women workers were worse off than men during the lockdown. Among rural casual workers, for example, 71% of women lost their jobs after the lockdown; the figure was 59% for men. Data from the Centre for Monitoring Indian Economy (CMIE) also suggest that job losses in April 2020, as compared to April 2019, were larger for rural women than men.

The microfinance sector

Over these years, no other form of financial services has had the kind of far-reaching impact, in terms of fostering financial inclusion, as microcredit has. Access to small, collateral-free loans for economically productive purposes has helped transform the lives of millions at the bottom-of-the-pyramid—especially women. It has helped free them from the harrowing experience of dealing with informal moneylenders whose usurious interest rates and unethical practices, perpetuate the cycle of indebtedness and poverty.

That microfinance ably serves its purpose is evident from the fact that despite several challenges along the way, the industry has not only survived, but grown significantly. Over the past decade, India's microfinance industry has helped ~50 million economically vulnerable Indians, 99% of them women, live a life of dignity and financial independence. Moreover, these rudimentary start-ups employ people which provide additional employment which creates a 'network effect' that has a social impact at scale.

The ecosystem



The year under review

The gross loan portfolio of India's microfinance sector grew 17% year-on-year (y-o-y) to ₹ 2.11 trillion, industry association Sa-Dhan (an industry body comprising 225 microfinance institutions across India). The increase in the portfolio comes despite the sector having witnessed unprecedented times in the wake of covid-19 pandemic.

The combined micro credit portfolio of all lenders stood at ₹ 2,47,839 crore at the end of FY21 with banks accounting for 44% of the market. NBFC-MFIs contributed 32% to the total market size.

The microfinance sector, especially the small microfinance institutions, faced challenges in accessing funds from banks, but demonstrated great resilience, and the recovery rate has improved over the quarters

Industry and lender-wise portfolio at risk (PAR) had reached to peak in the December quarter due to end of the moratorium but has shown an improvement by end of March. The association said total disbursement by all lenders during FY21 was ₹ 2 trillion compared with ₹ 2.54 trillion during FY20.

Collection efficiency improved to 90-95% by March 2021 from about 70-75% in September last year, before the raging second wave of Covid-19 pandemic destabilised lives and livelihoods again.

India Ratings and Research in its report said that collections of micro lenders and small finance banks (SFBs) are likely to have declined 3-5% in April 2021 and an additional 5-7% in May 2021 (first fortnight of the month), both on a month-on-month basis.

The Reserve Bank of India has mooted streamlining regulations by replacing the current framework of institution-based regulation to activity-based regulation. This would augur well for microfinance lenders, bringing them on a level-playing field, enhancing delivery of last-mile credit and strengthening consumer protection.

The probable e-volution

As literacy and penetration of mobile phones among the poor and rural regions increase, the customer's exposure and therefore, their expectations from microfinance institutions shall evolve. The microfinance customer shall expect personalised solutions delivered through automated analytics that are linked to their life or business events. Continued digitisation should not be mistaken with diminishing human involvement. However customer service will remain important and the successful players will be those that can deliver competitively priced and high-quality solutions through intuitive and efficient processes.

India's MSME ecosystem

India's micro, small and medium enterprises (MSMEs) form the backbone of its economy. They contribute close to 30% of the GDP and are a significant generator of employment, with nearly 6.33 crore MSMEs hiring 11 crore citizens. They also occupy a more than 40% share of the country's total exports. Their contribution to the GDP is projected to increase to nearly US$1 trillion between now and FY26.

Despite its significant contributions, MSMEs have been one of the most damaged sectors by the COVID-19 pandemic early this year. As supply chains that supported its operations got disrupted, it brought to light some of the systemic challenges faced by MSMEs that only got exacerbated in a post-COVID-19 world.

Lack of access to working capital

Many MSMEs often require regular sources of working capital to stay afloat. The ticket size of the loans they require are normally small, ranging from ₹ 50,000 to ₹ 1 lakh. Yet, the formal banking system can meet only a fraction of the demand from the sector. According to a report by the International Finance Corporation, part of the World Bank, India's formal banking system can only supply about ₹ 11 lakh crore of the credit that MSMEs need, which is less than one-third of the demand from the sector.

A major reason for this massive gap in demand and supply is the way MSMEs operate. Given their small size, they are unable to be a part of the GST network, and, as a result, they are not obliged to maintain a set of financial records. It is because of this lack of formal documentation that banks are unable to carry out standard underwriting processes to assess an MSME's credit worthiness. As a result, MSMEs are forced to resort to other lenders that are not part of the formal banking system, often borrowing on steep interest rates, and seeing even these sources of credit drying up after. With low to minimal savings backing them up in such a business environment, a lot of the MSMEs aren't available to sustain their operations.

The way ahead

Solving these and many other challenges of the MSME requires coordinated efforts from various private and public sector stakeholders.

The government announced many steps to support the revival of the MSME sector. The government also called for banks to support the sector with schemes for stressed MSMEs, such as the Emergency Credit Line Guarantee (ECLG) and mandated public and private sector banks to supply the much-needed credit.

Many stakeholders from the private sector are also contributing their efforts for the growth of MSMEs. Key among them is the Global Bharat Movement. This is a unique initiative by SAP in association with NASSCOM Foundation, United Nations Development Program (UNDP) and Pratham InfoTech Foundation.

The Global Bharat Movement is envisaged as a catalyst for MSMEs, driving greater efficiencies and augmenting business value. By helping reassess critical processes, the movement enables these companies to become future-ready. It follows a three-pronged approach – providing access to a global marketplace, digitally skilling the workforce, and digitally transforming the business.

Our business

Arman Financial Services Limited is a Category-A Non-Banking Finance Company (NBFC-AFC), registered with the Reserve Bank of India (RBI), with rural and semi-rural financing as its core business elements.

With more than a decade of domain experience, the Company caters to the low-income group. It provides its flagship offering in microfinance division through Namra Finance Ltd (NBFC-MFI), a wholly owned subsidiary, while the standalone Arman Financial Services entity provides the two-wheeler and MSME loans.

Headquartered in Ahmedabad, the group has a skilled and efficient team of 1,889 employees that serve about 3.75 lakh underprivileged customers in seven states. Its customised offerings and efficient last-mile credit delivery differentiate it from other financial institutions.

Arman Group operates in three major business segments – two-wheeler financing, JLG Microfinance and micro-enterprise finance.

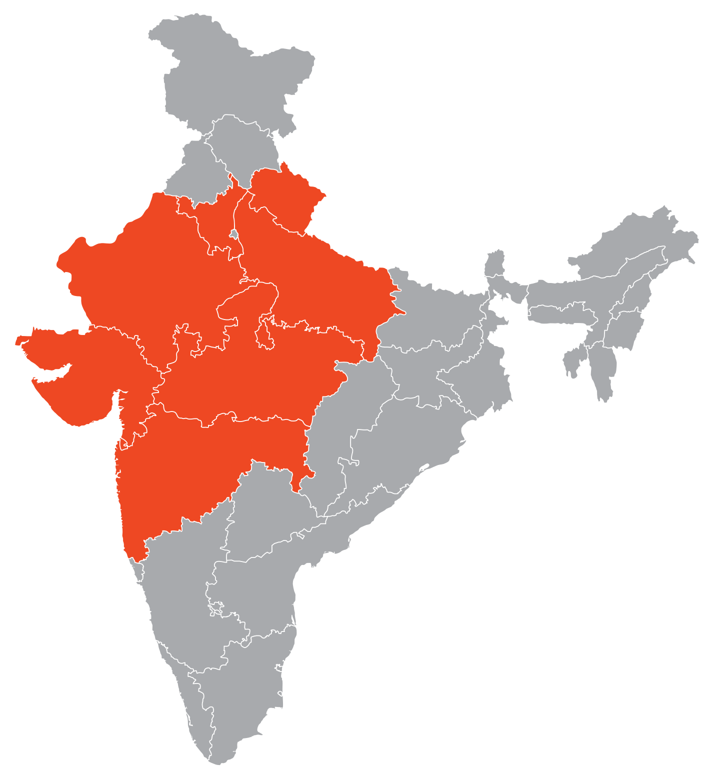
Our touchpoints

239
Branches

55+
Dealer touchpoints

3.75 Lakh
Live Customers

Our presence



Microfinance	2-wheeler & Rural 2-wheeler loans	MSME Loans
Flagship business vertical, operating for 9years under Namra Finance, a subsidiary of Arman Financial Services	Initial business venture operated under Arman Financial Piloting new Rural 2W product: Operating in Tier 3-4 & below locations for higher yields; higher ROA business; key growth driver going forward	This is a recent venture that is in operation for 5years. It is the highest ROA product at Arman
Leverages the Joint Group Liability (JLG) model with small ticket loans (Avg. Ticket Size ₹ 35,000) given to women borrowers for income generating activities such as livestock, dairy, agri-allied, kirana stores; JLG groups are formed by customers	Hypothecation (secured) loans given to self-employed / cash-salaried customer in the informal segment in semi-urban / rural areas for a 2W	Individual enterprise loan to meet working capital requirements for small rural businesses in low competition areas
Operations in 7 contiguous states; 198 MFI branches; 3.1 lakh live customers	Currently operates only in Gujarat; across 55+ dealerships	Currently operates across 3 states – Gujarat, MP & Maharashtra, with 35 branches
The operating model 1) 100% cashless disbursements supported with a high-touch monthly collection model 2) Rural concentration: ~85% rural & semi-urban portfolio (vs 43% for the MFI industry) 3) Semi-automated underwriting process for an efficient and quick turn-around	The operating model 1) Focus on quick turnaround time 2) Excellent relationships with dealers 3) In-house feet-on-street model for rigorous collections	The operating model 1) Dual credit bureau check for both customer and spouse on CRIF (for MFI loans) and CIBIL (for non-MFI loans) 2) High-touch monthly cash collection model 3) Cash Flow assessment using tailored appraisal techniques 4) Locally drawn field force with personal knowledge of the market 4) In-house teams for pre-lending field investigations and appraisals, with centralized final credit approval
Controlled growth targets driven by bottom-up projections	Growth levers a) Increase in finance penetration, b) Geographical & new product expansion	Focus on growing this business overtime; focus on quality underwriting & rigorous collections to ensure asset quality
81% Proportion of total disbursement (FY21)	**5%** Proportion of total disbursement (FY21)	**14%** Proportion of total disbursement (FY21)
79% Proportion of total AUM (March 31, 2021)	**6%** Proportion of total AUM (March 31, 2021)	**15%** Proportion of total AUM (March 31, 2021)
69% Proportion of total income (FY21)	**9%** Proportion of total income (FY21)	**22%** Proportion of total income (FY21)

Our performance

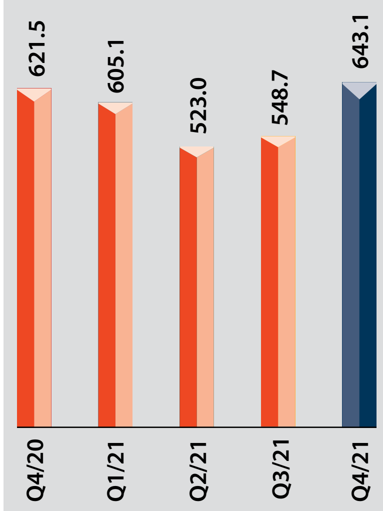
1) Microfinance

FY21 was a bleak start with a strong end. The year remained focused on collection and building provisions as the disbursement ecosystem remained dull due to difficulty in evaluating customer level risk during the first half of the year. As clouds of uncertainty gave way to confidence, disbursements commenced selectively, primarily to the existing customer base. In the fourth quarter, as the business climate became closer to normal, disbursement and collection gained momentum. The Company also kickstarted its geographic expansion strategy by setting foot in Haryana and intensifying its presence in Rajasthan.

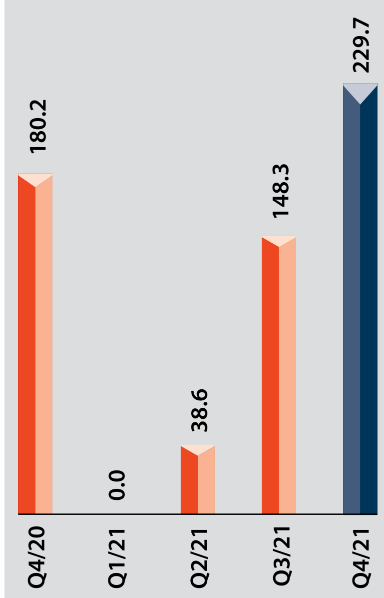
Position
FY21 – a snapshot

643.1 AUM (₹ crore)	**417.6** Disbursement (₹ crore)	**133.9** Total income (₹ crore)
23% Yield	**13%** Net Interest Margin	**0.6%** NNPA

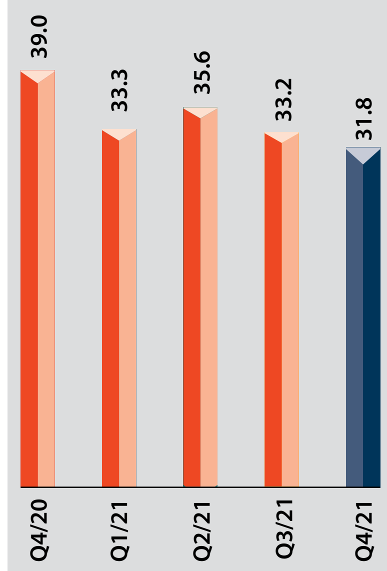
Performance
Quarter-by-quarter



AUM (₹ crore)



Disbursement (₹ crore)



Gross Total Income (₹ crore)

2) 2-Wheeler & Rural 2-Wheeler Loans

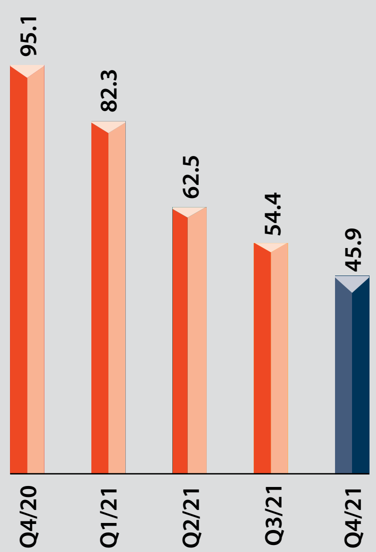
Business remained particularly dismal for this vertical in FY21. This was owing to the pandemic, which not only depleted the disposable income in the hands of the average Indian but created an uncertain future. This meant that decisions, such as purchasing a new vehicle, were put on hold. Additionally, low travel, work-from-home culture, and closures of schools and colleges further reduced demand.

Demand did not bounce back as quickly as envisaged throughout the year as fuel prices surged increasing the cost of ownership. However, the 2-wheeler market is slowly growing traction, especially in rural markets, where people have displayed a willingness to opt for private transport as opposed to a low-functioning and unreliable public transport system. This gives the rural 2-wheeler pilot traction to grow during FY22.

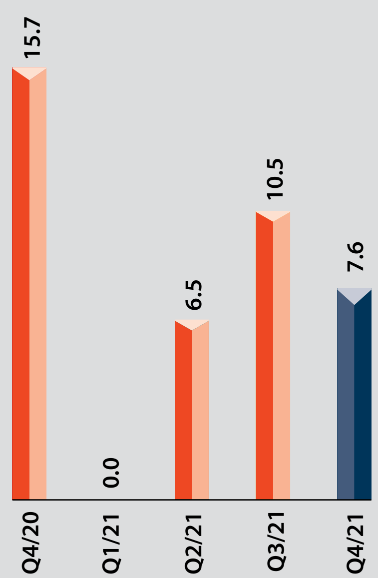
Position
FY21 – a snapshot

45.9 AUM (₹ crore)	24.6 Disbursement (₹ crore)	16.6 Total income (₹ crore)
24.4% Yield	14% Net Interest Margin	4.7% NNPA

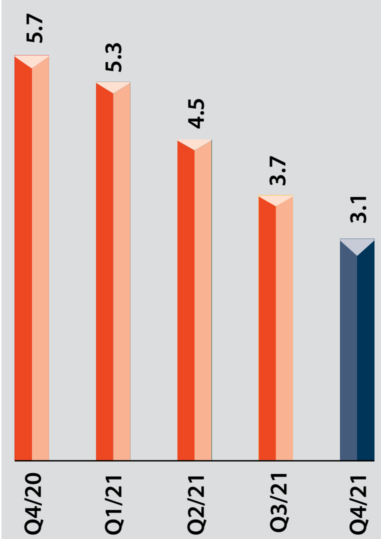
Performance
Quarter-by-quarter



AUM (₹ crore)



Disbursement (₹ crore)



Gross Total Income (₹ crore)

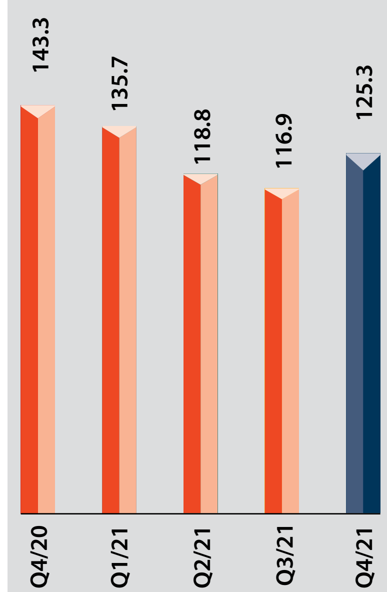
3) MSME Loans

FY21 was a challenging year for the entire MSME sector as the lockdown for more than a month questioned the survival of many small businesses. Like the MFI segment, most of the year remained focused on collection and building provisions rather than disbursements due to difficulty in evaluating underwriting risk during the first half of the year. Despite initiating disbursements from August 2020 in a small measure, the Company upped its credit filters to ensure asset quality, which increased an already high rejection rate. Consequently, business growth remained tepid for the first three quarters of FY21. With India's economic resurgence in the fourth quarter, business sentiments revived. This helped in growing the business of this segment towards the close of the year. Going forward, this business segment is expected to emerge as an important growth driver for the Company.

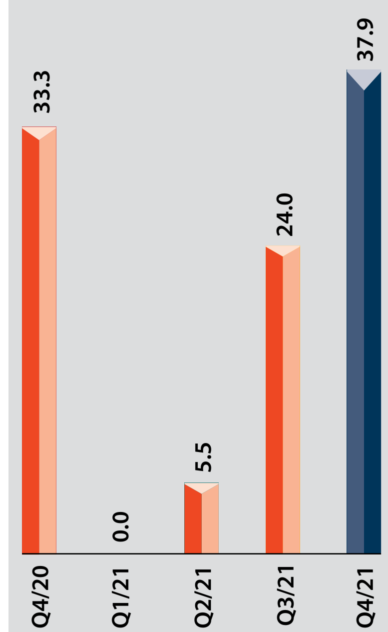
Position
FY21 – a snapshot

125.4 AUM (₹ crore)	67.4 Disbursement (₹ crore)	41.9 Total income (₹ crore)
33.8% Yield	23.4% Net Interest Margin	1.5% NNPA

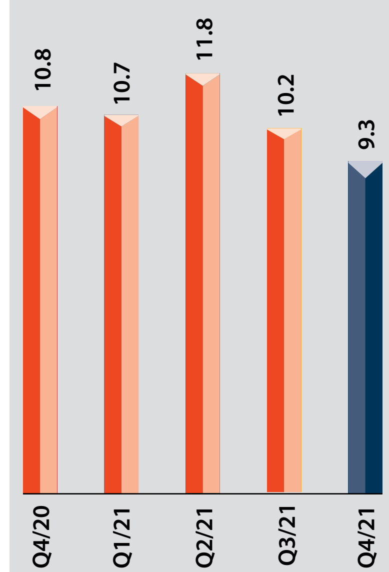
Performance
Quarter-by-quarter



AUM (₹ crore)



Disbursement (₹ crore)



Gross Total Income (₹ crore)

Risk management

At Arman, we believe that systematic risk management practices ensure effective navigation to achieve business objectives and enable sustainable growth in a volatile and complex environment. Our Enterprise Risk Management (ERM) framework has been designed to identify, monitor and minimise the adverse impact of strategic, operational, financial and compliance risks faced by the organisation.

Growth risk

Opportunities for growth could dampen owing to the pandemic

Minimising the risk: Unlike the previous occasion, the second wave of the pandemic has dealt a body blow to lives and livelihoods in semi-urban and rural areas. While this will dampen opportunities in the short-term (primarily owing to MFIs holding back fresh disbursals), it will result in pent up demand which will surface once the impact of the health emergency wanes off. Because people need to build back their livelihood. It is already taking shape now.

Asset quality risk

The pandemic has reduced the repayment ability of microfinance customers. This could lead to increased bad loans.

Minimising the risk: Being aware of this, the Company has adopted a two-pronged strategy

1) it has created sufficient provisions for Covid related losses during FY 21. However, it continues to monitor the provision closely because of the second wave.

2) it has tightened its credit appraisal norms and has become very selective for fresh disbursals.

- For 2-wheeler loans it has increased down payment and has upped the eligible credit score requirements.
- For MSME loans, it has tightened the positive cash flow requirement; it has added an additional 'Covid Impact Assessment Layer' –where the 'credit team' assess the 'forward-looking impact on cash flows' for the 'occupations that have been impacted by the on-going Covid crisis' as a part of the appraisal process for evaluating fresh disbursals

For Microfinance, majority of the disbursements during the year were for renewal loans to existing customers. No top-up loans were given to any customers

Funding risk

Inadequate availability of low-cost funds could impact business profitability and sustenance.

Minimising the risk: The Company does not perceive this as a significant risk owing to the following:

- It enjoys a healthy liquidity position with ₹ 132 crore in cash/bank balance, liquid investments, and undrawn CC limits
- The Company successfully raised ₹ 369 crore in FY21 (based on Arman's credibility); ₹ 208 crore was raised in Q4FY21 (strengthening the Company's liquidity)
- The Company's liquidity position has improved driven by the pick-up in collections and the incremental debt capital raised since April 2021.

The Company has accelerated repayments of high-cost borrowings and replaced it with low-cost borrowings during the FY21.

Profitability risk

Current regulatory norms have decreased the interest caps in the MFI space.

Minimising the risk: The Reserve Bank of India is expected to introduce regulations that will remove the margin caps in the microfinance sector to encourage risk and competition-based pricing. The impact of decreasing interest rate caps on Arman is expected to be limited as it has managed to reduce its cost of borrowing. Despite microfinance being the largest revenue and profit spinner, the Company has a presence in other high-margin verticals which are witnessing considerably traction. Besides, within the microfinance space, the Company continues to prune its cost sheet which ensures that is remains profitability despite a probable reduction in interest revenue in the short-term.

People risk

People attrition could impact business operations.

Minimising the risk: Hiring and retaining qualified and skilled employees is critical to the future of our business and our business model. The Company has historically had lower attrition rates in comparison to our peers. Its people centric policies such as an above average pay scale, generous benefits, skill development, a policy that encourages internal promotions, and lastly, a generous ESOP policy for middle management and above have helped in nurturing and retaining talent. Further, care for employees demonstrated during the pandemic has also gone a long way in cementing a strong bond with the Company.

Concentration risk

Gujarat, the home state of Arman, accounts for a large proportion of its business. The concentration could restrict growth going forward.

Minimising the risk: Gujarat, being the home ground for the Company and hence, is an important business market for the Company. As a prudent organisation, the Company has widened its geographic presence by extending its presence across contiguous states. In FY20, the Company extended its presence to Rajasthan, in FY21 it established a presence in Haryana. These expansions for its microfinance business become a seamless entry for its MSME business in later years.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Mr. Alok N. Prasad**
   Chairman
2. **Mr. Jayendrabhai B. Patel**
   Vice Chairman & Managing Director
3. **Mr. Aalok J. Patel**
   Joint Managing Director
4. **Mr. Kaushikbhai D. Shah** (upto August 12, 2021)
   Independent Director
5. **Mrs. Ritaben J. Patel**
   Non Executive Director
6. **Mr. Aakash J. Patel**
   Non Executive Director
7. **Mr. Ramakant Nagpal**
   Independent Director
8. **Mr. Mridul Arora**
   Nominee Director
9. **Ms. Geeta Haresh Solanki** (w.e.f. 01.04.2020)
   Independent Director

BOARD COMMITEES

- **Audit Committee**
  Mr. Kaushikbhai D. Shah (upto August 12, 2021)
  Chairman
  Mrs. Ritaben J. Patel
  Member
  Mr. Alok N. Prasad
  Member
  Mr. Ramakant Nagpal
  Member

- **Stakeholders Relationship Committee**
  Mr. Alok N. Prasad
  Chairman
  Mr. Kaushikbhai D. Shah (upto August 12, 2021)
  Member
  Mr. Jayendrabhai B. Patel
  Member

- **Nomination and Remuneration Committee**
  Mr. Ramakant Nagpal
  Chairman
  Mr. Kaushikbhai D. Shah (upto August 12, 2021)
  Member
  Mr. Alok N. Prasad
  Member
  Ms. Geeta Haresh Solanki
  Member

- **Corporate Social Responsibility Committee**
  Mr. Jayendrabhai B. Patel
  Chairman
  Mr. Alok N. Prasad
  Member
  Mr. Aalok J. Patel
  Member

CHIEF EXECUTIVE OFFICER
Mr. Jayendrabhai B. Patel

CHIEF FINANCIAL OFFICER
Mr. Vivek A. Modi

COMPANY SECRETARY
Mr. Jaimish G. Patel

STATUTORY AUDITOR
M/s Samir M. Shah & Associates

INTERNAL AUDITOR
M/s Dharmesh Parikh & Co. (up to 30.09.2020)
M/s Talati & Talati LLP (w.e.f. 01.10.2020)

SECRETARIAL AUDITOR
M/s Pinakin Shah & Co.

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Ahmedabad-380014, Gujarat
Ph.: 079-40507000; 27541989
E-Mail: finance@armanindia.com;
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Girish Cold Drink, Off. C. G. Road,
Ahmedabad-380009, Gujarat
Ph.: 079-40024135; 40392570
Email: bssahd@bigshareonline.com

BANKERS
State Bank of India
IDBI Bank Ltd
Bank of Baroda
HDFC Bank Limited
AU Small Finance Bank Limited
IDFC First Bank Limited

DEBENTURE TRUSTEE
Catalyst Trusteeship Limited

NOTICE

Notice is hereby given that the 29th (Twenty Nineth) Annual General Meeting (AGM) of Arman Financial Services Limited will be held on Wednesday, September 29, 2021 at 12.00 noon through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
   a. the audited financial statement of the Company for the financial year ended March 31, 2021, the reports of the Board of Directors and Auditors thereon; and
   b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2021.
2. To appoint a Director in place of Mr. Aakash Patel [DIN-02778878] who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mrs. Ritaben Patel [DIN- 00011818] who retires by rotation and being eligible, offers herself for reappointment.
4. **Appointment of Statutory Auditor**

   To consider and if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 & 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder, appointment procedure and eligibility criteria prescribed under the RBI Guidelines (Ref.No.DoS.CO.ARG/ SEC.01/08.91.001/2021-22) dated April 27, 2021 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI Listing Regulations" as amended from time to time including any statutory modification(s) or amendment(s) thereto or reenactment(s) thereof for the time being in force, M/s Talati & Talati LLP, Chartered Accountants, (Firm Registration No. 110758W/ W100377) be and are hereby appointed as Statutory Auditors of the Company effective from the conclusion this Annual General Meeting till the conclusion of 32nd Annual General Meeting to be held in calendar year 2024 (For FY 2021-22 to FY 2023-24) on such terms including remuneration, reimbursement of expenses (if any) as may be fixed and determined by the Board of Directors of the Company."

   "RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

5. **Reappointment of Mr. Jayendra Patel (DIN-00011814) as Managing Director for the period of 5 years**

   To consider and if thought fit to pass, with or without modification, the following Resolution as a special Resolution:

   "RESOLVED THAT pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force) in context of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Jayendra Patel (DIN: 00011814) as Managing Director of the Company, who will attain the age of 70 years on October 13, 2021, for a period of five years commencing from September 01, 2021 to August 31, 2026, on the remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice."

   "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Jayendra Patel, Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013."

   "RESOLVED FURTHER THAT any directors or Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."
6. **Private Placement of Non-Convertible Debentures**

   To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

   "RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company on September 29, 2020 and pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, including any modification, amendment, substitution or re-enactment thereof, for the time being in force and the provisions of the memorandum of association and the articles of association of the Company, the approval and consent of the members of the Company, be and is hereby accorded to the board of directors of the Company (the "Board") to issue, and to make offer(s) and/or invitation(s) to eligible persons to subscribe to, non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) ("NCDs"), on a private placement basis, in one or more tranches, within a period of one year from the date of passing of this resolution, provided that the outstanding amounts of all such NCDs at any time during the period shall not exceed INR 300,00,00,000 (Indian Rupees Three Hundred Crore)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange, settle and determine the terms and conditions (including without limitation, interest, repayment, security or otherwise) as it may think fit of such NCDs, and to do all such acts, deeds, and things, and to execute all such documents, instruments and writings as may be required to give effect to these resolutions."

7. Issuance of securities through Qualified Institutions Placement for an aggregate amount not exceeding ₹125 Crores (Rupees One Hundred and Twenty Five Crores only)

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company on September 29, 2020 and pursuant to Section 23, 42, 62 and other applicable provisions of the Companies Act, 2013, and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, and such others rules and regulations made thereunder (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) (together the "Companies Act"), and in accordance with the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force) (the "ICDR Regulations"), and subject to all applicable statutory and regulatory requirements (including inter alia the relevant date on the basis of which price of the Securities or the resultant shares are determined being in compliance with applicable statutory and/ or regulatory parameters), the relevant provisions of the Memorandum and Articles of Association of the Company, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and to the extent applicable, the provisions of the Foreign Exchange Management Act, 1999, (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) ("FEMA"), the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force), and all other statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time, issued by the Government of India, ("GOI"), the Ministry of Corporate Affairs, ("MCA"), the Reserve Bank of India, ("RBI"), the Securities and Exchange Board of India, ("SEBI"), BSE Limited, and, the National Stock Exchange of India Limited, (the "Stock Exchanges"), and/or any other applicable regulatory/statutory authorities, and subject to the necessary approval and/or consent of any statutory and/or regulatory authorities, and the conditions as may be prescribed by any of them while granting any such approval and/or consent, as may be agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board", which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board to exercise its powers including the powers conferred by this Resolution to the extent permitted by law), the consent, approval and sanction of the Board, subject to the approval of the members of the Company, be and is hereby granted to create, issue, offer and allot securities including inter alia ordinary equity shares of the face value of ₹10 each (Rupees Ten Only) ("Equity Shares"), and/or warrants with an option exercisable by the warrant holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares, or any combination of securities convertible into or exchangeable for Equity Shares and/ or convertible preference shares and/or convertible debentures (compulsorily and/ or optionally, fully and/ or partly) and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with the Equity Shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/ or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for Equity Shares at the option of the Company and/or holder(s) of the security(ies) and/ or securities linked to Equity Shares, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India (all of which are hereinafter collectively referred to as "Securities") or by any one or more or a combination of the above or otherwise, upto an aggregate amount of ₹125 Crores (One Hundred and Twenty Five Crores Only), as may be decided by the Board, at an appropriate time (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more private offerings, in the form of Qualified Institutions Placement ("QIP"), or any other method and by way of a placement document ("Offering Document/Disclosure Document / Information Memorandum"), to eligible investors (whether or not such investors are Indian or foreign, including, without limitation, financial institutions, commercial banks, mutual funds, foreign portfolio investors, multilateral and bilateral development financial institutions, venture capital funds, foreign venture capital investors, insurance companies and other qualified institutional buyers as permitted by applicable statutes and regulations from time to time), at such time/times, in one or more tranches, for cash, at such price or prices, including at a permissible discount (including but not limited to any discount as may be permitted under Chapter VI of ICDR Regulations) / premium to the market price, in such manner and on such terms and conditions including security, rate of interest etc., considering the then prevailing market conditions and other relevant factors wherever necessary, in consultation with the merchant bankers and/or other advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue or allotment of Securities"

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, etc."

"RESOLVED FURTHER THAT, if the Company proposes to allot any Securities pursuant to a qualified institutions placement ("QIP"):

i. the allotment of Securities shall be completed within 12 months from the date of passing of the Special Resolution or such other time as may be allowed under the ICDR Regulations from time to time;

ii. the relevant date shall be the date of the meeting in which the Board or the committee of directors duly authorised by the Board decides to open the issue of such any Securities;

iii. the QIP shall be made at such price not less than the price determined in accordance with the pricing formula provided under the ICDR Regulations ("QIP Floor Price"), and the price determined for a QIP shall be subject to appropriate adjustments as per the provisions of Regulation 176(4) of the ICDR Regulations, as may be applicable; and

iv. the Board, at its absolute discretion, may offer a discount of not more than 5% (five percent) or such other percentage as may be permitted under applicable law on the QIP Floor Price."

"RESOLVED FURTHER THAT, the Equity Shares as may be required to be issued and allotted in accordance with the terms of the offer shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects including dividend, which shall be subject to relevant provisions on that behalf contained in the Articles of Association of the Company."

"RESOLVED FURTHER THAT the issue to the holders of the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, inter alia, subject to the following terms and conditions:

a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;

c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares and the price as aforesaid shall be suitably adjusted; and

d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or reclassification of the Securities into other securities and/ or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made."

"RESOLVED FURTHER THAT, without prejudice to the generality of the above, the Board be and is hereby authorized to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with offering, issuing and allotting the Securities, and to give effect to these resolutions, including, without limitation, the following:

i. offer, issue and allot the Securities or any/all of them, subject to such terms and conditions, as the Board may deem fit and proper in its absolute discretion, including inter alia, (a) terms for issue of additional Securities, (b) terms as are provided in domestic offerings of this nature, and, (c) terms and conditions in connection with payment of interest, dividend, voting rights, premium and redemption or early redemption, conversion into Equity Shares, pricing, variation of the price or period of conversion, and/or finalizing the objects of the issue/s and the monitoring of the same;

ii. approve, finalise and execute any preliminary as well as final offer document, (including inter alia any draft offer document, offering circular, registration statement or placement document or private placement offer letter and/or other letter or circular ("Offering Document/Disclosure Document/ Information Memorandum"), and to approve and finalise any term sheets in this regard;

iii. issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects;

iv. approve, finalise and execute any number of powers of attorney;

v. taking decision to open the issue, and in this regard, to decide the opening and closing dates;

vi. approve, finalise and execute agreements and documents, including lock-up letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and/or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s)/merchant banker(s), legal counsel, depository(ies),banker(s), advisor(s), registrar(s), trustee(s), and other intermediaries as required), and to pay any fees, commission, costs, charges and other outgoings in connection therewith;

vii. to provide such declarations, affidavits, certificates, consents and/or authorities as required from time to time, to amend or modify any of the above agreements powers or documents, as required;

viii. seek any consents and approvals, including, inter alia, the consent from the Company's lenders, customers, vendors, parties with whom the Company has entered into agreements with, and from concerned statutory and regulatory authorities;

ix. file requisite documents with the SEBI, BSE Limited / National Stock Exchange of India Limited, the Reserve Bank of India, and any other statutory and/or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;

x. seeking the listing of the Securities on any stock exchange/s, submitting the listing application to such stock exchange/s and taking all actions that may be necessary in connection with obtaining such listing approvals, (both in principle and final listing and trading approvals);

xi. open one or more bank accounts in the name of the Company in Indian currency, in relation to the Issue, and the director/s and/or officer/s of the Company as authorized by the Board who shall be authorized to sign and execute the application form and other documents required for opening the said account/s, to operate the said account/s, and to give such instructions including closure thereof as may be required and deemed appropriate by the said signatories, and that the said bank/s be and is/are hereby authorized to honor all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid signatories on behalf of the Company;

xii. do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board or any duly authorised committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects;

xiii. settle any issues, questions, difficulties or doubts that may arise;

xiv. approving the issue price, finalize the basis of allotment of the Securities on the basis of the bids/applications and over-subscription thereof as received, where applicable;

xv. acceptance and appropriation of the proceeds of the issue of the Securities; and

xvi. further authorise any committee and/or director/s and/or officer/s of the Company to seek the aforementioned consents and approvals, and/or to execute and/or file the above documents and/ or to carry out any/all of the aforesaid actions.

8. Appointment of Mr. Yash Kaushik Shah (DIN -02155636) as an Independent Director

To consider and if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR / Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Mr. Yash Kaushik Shah (DIN: 02155636), who was appointed as an Additional & Independent Director of the Company with effect from September 02, 2021, and whose term expires at this AGM, not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years with effect from September 5, 2021."

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 02/2021 dated January 13, 2021 read with Circular No. 20 dated May 5, 2020, Circular No. 17 dated April 13, 2020 and circular No. 14 dated April 8, 2020 (hereinafter collectively referred to as "MCA Circulars") and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated May 12, 2020 and January 15, 2021 respectively, permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/ OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The deemed venue for the Annual General Meeting of the Company shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is explained at Note No. 18 below.

2. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2020-21 is being sent only by electronic mode to those Members whose email addresses are registered with the Company / Depositories in accordance with the aforesaid MCA and SEBI Circulars. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2020-21 will also be available on the Company's website www.armanindia.com; websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at www.nseindia.com and www.bseindia.com respectively.

3. Pursuant to the provisions of the Companies Act, 2013, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

4. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination cum Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.

7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses at the meeting, is annexed hereto. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment / re-appointment as a director is also annexed to the notice.

8. The Register of Members and the Share Transfer Books in respect of the Equity Shares will remain closed from Thursday, September 23, 2021 to Wednesday, September 29, 2021 (both days inclusive) for the purpose of AGM.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Bigshare Services Private Limited in case the shares are held by them in physical form.

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Bigshare Services Private Limited.

10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Bigshare Services Private Limited for assistance in this regard.

11. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant.

12. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the AGM.

13. Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the Company's Registrars and Transfer Agent (RTA). In case any unclaimed Dividend Warrant is lying with any member, the same should be forwarded to RTA for revalidation.

During the year, the Company has requested those members, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education and Protection Fund (IEPF).

Members are requested to note that dividends not encashed or claimed within seven years from the thirty days of declaration of dividend, will, as per Section 124 of the Companies Act, 2013, be transferred to the IEPF.

Further, provisions of Section 124 of the Companies Act, 2013 read with Rule 6 of IEPF Rules as amended, inter alia, mandates the Company to transfer all such shares, in respect of which dividend have not been paid or claimed for seven consecutive years or more, to the demat account of IEPF Authority.

14. All documents referred to in the accompanying Notice of the AGM and explanatory statement shall be open for inspection without any fee at the registered office of the Company during normal business hours on any working day upto and including the date of the AGM of the Company.

15. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

16. Since the AGM will be held through VC/OAVM, the Route Map is not annexed with Notice.

17. Instructions for voting through electronic means (eVoting):

i. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.

ii. The Company has engaged the services of NSDL as the Agency to provide remote e-Voting facility and e-Voting during the AGM.

iii. Mr. Ishan P. Shah, Advocate has been appointed as the Scrutinizer to scrutinize the e-Voting during the AGM and remote e-Voting in a fair and transparent manner.

iv. The Results of voting will be declared within 48 hours from the conclusion of the AGM. The declared Results, along with the Scrutinizer's Report will be submitted with the Stock Exchanges where the Company's equity shares are listed (BSE Limited & National Stock Exchange of India Limited) and shall also be displayed on the Company's website www.armanindia.com and NSDL's website www.evoting.nsdl.com.

v. Voting rights of the Members for voting through remote eVoting and voting during the AGM shall be in proportion to shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Wednesday, September 22, 2021. A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-Voting and voting during the AGM.

vi. The remote e-Voting facility will be available during the following period:

a. Commencement of remote e-Voting: 09:00 A.M. (IST) on Sunday, September 26, 2021.

b. End of remote e-Voting: 05:00 P.M. (IST) on Tuesday, September 28, 2021.

c. The remote e-Voting will not be allowed beyond the aforesaid date and time and the remote e-Voting module shall be disabled by NSDL upon expiry of aforesaid period.

vii. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through eVoting system during the AGM.

viii. The Members who have cast their vote by remote e-Voting prior to the AGM may also attend/ participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.

ix. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holds shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in mentioning their demat account number/ folio number, PAN, name and registered address. However, if he/ she is already registered with NSDL for remote e-Voting then he/ she can use his/ her existing User ID and password for casting the vote.

x. Process and manner for Remote e-Voting: Members are requested to follow the below instructions to cast their vote through e-Voting:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically on NSDL e-Voting system

Step 1: Access to NSDL e-Voting system

A. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on eVoting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B. Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

a. If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c. How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii. If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b. Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/ OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ipshah13@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to secretarial@armanindia.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretarial@armanindia.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

The instructions for members for e-Voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

18. Instructions for members for attending the AGM through VC/OAVM are as under:

   i. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/

Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

ii. Members are encouraged to join the Meeting through Laptops for better experience.

iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

iv. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at secretarial@armanindia.com. The same will be replied by the company suitably.

vi. Members seeking any information with regard to the annual accounts for 2020-21 or any business to be dealt at the AGM, are requested to send an e-mail on secretarial@armanindia.com on or before September 22, 2021 along with their name, DP ID and Client ID/ folio number, PAN and mobile number. The same will be replied by the Company suitably.

vii. Further, members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/ Folio Number, PAN and mobile number at secretarial@armanindia.com on or before September 22, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

19. Details of the Directors seeking appointment / re-appointment at the 29th (Twenty Nineth) Annual General Meeting Pursuant to Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard -2 are provided below:

Particulars	Retire by rotation
Name of Director	Mr. Aakash Patel
DIN	02778878
Date of Birth (Age)	October 29, 1979 (42 years)
Relationships with other Directors	Son of Mr. Jayendra Patel & Mrs. Ritaben Patel; and Brother of Mr. Aalok Patel
Date of first appointment	October 24, 2000
Expertise / Brief Resume	**Expertise:** Well conversant with IT along with Management Techniques **Brief Profile:** Aakash Patel has a B. A. degree in Computer Science and in Business Management from Gettysburg College in the USA, and an MBA from Bentley College in Boston-USA. He has over 15 years of computer and business experiences, which includes over 3 years of experience as a consultant with Deloitte, 2 years with Intellitools as a software developer, and amongst others companies such as Hewlett Packard, EMC Corporation, SoftscapeInc, Sumtotals Systems. Currently, he works as a Manager- PMO (USA) for Bullhorn Inc.
Remuneration	Siting fee is paid to him for attending the Board Meeting
Qualification	B. A. in Computer Science, Business Management; Masters of Business Administration.
No. of Equity Shares held	Nil
Terms and conditions of appointment/ re-appointment	He was appointed as a Non-Executive Director of the Company since October 24, 2000.
No. of Board meetings attended during FY 2020-21	1
List of other Companies in which directorship are held	Nil
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Nil

Particulars	Retire by rotation
Name of Director	Mrs. Ritaben Patel
DIN	00011818
Date of Birth (Age)	August 27, 1950 (71 Years)
Relationships with other Directors	Wife of Mr. Jayendra Patel; and Mother of Mr. Aakash Patel & Mr. Aalok Patel
Date of first appointment	November 26, 1992
Expertise / Brief Resume	**Expertise:** Banking & Finance **Brief Profile:** Mrs. Patel, is a Graduate in Economics. She also holds Banking qualifications from First National Bank of Chicago, USA. She has worked with various US banks like First National Bank of Chicago, Golf Mill Bank, Morton Grove Bank in various capacities for more than a decade.
Remuneration	Sitting fee is paid to her for attending the Board / Committee Meeting
Qualification	B. A. in Economics
No. of Equity Shares held	4,36,089
Terms and conditions of appointment/re-appointment	She was appointed as a Non-Executive Director of the Company since November 26, 1992.
No. of Board meetings attended during FY 2020-21	4
List of other Companies in which directorship are held	Namra Finance Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Arman Financial Services Limited Member - Audit Committee Namra Finance Limited Member - Audit Committee

Particulars	Reappointment
Name of Director	Mr. Jayendrabhai Patel
DIN	00011814
Date of Birth (Age)	October 13, 1951 (70 Years)
Relationships with other Directors	Husband of Mrs. Ritaben Patel; and Father of Mr. Aakash Patel & Mr. Aalok Patel
Date of first appointment	August 28, 1995
Expertise / Brief Resume	**Expertise:** Management Acumen **Brief Profile:** Mr. Patel is the founder of the company and he has more than 27 years of Senior Managerial and board level experience in the finance sector. Mr. Patel was in U.S.A. for a decade where he completed his education. After completing his education, he joined business firm in USA namely Kapps Pharmaceuticals Inc. as Company Executive. During his stay in USA he successfully turned around two sick units into profitable position. Later he returned to India to concentrate and expand in the field of finance, he devoted fulltime attention to Arman in 1992. Mr. Patel is a founder member of the Gujarat Finance Companies Association and presently Chairman of the Association.
Remuneration	As per the resolution passed by the shareholders in their meeting held on September 22, 2016.
Qualification	B.Sc.
No. of Equity Shares held	4,27,937
Terms and conditions of appointment/re-appointment	Mr. Jayendra Patel was appointed as a Managing Director of the Company for the period of 5 years w.e.f. September 01, 2016 pursuant to shareholders approval at 24th Annual General Meeting.
No. of Board meetings attended during FY 2020-21	4
List of other Companies in which directorship are held	Namra Finance Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Arman Financial Services Limited Member - Stakeholder Relationship Committee

Particulars	Appointment
Name of Director	Mr. Yash Kaushik Shah
DIN	02155636
Date of Birth (Age)	March 3, 1984 (37 Years)
Relationships with other Directors	N.A.
Date of first appointment	September 2, 2021
Expertise / Brief Resume	**Expertise:** transaction Advisory **Brief Profile:** Mr. has completed his Bachelor of commerce from H.L College of Commerce. He is a Fellow member of Institute of Chartered Accountants of India (ICAI) since 2006. He is currently partner with DBS, an organisation having 12 chartered accountants and offices in Ahmedabad, Baroda and Mumbai. His prime area of expertise is consulting for clients in the fields of Mergers & Acquisitions and Valuations. He also heads the overall business development of the firm and ensures all projects are run with utmost efficiency and to the best of the firm's ability. Prior to DBS, Mr. Yash was with KPMG, Mumbai for nearly 3 years wherein he was a part of the MA division. He has worked for various clients such as Siemens, Orchid Pharma, Pratibha Industries, Siyarams, WIMCO etc. He has written various papers for organisations such as Chartered Accountant Association (CM) and Jain International Trade Organisations on the topic of Domestic Transfer Pricing, and Cross Border Transactions. He has also given lectures in forums such as YEO (Young Entrepreneur's Organisation) in the topic of Mergers & Acquisition.
Remuneration	Sitting fee will be paid to him for attending the Board / Committee Meeting
Qualification	B. Com and Chartered Accountant
No. of Equity Shares held	Nil
Terms and conditions of appointment/re-appointment	Ms. Yash Kaushik Shah is getting appointed as an Independent Director w.e.f. September 2, 2021 for a period of 5 years subject to approval of Shareholders in the ensuing Annual General Meeting.
No. of Board meetings attended during FY 2020-21	N.A.
List of other Companies in which directorship are held	Restile Ceramics Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Nil

Place: Ahmedabad
Date: September 2, 2021
Registered Office:
502-503, Sakar III,
Opp. Old High Court,
Off Ashram Road,
Ahmedabad 380014 Gujarat

By Order of the Board

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No: 4

The Reserve Bank of India vides its Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Circular"), has issued guidelines w.r.t. appointment of Statutory Auditors in Banks including NBFCs and FAQ's released subsequently. The guidelines will be applicable to the NBFCs for Financial year 2021-22 and onwards in respect of appointment/ re-appointment of Statutory Auditors. Pursuant to the said guidelines in order to protect the independence of the auditors, the Company will have to appoint the Statutory Auditors for a continuous period of three years subject to the firm satisfying the eligibility norms each. Further, an audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure.

The members of the Company had approved the appointment of M/s Samir M. Shah & Associates ("Existing Auditors") as Statutory Auditors of the Company in 25th Annual General Meeting ("AGM") held on September 28, 2017 for the period of Five Years till the conclusion of 30th AGM of the Company.

As our Existing Auditors has already completed 4 years as a Statutory Auditors of the Company, therefore in terms of the RBI Circular they are not eligible to continue w.e.f. October 1, 2021. Since the RBI Circular has given the relaxation to adopt these guidelines from H2 (second half) of FY 2021-22 in order to ensure that there is no disruption, and accordingly, the company will avail the services of the existing Auditors until the date of signing the limited review for the unaudited financial results for the quarter / half year ended on September 30, 2021.

Further, for appointment of Statutory Auditors requires approval of Shareholders and after recommendation of Audit Committee, Board has proposed the appointment of M/s Talati & Talati LLP, Chartered Accountants, (Firm Registration No. 110758W/W100377), as Statutory Auditors of the Company for the period of 3 years starting from conclusion of this AGM till the conclusion of 32nd AGM of the Company to be held in calendar year 2024.

M/s Talati & Talati LLP, being eligible in terms of RBI Circular and other applicable provisions have provided their consent and eligibility letter to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and RBI Circulars, vide their letter dated July 12, 2021.

Pursuant to the provisions of Sections 139 & other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the appointment of M/s Talati & Talati LLP.

Additional information about Statutory Auditors pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided below:

Terms of Appointment	In terms of RBI Circular, the Statutory Auditors of the Company is being appointed for the period of 3 years starting from conclusion of this AGM till the conclusion of 32nd AGM of the Company to be held in calendar year 2024
Proposed Audit fees payable to Auditor and material change in fee payable	₹8 lakhs (Indian Rupees Eight lakhs only) in addition to applicable taxes and reimbursement of out-of-pocket expenses, if any. Apart from annual incremental fees in line with industrial practice there are no material changes in the fee payable to new Statutory Auditors
Basis of recommendation and Auditor credentials	The Firm complies with the eligibility norms prescribed by Reserve Bank of India (RBI) vide its circular no. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 for Appointment of Statutory Auditors (SAs) of Non-Banking Finance Companies (NBFCs) including Housing Finance Companies (HFC) and has relevant experience as mentioned above.

The said appointment of Talati & Talati LLP, shall be pursuant to applicable provisions of the Companies Act 2013, SEBI (LODR) Regulations, 2015 and terms as contained in SEBI circular No.CIR/CFD/CMD/1/114/2019 dated October 18, 2019.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the said Resolution.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

Item No: 5

At the 24th Annual General Meeting held on September 22, 2016, Mr. Jayendra Patel, aged 69 years, was re-appointed as Managing Director of the Company for a period of 5 years effective from September 1, 2016 on the terms and conditions as approved by the shareholders at the said Annual General Meeting. Mr. Jayendra Patel has also been appointed as the Managing Director cum C.E.O of Namra Finance Limited (wholly owned subsidiary of Arman Financial Services Limited) w.e.f. August 21, 2019 with remuneration and on other terms & conditions as set-out in the special resolution passed by its shareholders at the 7th Annual General Meeting held on September 23, 2019.

The Board of Directors at their meeting held on August 12, 2021 have, subject to the approval of the shareholders, re-appointed Mr. Jayendra Patel as Managing Director of the Company with effect from September 01, 2021 for a period of 5 years on the remuneration, terms and conditions recommended by the Nomination and Remuneration Committee as set out herein.

In accordance with the provisions of Section 196(3), Section 203 and Schedule V of the Companies Act, 2013 (the 'Act'):

i. person who has attained the age of 70 years can be appointed as managing director only by passing a special resolution, in which case, the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person; and

ii. where a person is managerial person in more than one companies, he shall draw remuneration from one or both the companies provided the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any of the companies of which he is the managerial person.

Mr. Jayendra Patel will attain the age of 70 on October 13, 2021. While re-appointing him as Managing Director of the Company, the Board of Directors considered that he has rich and varied experience in the industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to continue him as Managing Director. Further, the Company during the years has achieved remarkable growth. Moreover, the Company is aggressively concentrating on its expansion plans. The Board is of the opinion that his services should continue to be available to the Company to achieve greater heights, by re-appointing him as Managing Director as mentioned in the resolution, subject to the approval of shareholders.

He also holds the position of Managing Director of wholly owned subsidiary, Namra Finance Limited since October 24, 2013. Taking into consideration the duties and responsibilities of the Managing Director, the prevailing managerial remuneration in industry and on the recommendation of the Nomination and Remuneration Committee, the Board at their meeting held on August 12, 2021 approved the remuneration, terms and conditions of the appointment of Mr. Jayendra Patel, subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:

a) Salary and perquisites shall not exceed ₹120.00 lakhs per annum payable either monthly or quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or Sweat Equity or any other form as may be recognised under the term salary and perquisites in Income Tax Act;

b) In addition to salary, benefits like contribution to provident fund, gratuity, leave travel concession etc. shall be paid. The list of benefits is limited to perquisites as provided under Section IV of Schedule V to the Companies Act, 2013;

c) Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Jayendra Patel, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in paragraph 1, Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.

d) The total combined remuneration drawn from this Company and Namra Finance Limited (Wholly Owned Subsidiary) would not exceed the higher maximum limit admissible as provided under paragraph 1 of section II of Part II of Schedule V, from any one of the Companies of which he is a managerial person and that any excess remuneration, if any, drawn or paid to him shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event when his appointment is not renewed for a further period beyond the period of five years for which he is appointed;

e) As the terms of appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for this appointment.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India is set out in the Annexure to the notice

Mr. Jayendra Patel is interested in the proposed resolution. Mr. Aalok Patel, Mr. Aakash Patel and Mrs. Ritaben Patel are also deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the special resolution set forth in the Item No. 5 of the Notice for approval of the Members.

Item No: 6

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Prospectus and Allotment Rules") deals with private placement of securities by a company. Rule 14(1) of the Prospectus and Allotment Rules prescribes that in case of an offer or invitation to subscribe to securities, the Company shall obtain previous approval of its shareholders/members ("Members") by means of a special resolution. Rule 14(1) of the Prospectus and Allotment Rules further prescribes that in case of the issue of non-convertible debentures ("NCDs") exceeding the limits prescribed therein, it shall be sufficient to obtain such previous approval only once in a year for all the offers or invitations for such NCDs issued during a period of 1 (one) year from the date of passing of the aforementioned special resolution.

In order to augment resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, general corporate purposes etc. the Company may invite subscription to non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)), in one or more series/tranches on a private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the board of directors of the Company ("Board") on the basis of various factors including the interest rate/ effective yield determined, based on market conditions prevailing at the time of the issue(s).

Pursuant to Rule 14(1) of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

PARTICULARS OF THE OFFER INCLUDING DATE OF PASSING BOARD RESOLUTION	Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year. In view of this, pursuant to the resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/ unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures) NCDs) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/issue of NCDs.
KINDS OF SECURITIES OFFERED AND THE PRICE AT WHICH THE SECURITY IS BEING OFFERED	Non-convertible debt securities/NCDs. The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.
BASIS OR JUSTIFICATION FOR THE PRICE (INCLUDING PREMIUM, IF ANY) AT WHICH THE OFFER OR INVITATION IS BEING MADE	Not applicable, as the securities proposed to be issued (in multiple issues/ tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board, in discussions with the relevant investor(s).

NAME AND ADDRESS OF VALUER WHO PERFORMED VALUATION	Not applicable as the securities proposed to be issued (in multiple issues/ tranches) are non-convertible debt instruments.
AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES	The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013.
MATERIAL TERMS OF RAISING OF SECURITIES, PROPOSED TIME SCHEDULE, PURPOSES OR OBJECTS OF OFFER, CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS; PRINCIPLE TERMS OF ASSETS CHARGED AS SECURITIES.	The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue.

Accordingly, consent of the Members is sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to INR 300,00,00,000 (Indian Rupees Three Hundred Crore) as stipulated above, in one or more tranches.

None of the directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding (if any) in the Company. The Board recommends the passing of the resolution as special resolution.

The Board recommends the special resolution set forth in the Item No. 6 of the Notice for approval of the Members.

Item No: 7

Given the Company's future growth plans, the Board of Directors of the Company, ("Board" which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard), considers it necessary to augment the long term resources of the Company by way of issuing securities to eligible investors, subject to an aggregate maximum limit of up to an amount of ₹125 Crores (One Hundred and Twenty Five Crores Only), and further subject to the prevailing market conditions, receipt of regulatory approvals and other relevant considerations.

Objects of the fund raise: The Board intends to deploy the net proceeds from the issue of the above mentioned securities for various financing activities, investment in subsidiary, loans to its subsidiary, working capital requirements and general corporate purposes.

As the Issue will result in the issue of Securities of the Company to investors who may not be members of the Company, consent of the members is being sought, for passing the Special Resolution as set out in the said item 6 of the Notice, pursuant to Sections 23, 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time being in force and being applicable and in terms of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Section 62(1)(c) of the Companies Act, 2013, as amended ('Companies Act, 2013'), provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing shareholders of such company in the manner laid down therein.

Since, this special resolution may result in the issue of Equity Shares of the Company to persons other than Members of the Company, consent of the Members is being sought pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act, 2013 as well as applicable rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The additional capital may be raised through issuance of further Equity Shares and/or any other securities on Qualified Institutions Placement (QIP) in one and any combination thereof. Member's approval is therefore sought for issuing any such instrument as the Company may deem appropriate. Whilst no specific instrument has been identified at this stage, in the event, the issue will be structured in such a manner that the amount of the same would not exceed ₹125 Crores (One Hundred and Twenty Five Crores Only).

The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities the detailed terms and conditions for the issue will be decided by the Board in consultation with lead managers, advisors and such other authorities and agencies as may be required to be consulted by the Company in due consideration of prevailing market conditions and other relevant factors after meeting the specific requirements. The proposal therefore seeks to confer upon the Board the absolute discretion to determine the terms of issue.

As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued. However, the same would be in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force) (the "ICDR Regulations"), the Companies Act, 2013, or any other guidelines/regulations/consents as may be applicable or required. However, the Board in accordance with applicable law and in consultation with book running lead managers, may offer a discount of not more than 5 per cent or such percentage as permitted under applicable law on the floor price determined pursuant to the ICDR Regulations.

Therefore, an enabling resolution is being proposed to give Board an adequate flexibility and absolute discretion to determine the terms of issue in consultation with the lead managers and others.

In the event of the issue of the Equity Shares as aforesaid by way of QIP, the special resolution also seeks to empower the board to undertake QIP as defined by ICDR Regulations.

In connection with the proposed issue of Securities, the Company is required, inter alia, to prepare various documentations and execute various agreements. The Company is yet to identify the investor(s) and decide the quantum of Securities to be issued to them. Hence, the details of the proposed allottees, percentage of post preferential offer capital that may be held by them and shareholding pattern of the company are not provided. Accordingly, it is proposed to authorize the Board to identify the investor(s), issue such number of Securities, negotiate, finalize and execute such documents and agreements as may be required and do all such acts, deeds and things in this regard for and on behalf of the Company.

The "Relevant Date" for this purpose will be the date as determined in accordance with the ICDR Regulations and as mentioned in the resolution.

The issue/allotment/conversion would be subject to the applicable regulatory approvals, if any. The issuance and allotment of Equity Shares including Equity Shares to be allotted on conversion of Securities to foreign/non-resident investors would be subject to the applicable foreign investment cap.

The following disclosures for the issue of Equity Shares on private placement are made in accordance with the provisions of Section 42 and The Companies (Prospectus and Allotment of Securities) Rules, 2014.

(i)	Date of passing of Board resolution	August 12, 2021
(ii)	Kinds of securities offered	Equity Shares/ any other Securities convertible into equity shares
(iii)	The price at which the allotment is proposed and justification of the price	The pricing of the Equity Shares/ any other securities that may be issued to Qualified Institutional Buyers pursuant to a QIP shall be determined subject to such price not being less than the price calculated in accordance with Chapter VI of the ICDR Regulations, provided the management, may offer a discount of not more than 5 per cent or such percentage as permitted under applicable law on the floor price determined pursuant to the ICDR Regulations
(iv)	Name and address of the valuer	Not applicable
(v)	Amount to be raised by the Company	Upto ₹125 Crores (One Hundred and Twenty Five Crores Only) in one or more tranches
(vi)	Proposed time schedule	The allotment pursuant to the special resolution shall be completed within a period of 12 months from the date of passing of the resolution

(vii)	The objects of the issue	For various financing activities, investment in subsidiary, loans to its subsidiary, working capital requirements and general corporate purposes
(viii)	Material terms of the issue	In case of Equity Shares, the securities issued will rank pari-passu with existing Equity Shares and in case of convertible securities the term of the issue will be decided by the committee constituted by the Board.
(ix)	Contribution being made by Promoters or Directors of the Company	No contribution being made by Promoters or Directors of the Company

Disclosure of nature of concern or interest, financial or otherwise u/s 102 of Companies Act, 2013

The Board believes that such an issue of Securities of the Company is in the interest of the Company and therefore Board recommends the special resolution set forth in the Item No. 7 of the Notice for approval of the Members.

None of the Promoter, Director, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in the said resolution, except to the extent of Equity Shares/ Securities that may be subscribed to by them or by companies/firms/institutions in which they are interested as director or member or otherwise.

Item No: 8

The Board of Directors, by way of circular resolution dated September 2, 2021, approved the appointment of Mr. Yash Kaushik Shah (DIN- 02155636) (w.e.f. September 2, 2021) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, Mr. Yash Kaushik Shah holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received a declaration from him confirming that he meets the criteria of independence as prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). He is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. In the opinion of the Board, Mr. Shah fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

Mr. Shah is a Commerce graduate and fellow member of Institute of Chartered Accountants of India (ICAI). He is currently partner with DBS, an organisation having 12 chartered accountants and offices in Ahmedabad, Baroda and Mumbai. His prime area of expertise is consulting for clients in the fields of Mergers & Acquisitions and Valuations. He also heads the overall business development of the firm and ensures all projects are run with utmost efficiency and to the best of the firm's ability. Prior to DBS, Mr. Yash was with KPMG, Mumbai for nearly 3 years wherein he was a part of the MA division. He has worked for various clients such as Siemens, Orchid Pharma, Pratibha Industries, Siyarams, WIMCO etc. He has written various papers for organisations such as Chartered Accountant Association (CM) and Jain International Trade Organisations on the topic of Domestic Transfer Pricing, and Cross Border Transactions. He has also given lectures in forums such as YEO (Young Entrepreneur's Organisation) in the topic of Mergers & Acquisition.

None of the Directors or Key Managerial Personnel or their respective relatives, except Mr. Yash Kaushik Shah, to whom the resolution relates, is in any way concerned or interested, financially or otherwise in this resolution. The Board recommends the resolution set forth in the Item No. 8 of the Notice for approval of the Members.

By Order of the Board
Jayendra Patel
(Vice Chairman & Managing Director)
DIN: 00011814

Place: Ahmedabad
Date: September 02, 2021

DIRECTORS' REPORT

Dear Members

The Board of Directors of the Company with immense pleasure present their 29th Director's Report together with the Audited Financial Statement for the year ended on March 31, 2021.

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

The summary of operating results for the year is given below:

1. FINANCIAL PERFORMANCE

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Revenue	19,326.07	21,514.70	6,354.77	7,010.17
Profit Before Interest and Depreciation	9,002.02	14,216.82	2,947.34	4,496.50
Finance Charges	7,744.68	8,759.37	1,997.74	2,202.74
Depreciation	80.98	79.84	10.12	11.15
Net Profit Before Tax	1,176.35	5,377.61	939.48	2,282.62
Current Tax	1,089.70	1,423.40	525.70	516.10
Deferred Tax (Asset)/Liability	(981.31)	(195.00)	(392.31)	(58.04)
Sort/(Excess) provision of income tax of earlier year	6.36	(2.78)	6.36	0.78
Net Profit After Tax	1,061.61	4,152.00	799.73	1,823.77
Basic Earnings Per Share (In ₹)	12.53	55.80	9.44	24.51

2. OPERATIONS

Your Company continues to engage in the business of Asset Finance, MSME and Microfinance. The Parent Company, Arman Financial Services Limited, is engaged in two-wheeler finance and MSME; while the microfinance business is managed through Arman's wholly owned subsidiary, Namra Finance Limited. The financial statements of both Arman and Namra, as well as the consolidated financials of Arman are included within the Annual Report.

Consolidated Performance Highlights

- AUM was ₹814.38 crores in FY 2020-21 as compared to ₹859.10 crores in FY 2019-20, declined by 5.21%.
- Disbursement was ₹509.66 crores in FY 2020-21 as compared to ₹873.61 crores in FY 2019-20, declined by 41.66%.
- Total income was ₹193.26 crores in FY 2020-21 as compared to ₹215.15 crores in FY 2019-20, declined by 10.17%.
- Impairment on financial instruments was ₹54.59 crore, which included a contingency provision of ₹15.27 crore for COVID-19, and an accelerated write-off of ₹16.47 crores.
- Profit before taxes was ₹11.76 crores in FY 2020-21 as compared to ₹53.78 crores in FY 2019-20, decline by 78.13%.
- Profit for the year attributable to owners of the Company was ₹10.62 crores in FY 2020-21 as compared to ₹41.52 crores in FY 2019-20, decline by 74.42%.
- The basic Earning Per Share was ₹12.53 as compared to ₹55.80, decline by 77.54%.

Standalone Performance Highlights

- AUM was ₹171.28 crores in FY 2020-21 as compared to ₹238.38 crores in FY 2019-20, decline by 28.15%.

- Disbursement was ₹92.10 crores in FY 2020-21 as compared to ₹220.49 crores in FY 2019-20, decline by 58.23%.
- Total income was ₹63.55 crores in FY 2020-21 as compared to ₹70.10 crores in FY 2019-20, decline by 9.34%.
- Impairment on financial instruments was ₹17.92 crore, which included a contingency provision of ₹10.54 crore for COVID-19, and an accelerated write-off of ₹4.08 crores.
- Profit before taxes was ₹9.39 crores in FY 2020-21 as compared to ₹22.83 crores in FY 2019-20, decline by 58.87%.
- Profit for the year attributable to owners of the Company was ₹8.00 crores in FY 2020-21 as compared to ₹18.24 crores in FY 2019-20, decline by 56.15%.
- The basic Earning Per Share was ₹9.44 as compared to ₹24.51, decline by 61.49%.

3. IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic has severely impacted social and economic activities across the World. WHO has declared COVID-19 as a global Pandemic. The Government of India, as a preventive measure to contain the spread of COVID-19 and to flatten the curve, declared a nationwide lockdown from March 24, 2020 and took various measures to control the spread of infection. The continual disruptions caused by the COVID-19 pandemic and frequent lockdowns led to a difficult situation. The Company and it's Subsidiary responded proactively to these challenges posed by lockdown. We remain committed to the health and safety of our employees and their families, as well as, business continuity to safeguard the interests of our customers, lenders, and other stakeholders. The impact of the pandemic on our business performance is outlined in the Financials and under the Management and Discussion Analysis Report.

4. ACCOUNTING METHOD

The Consolidated and Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards as notified under Sections 129 and 133 of the Act read with the Companies (Accounts) Rules, 2014, as amended and other relevant provisions of the Act. In accordance with the provisions of the Act, applicable Accounting Standards, the SEBI Listing Regulations, the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, together with the Auditors' Report forms part of this Annual Report.

5. DIVIDEND

In order to conserve capital to deal with the uncertain economic environment arising due to the outbreak of the COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

The Dividend Distribution Policy of the Company approved by the Board is in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Policy has been uploaded on the website of the Company at https://www.armanindia.com/corporategovernance.aspx → Dividend Distribution Policy.

6. AMOUNTS TRANSFERRED TO RESERVES

The Board of the Company has transferred the amounts to reserve as under:

- Transfer to special reserve as required by section 45-IC of the Reserve Bank of India Act, 1934: ₹160 lakhs.
- Transfer to general reserve: ₹10 lakhs

7. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the director's report.

8. CREDIT RATING & GRADING

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company, and its subsidiary. CARE reaffirmed its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of Namra Finance Limited (WOS) was also reaffirmed 'MFI 2+' (MFI two plus) by CARE during the year 2020-21.

9. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has one wholly owned subsidiary, named 'Namra Finance Limited' as on date. During the year, no changes took place in the group corporate structure of your Company. The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). The said policy is available at the Company website at the link https://www.armanindia.com/corporategovernance.aspx → Policy for Material Subsidiary.

The consolidated financial statements presented by the Company include financial information of its subsidiary prepared in compliance with applicable accounting standards. The salient features of Namra Finance Limited in Form AOC-1 is attached hereunder as per "Annexure-1" as required under Section 129 (3) of the Companies Act, 2013.

Further pursuant to Section 136 of Companies Act, 2013, financial statements of the Company, consolidated along with relevant documents and separate audited accounts in respect of subsidiary are available on the website of the Company.

10. UNCLAIMED DIVIDEND & SHARES

During the year Company has transferred unclaimed dividend for the year 2012-13 of ₹2,56,574/- to Investor Education and Protection Fund (IEPF) pursuant to provision of Section 124 of the Companies Act, 2013 which remained unclaimed for a period of more than seven years.

Members desirous of claiming their shares and dividend which have been transfered to the IEPF, may refer to the refund procedure, as detailed on www.iepf.gov.in. Underlying shares on which dividend has remained unclaimed from FY 2013-14 onwards, will be due for transfer to IEPF account during the year and individual notices to that effect has been sent to concerned shareholders. Shareholders who have not yet encashed their unclaimed/unpaid amounts are requested to correspond with the Company's Registrar and Transfer Agents, at the earliest to avoid transfer of dividend and underlying shares to IEPF.

11. LOANS, GUARANTEES AND INVESTMENTS

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

12. PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any Deposit within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement of furnishing details of deposits which are not in compliance with Chapter V of the Companies Act, 2013 is not applicable.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors consists of 9 (Nine) members, of which 4 (Four) are Independent Directors and 1 (One) is a Nominee Director. The Board also comprises of 2 (two) women Directors (including 1 (one) Independent Director). In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Aakash Patel [DIN-02778878] and Mrs. Ritaben Patel [DIN-00011818] will retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment.

a) Appointment

During the year, Ms. Geeta Haresh Solanki (DIN: 08212773) was appointed as an Additional Director (woman independent) by the Board of Directors to hold the office from April 01, 2020 till the conclusion of 28th Annual general Meeting. The Shareholders of the Company by way of ordinary resolution, at the 28th Annual General Meeting has confirmed her appointment for a period of 5 years with effect from April 01, 2020.

b) Reappointment

Mr. Jayendra Patel (DIN- 00011814) was appointed as Managing Director of the Company for a period of 5 years w.e.f. September 01, 2016 by the shareholders of the Company in the 24th Annual General Meeting of the Company. After considering his valuable contribution to the Company and on recommendation of Nomination & Remuneration Committee in their meeting held on August 12, 2021, your directors recommend his reappointment as Managing Director for further period of 5 (five) years on a remuneration as specified in the notice calling 29th Annual General Meeting.

c) Resignation

Mr. Kaushikbhai D. Shah (DIN-00024305),

Independent Director of the Company has given his resignation from the office of Directorship citing personal reasons w.e.f. August 12, 2021. The Board has accepted his resignation and placed on record its appreciation & deep gratitude for the valuable guidance for last 26 years and acknowledges his integrity, fairness, keen insight and prudent judgment as a member of the Board.

d) Key Managerial Personal (KMP)

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

1) Mr. Jayendrabhai B. Patel – Vice Chairman & Managing Director and C.E.O.
2) Mr. Aalok J. Patel – Joint Managing Director
3) Mr. Vivek A. Modi – Chief Financial Officer
4) Mr. Jaimish G. Patel – Company Secretary & Compliance Officer

14. MEETING OF THE BOARD & AUDIT COMMITTEE

The Board during the financial year 2020-21 met 4 (four) times and Audit Committee met 4 (four) times. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board and the Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

15. NOMINATION AND REMUNERATION COMMITTEE

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

16. REMUNERATION POLICY

Remuneration to Executive Directors

The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by Board in the Board meeting, subject to the subsequent approval of the shareholders at the ensuing Annual General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such:

- Level of skill, knowledge and core competence of individual.
- Functions, duties and responsibilities.
- Company's performance and achievements.
- Compensation of peers and industry standard.

The Company may if the need arise, strike a balance between the fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goal. The Nomination & Remuneration Committee of Board of Directors shall recommend periodic revision in the remuneration of Executive Directors to the Board and the Board shall fix their remuneration taking into consideration above factors as also ceiling limits prescribed under the Companies Act, 2013 and other statutes. The same shall also be approved by the shareholders where required.

Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees for each meeting of the Board and Committees of Directors attended by them. They are also given the traveling and other expenses they incur for attending to the Company's affairs, including attending Committee, Board and General meetings of the Company.

Remuneration of KMP (Excl. MD) & Other Employees

The authority to structure remuneration for KMP (Excl. M.D.) & other employees and the annual revision thereof has been delegated to the Managing Director and Joint Managing Director of the Company, based on Company performance, individual performance evaluation, recommendations of respective functional heads and other factors having a bearing.

If there is any specific regulatory requirement for fixation / revision of remuneration of KMP or any other employee, by the Board or any committee, then the same shall be done in compliance thereof.

17. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished hereunder as per "Annexure-2".

However, the information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

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

As per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints / cases filed / pending with the Company during the financial year.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

a) In the preparation of the annual accounts for the year ended on March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for the year ended on that date;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis;

e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

21. AUDITORS AND AUDIT REPORTS

a) Statutory Auditors

M/s Samir M. Shah & Associates, Chartered Accountants (FRN: 122377W) were appointed as a Statutory Auditors of the Company with the approval of members at the 25th Annual General Meeting to hold office till the conclusion of the 30th Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting ('AGM'). However as per Companies (Amendment) Act, 2017 effective from May 07, 2018, the provisions relating to ratification of the appointment of Statutory Auditors at every AGM is not required and hence your Directors have not proposed the ratification of M/s Samir M. Shah & Associates at ensuing AGM. The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Pinakin Shah & Co., practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report is annexed herewith as "Annexure-3". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A of SEBI LODR Regulations, a Secretarial Compliance Report for the year ended March 31, 2021 is annexed as "Annexure-3B" and a Certificate regarding status of Directors as required under schedule V, para C, Clause 10(i) of SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 is also obtained.

22. RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board, may be accessed on the Company's website at the link https://www.armanindia.com/corporategovernance.aspx → Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions.

23. RISK MANAGEMENT

The Company has constituted a Risk Management Committee in terms of the requirements of Regulation 21 of the Listing Regulations and has also adopted a Risk Management Policy. The details of the Risk Management Committee are disclosed in the Corporate Governance Report.

The Company has a risk management framework and Board members are periodically informed about the proceedings of the Risk Management Committee to ensure management controls risk by means of a properly designed framework. The Board is kept apprised of the proceedings of the meetings of the Risk Management Committee. The Company, as it advances towards its business objectives and goals, is often subjected to various risks.

Risk Management is at the core of our business and ensuring we have the right risk-return trade-off in line with our risk appetite is the essence of our Risk Management while looking to optimize the returns that go with that risk.

24. INTERNAL CONTROL SYSTEM

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter information technology controls. Internal audits of the Company are regularly carried out to review the internal control systems. The Audit Reports of Internal Auditor along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

25. INTERNAL FINANCIAL CONTROL

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

26. INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations. The audit plan is approved by the Audit Committee, which regularly reviews compliance to the plan.

27. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually and the Committees of the Board.

Manner of Evaluation

The Nomination & Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board as a whole, individual directors and its various Committees is being made.

It includes circulation of evaluation response / feedback sheet separately for evaluation of the Board and its Committees, Independent Directors / Non-Executive Directors / Managing Director / Chief Executive Officer / Chairperson of the Company.

The evaluation of Board as a whole, individual directors and its various Committees is being carried out by the Nomination & Remuneration Committee of the Company and subsequently it gives the report of evaluation to the Board for review.

28. CORPORATE GOVERNANCE

We strive to maintain high standards of Corporate Governance in all our interactions with our stakeholders. The Company has conformed to the Corporate Governance code as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Corporate Governance along with a certificate from the M/s Pinakin Shah & Co., Practicing Company Secretary, confirming the level of compliance is attached and forms a part of the Board's Report.

29. DEPOSITORY SYSTEM

As on March 31, 2021, out of the Company's paid-up Equity Share Capital comprising of 84,88,384 Equity Shares, 83,04,044 Equity Shares (97.83%) were held in dematerialised mode. The Company's Equity Shares are compulsorily tradable in electronic form.

As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide notification no. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding securities in physical form are requested to take necessary action to dematerialize their holdings.

30. WHISTLE BLOWER POLICY

The Company has implemented a Whistle Blower Policy, whereby employees and other stakeholders can report matters such as generic grievances, corruption, misconduct, illegality and wastage / misappropriation of assets to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee. The details of the Whistle Blower Policy are available on Company's website at the link: https://www.armanindia.com/corporategovernance.aspx → Whistler Blower Policy

31. GREEN INITIATIVE

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those shareholders whose Email Ids are registered with the Company and / or the Depository Participants. Your Directors are thankful to the Shareholders for actively participating in the Green Initiative.

32. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act, the Annual Return in form MGT-7 for the Company for the financial year 2020-21 is available on the website of the Company at https://armanindia.com/quaterlyandannualreports.aspx → Annual Return 2020-21

33. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

A. Conservation of energy and technology absorption

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

B. Foreign exchange earnings and outgo

The details of foreign exchange earnings and outgo during the year under review given below:

Expenditure in foreign currency: Nil

Earnings in foreign currency: Nil

34. SHARES & SHARE CAPITAL

As on March 31, 2021, the Company's paid-up Equity Share Capital was ₹8,48,83,840/- divided into 84,88,384 Equity Shares of ₹10/- each.

- **Buy Back of Securities:**
  The Company has not bought back any of its securities during the year under review.
- **Sweat Equity:**
  The Company has not issued any Sweat Equity Shares during the year under review.
- **Bonus Shares:**
  No Bonus Shares were issued during the year under review.
- **Employees Stock Option Plan**
  During the financial year under the review, the Company has allotted 36,995 ordinary equity shares of ₹10/- each and 750 ordinary equity shares of ₹10/- each on September 12, 2020 and February 12, 2021 respectively to the eligible employees of the Company/ Subsidiary Company pursuant to 'Arman Employee Stock Option Plan 2016'. Particulars of Employee Stock Options granted, vested, exercised and allotted are given in "Annexure-4".

35. CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the website of the Company at https://www.armanindia.com/corporategovernance.aspx →Corporate Social Responsibility Policy.

Further, the details including Composition of the CSR Committee, the CSR Policy and the CSR Report are given at "Annexure-5".

36. BUSINESS RESPONSIBILITY REPORT

Your Company forms part of the top 1000 listed entities on BSE Limited and National Stock Exchange of India Limited as on March 31, 2021. Accordingly pursuant to Regulation 34(2) of SEBI Listing Regulations, Company is required to submit a Business Responsibility Report ("BRR") as a part of the Annual Report. The Company's BRR describing the initiatives taken by the Company is uploaded on the website of the Company at https://armanindia.com/quaterlyandannualreports.aspx → Business Responsibility Report 2020-21.

37. CODE OF CONDUCT

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

38. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

39. DETAILS OF FRAUDS REPORTED BY THE AUDITORS

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor have reported to the Audit Committee under Section 143(12) of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees.

40. ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNAL

There is no significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

41. GRATITUDE & ACKNOWLEDGEMENTS

The Board expresses its sincere thanks to all the employees, customers, suppliers, investors, lenders, regulatory / government authorities and stock exchanges for their co-operation and support and look forward to their continued support in future.

For and on behalf of the Board of Directors of,
Arman Financial Services Limited

	Jayendra Patel	**Aalok Patel**
Date: August 12, 2021	(Vice Chairman & Managing Director)	(Joint Managing Director)
Place: Ahmedabad	DIN: 00011814	DIN: 02482747

ANNEXURE-1

FORM NO. AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES

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

Part "A" - Subsidiaries

SRN	Particulars	(₹ in Lakhs)
1	Name of the Subsidiary Company	Namra Finance Limited
2	Reporting period of the Subsidiary Company	March 31, 2021
3	Reporting Currency of the Subsidiary Company	INR
4	Share Capital	2,717.50
5	Reserves & Surplus	9,347.00
6	Total Assets	71,608.07
7	Total Liability	59,543.58
8	Investment	317.73
9	Turnover	13,397.57
10	Profit before tax	465.89
11	Provision for tax	(25.00)
12	Profit after tax	490.89
13	Dividend	Nil
14	Extent of shareholding (in percentage)	100%

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

Part "B" - Associates and Joint Ventures: None

ANNEXURE-2

PARTICULARS OF REMUNERATION

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

i. The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2020-21:

Name of Director	Designation	Remuneration of the Directors for 2020-21 (₹ in Lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Alok Prasad	Chairman & Independent Director	1.23	0.61:1
Jayendra Patel	Vice Chairman & Managing Director	19.92	9.92:1
Aalok Patel	Joint Managing Director	9.96	4.96:1
Kaushikbhai Shah	Independent Director	1.15	0.57:1
Ramakant Nagpal	Independent Director	1.08	0.54:1
Ritaben Patel	Non-Executive Director	1.00	0.50:1
Aakash Patel	Non-Executive Director	0.13	0.06:1
Mridul Arora	Nominee Director	Nil	N.A.
Geeta Solanki	Independent Director	0.58	N.A.

Note: Sitting Fees paid to Non-Executive Directors; Independent Directors and Nominee Director are classified as remuneration to Directors.

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

Name of Director	Designation	Nature of Payment	Percentage increase in remuneration
Alok Prasad	Chairman & Independent Director	Sitting fee	(25.76%)
Jayendra Patel	Vice Chairman & Managing Director	Remuneration	0.00%
Aalok Patel	Joint Managing Director	Remuneration	0.00%
Kaushikbhai Shah	Independent Director	Sitting fee	(26.98%)
Ramakant Nagpal	Independent Director	Sitting fee	(15.69%)
Ritaben Patel	Non-Executive Director	Sitting fee	(11.11%)
Aakash Patel	Non-Executive Director	Sitting fee	(50.00%)
Mridul Arora	Nominee Director	Sitting fee	N.A.
Geeta Solanki	Independent Director	Sitting fee	N.A.
Vivek Modi	Chief Financial Officer	Remuneration	0.00%
Jaimish Patel	Company Secretary	Remuneration	0.00%

iii. The percentage increase in the median remuneration of employees in the financial year 2020-21: (01.02%)

iv. There were 489 employees on the rolls of Company as on March 31, 2021.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There was no increase in managerial remuneration for the FY 2020-21.

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

It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

ANNEXURE-3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Arman Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arman Financial Services Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2021 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, if applicable;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable to the Company;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable to the Company;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 Not Applicable to the Company;
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – No buyback was done during year, hence not applicable;
   i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – Not applicable to the Company; and
   j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
6. Specifically, applicable Laws to the Company, as identified and confirmed by the Management:
   i. The Reserve Bank of India Act, 1934,
   ii. Prevention of Money Laundering Act, 2002,
7. Labor Laws applicable to the Employees of the Company:
   i. Provident Fund Act, 1952;
   ii. Employees State Insurance Act, 1948;
   iii. Profession Tax Act, 1975;
   iv. The Payment of Gratuity Act, 1972

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

a) Secretarial Standards issued by the Institute of Company Secretaries of India;

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory auditor and other designated professionals.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that:

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the MD/CEO and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

We further report that:

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc. referred above.

Date: August 03, 2021
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562C000731620

Note: This report is to be read with our letter of even date which is annexed as Annexure-3A forms an integral part of this report.

ANNEXURE-3A

To,
The Members,
Arman Financial Services Limited

Our report of even date is to be read along with this letter.

Management Responsibility:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditors Responsibility:

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: August 03, 2021
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562C000733622

ANNEXURE-3B

SECRETARIAL COMPLIANCE REPORT OF ARMAN FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED ON MARCH 31, 2021

We, Pinakin Shah & Co., Practicing Company Secretary have examined:

a) all the documents and records made available to us and explanation provided by Arman Financial Services Limited ("the listed entity"),

b) the filings / submissions made by the listed entity to the stock exchanges,

c) website of the listed entity,

d) any other document / filing, as may be relevant, which has been relied upon to make this certification for the year ended on March 31, 2021 ("Review Period") in respect of compliance with the provisions of:

   a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

   b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars / guidelines issued thereunder, have been examined, include:

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/ guidelines issued thereunder.

and based on the above examination, we hereby report that, during the Review Period:

a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
------Nil------			

b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder insofar as it appears from my/our examination of those records,

c) The following are the details of actions taken against the listed entity / its promoters / directors / material subsid-

Statutory Section
Corporate Information
Notice
Directors' Report
Corporate Governance Report

iaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
------Nil------			

d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended March 31, 2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
------Nil------				

Date: June 16, 2021
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562C000472493

ANNEXURE–4

Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

For Financial Year 2020-21

The Nomination and Remuneration Committee (Compensation Committee) of the Company, inter alia, administers and monitors the Arman Employee Stock Option Plan 2016 ("ESOP 2016") of the Company in accordance with applicable SEBI regulations.

A. Relevant disclosures in terms of the "Guidance Note on Accounting for Employee Share-based Payments" issued by ICAI has been made in Note no. 39 of the Notes to Accounts forming part of the Annual Report 2020-21 of the Company.

B. Diluted earnings per share pursuant to the issue of share on exercise of options will be calculated in accordance with relevant Accounting Standard issued by ICAI when shares will be allotted from time to time.

C. Details related to Arman Employee Stock Option Plan 2016 ("ESOP 2016"):

a. The description of the existing scheme is summarized as under:

SRN	Particulars	ESOP 2016			
a)		Grant I	Grant II	Grant III	Grant IV
		May 26, 2017 (Option Granted 97,500)	May 25, 2018 (Option Granted 9,000)	October 13, 2018 (Option Granted 2,500)	February 12, 2021 (Option Granted 3,500)
b)	Date of shareholders' approval	September 22, 2016			
c)	Total number of options approved under ESOP	1,25,000 options			
d)	Vesting requirements	The options would vest not earlier than one year and later than three years from the date of grant of options.			
e)	Exercise price or pricing formula	₹50/-			
f)	Maximum term of options granted	3 years			
g)	Source of shares	Primary			
h)	Variation in terms of options	None			

b. Method used to account for ESOP: **Intrinsic Value**

c. The difference between the employee compensation cost so computed as per intrinsic value and the employee compensation cost if Company would have used the fair value of the options and the impact of this difference on profits and on EPS of the Company: **Not Applicable**

d. Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	42,410
Number of options granted during the year	3,500
Number of options forfeited / lapsed during the year	400
Number of options vested during the year	37,810
Number of options exercised during the year	37,490
Number of shares arising as a result of exercise of options	37,490
Money realized by exercise of options (INR), if scheme is implemented directly by the company	₹18,74,500
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	7,700
Number of options exercisable at the end of the year	7,700

e. Weighted-average exercise prices and weighted-average fair values of that options whose exercise price either equal or exceed or is less than the market price of the stock:

Particulars	Weighted average exercise price	Weighted average fair value of options
Exercise price equals/exceeds than market price of the stock	Not Applicable	Not Applicable
Exercise price less than market price of the stock	₹ 50/-	₹ 177.02

f. Employee-wise details of options granted during the financial year 2020-21:

i. Senior managerial personnel: **Nil**

ii. Other Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year: **Nil**

iii. employees who were granted option, during one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant: **Nil**

g. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

		Details				
i.	Weighted-average values of:					
	Grant trench	**Grant II**	**Grant III**		**Grant IV**	
	Vesting Date	24.05.2021	13.10.2021	12.02.2022	12.02.2023	12.02.2024
ii.	Share price at grant date	₹376/-	₹310/-	₹729/-	₹729/-	₹729/-
	Exercise price	₹50/-	₹50/-	₹50/-	₹50/-	₹50/-
	Expected volatility	50.97%	50.97%	50.97%	50.97%	50.97%
	Expected option life	3.13 years	3.30 years	1.12 years	2.13 years	3.12 years
	Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
	The risk-free interest rate	8.00%	7.90%	3.98%	4.52%	5.00%
	Any other inputs to the model	N.A.	N.A.	N.A.	N.A.	N.A.
	Fair Value of Option	341.26	271	682.08	684.46	687.09
iii.	The method used and the assumptions made to incorporate the effects of expected early exercise	Black – Scholes Method				
iv.	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	The calculation of expected volatility is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price.				
v.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition	N.A.				

ANNEXURE–5

CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to clause (o) of Sub-Section 3 of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **Brief outline of Companies CSR Policy:**

   Arman Financial Services Limited believes in making a difference to the lives of thousands of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure. Your Company's CSR activities are implemented in aligned with requirements of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2. **Composition of CSR Committee:**

   The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives. The members of the CSR Committee are:

   a. Mr. Jayendra Patel, Chairperson

   b. Mr. Aalok Patel, Member

   c. Mr. Alok Prasad, Member

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.armanindia.com**

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable.**

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable**

6. **Average net profit of the Company as per section 135(5):** ₹14,56,55,137/-

7. **(a) Two percent of average net profit of the company as per section 135(5):** ₹29,13,103/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

   (c) Amount required to be set off for the financial year, if any: Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹29,13,103/-

8. **(a) Details of CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
₹29,13,103/-	-	-	-	-	-

(b) Details of CSR amount spent against Ongoing Projects for the financial year: Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SRN	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Providing socially marginalized people of livelihood services, and imparting skills leading to employment, health and education facilities and also focuses on livelihood services, child rights, human rights, young girls' education, skill development and other community services	Promoting Education & providing health care services	Yes	Gujarat	Many Districts in rural areas	₹ 25,61,103/-	No	Saath Livelihood Services	CSR00000326
2	Providing support to leprosy afflicted, mentally retarded, orphans and poor children	Promoting Health Care Including Preventive Health Care	Yes	Gujarat	Sabarkantha	₹ 3,50,000/-	No	Sahyog Kushtha Yagna Trust	CSR00003689

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹29,13,103/-

(g) Excess amount for set off, if any: Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

SRN	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1	2019-20	Not Applicable					
2	2018-19						
3	2017-18						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SRN	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

(a) Date of creation or acquisition of capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable

CORPORATE GOVERNANCE REPORT

This section on Corporate Governance forms part of the Annual Report to the shareholders. This report is given in reference of relevant provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

Corporate Governance at Arman has been framed with the aim of adopting the best management practices, compliance of law and adherence to ethical standards to achieve the Company's objectives. Arman also believes that sound corporate governance is critical to enhance and retain investor trust. Hence Arman's business policies are based on ethical conduct, transparency, professionalism, independency and a commitment to building long term sustainable relationships with relevant stakeholders. The Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.

At Arman, we also consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. We are committed to a balanced corporate governance system which provides the framework for attaining the Company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

Your Company is not only in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to corporate governance but is also committed to sound corporate governance principles & practices and constantly strives to adopt emerging best corporate governance practices being followed.

CODE OF CONDUCT AND ETHICS

The Code of Conduct ("the Code") for Board members and senior management personnel as adopted by the Board is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. The Code has been circulated to Directors and senior management personnel and its compliance is affirmed by them annually. A declaration signed by the Company's Chief Executive Officer to this effect is published in this report.

CEO / CFO CERTIFICATION

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

1. BOARD OF DIRECTORS

- **COMPOSITION OF THE BOARD OF DIRECTORS**

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

As on March 31, 2021 the strength of the Board was 9 (Nine) comprising of Vice Chairman and Managing Director and Joint Managing Director, 2 (two) Non-Executive Directors, (1) one Nominee Director and (4) Four Independent Directors which includes (1) one Woman Independent Director. Independent Directors are free from any business or other relationship that could materially influence their judgment.

None of the Directors on the Board hold directorships in more than eight (8) Listed Companies or ten (10) public companies or act as an Independent Director in more than seven (7) Listed Companies. Further, none of them is a member of more than ten (10) committees or Chairman of more than five (5) committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2021 have been made by the Directors.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and Section 149(6) of the Act.

Details of Directors as on March 31, 2021 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2021 are given below:

Name of the Director	Category	Attendance Particular		Directorship including Arman@	Name & Category of Directorships of the Listed Companies (including Arman)	Committee Membership#	
		Board Meeting	Last AGM			Chairman	Member
Alok Prasad	C-ID	4	Yes	3	• Arman Financial Services Limited (Independent Director)	1	3
Jayendra Patel	VC-MD	4	Yes	2	• Arman Financial Services Limited (Vice Chairman & Managing Director)	-	1
Aalok Patel	JMD	4	Yes	2	• Arman Financial Services Limited (Joint Managing Director)	-	1
Aakash Patel	NED	1	No	1	• Arman Financial Services Limited (Non-Executive Director)	-	-
Ritaben Patel	NED	4	Yes	2	• Arman Financial Services Limited (Non-Executive Director)	-	2
K. D. Shah	ID	4	Yes	3	• Arman Financial Services Limited (Independent Director)	3	3
					• W H Brady And Company Limited (Independent Director)		
					• Brady And Morris Engineering Company Limited (Independent Director)		
Ramakant Nagpal	ID	4	Yes	3	• Arman Financial Services Limited (Independent Director)	1	1
Mridul Arora	ND	4	No	2	• Arman Financial Services Limited (Nominee Director)	-	-
Geeta Solanki	ID	4	Yes	1	• Arman Financial Services Limited (Independent Director)	-	-

{C-Chairman, VC-MD-Vice Chairman & Managing Director, JMD- Joint Managing Director, NED-Non-Executive Director, ID-Independent Director, ND-Nominee Director}

@ Exclude Private Limited companies and as per Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian public companies have been reported.

None of the Directors except Mr. Jayendra Patel, Mr. Aalok Patel, Mrs. Ritaben and Mr. Aakash Patel have relationships amongst directors inter-se.

- **RE-APPOINTMENT OF DIRECTORS RETIRING BY ROTATION**

Brief profile of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting, as per Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is annexed to the Notice convening the Annual General Meeting and forming part of this Annual Report.

- **MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS**

SRN	Name of the Directors	Skills/Expertise/Specialization
1	Alok Prasad	Mr. Alok Prasad is a veteran banker with over 35 years of regulatory, banking, and financial services experience. He is regarded as an expert for financial inclusion and more broadly, access to finance matters. Currently, he is connected with a number of Banks and NBFCs as a Strategic Adviser and Board Member.
2	Jayendra Patel	Mr. Jayendra Patel has more than 27 years of Senior Managerial and board level experience in the finance sector and has managed the Company's growth. He has the ability to combine experience, knowledge & perspective to make sound business decisions. His understanding and the vision are among the key enables for the consistent performance of the Company.
3	Aalok Patel	Mr. Aalok Patel brings a vast array of innovative knowledge to the Company. His Understanding of finance sector with specific emphasis on various factors influencing the business in the sector. He has the ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning & efficient use of resources. He also excels to equity analysis and valuation as well; his research has been quoted in reputable business journals.
4	Aakash Patel	Mr. Aakash Patel has over 10 years of computer and business experiences, which includes over 3 years of experience as a consultant with Deloitte, 2 years with Intellitools as a software developer, and amongst others companies such as Hewlett Packard, EMC Corporation, SoftscapeInc, Sumtotals Systems.
5	Ritaben Patel	Mrs. Ritaben J. Patel, is a Graduate in Economics. She also holds Banking qualifications from First National Bank of Chicago, USA. She has worked with various US banks like First National Bank of Chicago, Golf Mill Bank, Morton Grove Bank in various capacities for more than a decade.
6	K. D. Shah	Mr. K. D. Shah has over 35 years of experience providing consulting and professional services to global companies in the field of business consulting and audit & assurance. He has extensive Finance and Accounting experience and an established track record in the field of audit. His experience as a business consultant extends from developing complex financial models to detailed business plans for start-ups and expansion project. In addition, his background includes considerable expertise in advising foreign companies on entry / exit strategies.
7	Ramakant Nagpal	Mr. Ramakant Nagpal is a performance driven professional having over 3 decades of experience in Banking & NBFC sector. In his long and vast career in Banking, he acted among other positions as Senior Internal auditor of Central Bank of India and played a crucial role in unearthing scams and frauds. He has also carried out large number of special audit assignments involving inspection of large borrower accounts for reporting of diversion of funds and unearthed Maritime Import/Export LC frauds.
8	Mridul Arora	Mr. Mridul Arora focuses on consumer internet/mobile investments with a keen interest in fin-tech and health-tech. Prior to joining SAIF, Mridul was an Engagement Manager with McKinsey & Company where he focused on financial services, in particular banking, insurance, and asset management.
9	Geeta Solanki	Mrs. Geeta Solanki is a serial social entrepreneur in Women's health, hygiene, and social development. Post her career as a marking professional, she was involved in improving women's health during pregnancy by providing guidance on exercise, diet and medication for 6 years. As a woman with family roots in rural agriculture, she was acutely aware of the issues and taboo surrounding menstrual hygiene in rural areas. She received the 'Bharat Ki Laxmi' award from The Ministry of Women and Child Development, and also serves as an expert on numerous panels and summits on Women's hygiene.

- **BOARD MEETINGS**

The Company held one Board Meeting in each quarter and the gap between two Board meetings was in compliance with the provisions contained in Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board met 4 (four) times in financial year and details of which are summarized as below:

SRN	Date of Meeting	Board Strength	No. of Director Present
1	June 29, 2020	9	9
2	August 29, 2020	9	8
3	November 11, 2020	9	8
4	February 12, 2021	9	8

- **MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors of your Company met once during the year without the presence of Non-Independent Directors and members of the management. The meeting was conducted in formal way to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2. AUDIT COMMITTEE

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The powers, role and terms of reference of the Audit Committee are in line with the provisions of Section 177 of the Companies Act, 2013 and part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee discharges such duties and functions generally indicated under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Companies Act, 2013 and such other functions as may be specifically assigned to it by the Board from time to time.

- **COMPOSITION**

The Audit Committee comprises following Directors:

SRN	Name of Director	Designation	Chairman / Member
1	Mr. K. D. Shah	Independent Director	Chairman
2	Mr. Alok Prasad	Independent Director	Member
3	Mr. Ramakant Nagpal	Independent Director	Member
4	Mrs. Ritaben Patel	Non-Executive Director	Member

The Committee members possess sound knowledge of accounts, finance, audit, governance and legal matters. The Chairman of the Audit Committee, Mr. K. D. Shah was present at the last Annual General Meeting held on September 29, 2020.

- **MEETING AND ATTENDANCE DURING THE YEAR**

During the period under review, the Audit Committee met 4 (four) times on June 29, 2020; August 29, 2020; November 11, 2020; and February 12, 2021.

The attendance at the meetings is as under:

Name of Directors	No. of meetings Held	No. of Meetings attended
Mr. K. D. Shah, Chairman	4	4
Mr. Alok Prasad	4	4
Mr. Ramakant Nagpal	4	4
Mrs. Ritaben Patel	4	4

3. NOMINATION AND REMUNERATION COMMITTEE

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of Section 178 of the Companies Act, 2013 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, recommend nominations for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection of Board members with respect to competencies, qualifications, experience, track record, integrity, devise appropriate succession plans and determine overall compensation policies of the Company.

The scope of the Committee also includes review & decides on remuneration packages to the Executive Director(s), lay down performance parameters for the Chairperson & Managing Director, the Executive Director(s), Senior Management, Key Managerial Personnel etc. and review the same.

In addition to the above, the Committee's role includes identifying persons who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal. The Committee also formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommends to the Board periodically, policies relating to the remuneration of the Directors, Key Managerial Personnel and other Employees.

- **COMPOSITION**

The following Directors are the members of the Committee:

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Ramakant Nagpal	Independent Director	Chairman
2	Mr. Alok Prasad	Independent Director	Member
3	Mr. K. D. Shah	Independent Director	Member
4	Ms. Geeta Solanki*	Independent Director	Member

*w.e.f. November 11, 2021

- **MEETING AND ATTENDANCE DURING THE YEAR**

Name of the Director	No. of meetings Held	No. of Meetings attended
Mr. Ramakant Nagpal	1	1
Mr. Alok Prasad	1	1
Mr. K. D. Shah	1	1
Ms. Geeta Solanki	1	1

- **REMUNERATION TO DIRECTORS**

The Vice Chairman Managing Director and Joint Managing Director get the salary including perquisites. Remuneration paid for the year ended March 31, 2021 was as under:

Name of the Director	Remuneration	Period of appointment	Approving Authority
Jayendra Patel	19.92 lakhs	Five years w.e.f. September 01, 2016	24th AGM
Aalok Patel	9.96 lakhs	Five years w.e.f. August 21, 2019	27th AGM
Total	**29.88 lakhs**		

The criteria for making payments to the Vice Chairman Managing Director and Joint Managing Director were:

i. Salary, as recommended by the nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.

ii. Remuneration is determined keeping in view the industry benchmarks.

The Non-Executive Directors and Independent Directors were paid sitting fees for attending the meetings of the Board and Committees. The sitting fees paid to the Directors is given below:

Name of the Director	Sitting Fees Paid (₹ In lakhs)	No. of Equity Shares held
Mr. Alok Prasad	1.23	-
Mr. K. D. Shah	1.15	-
Mr. Ramakant Nagpal	1.08	-
Mr. Aakash Patel	0.13	-
Mr. Mridul Arora	Nil	-
Mrs. Ritaben Patel	1.00	4,36,089
Ms. Geeta Solanki	0.58	-

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 of the Act and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Stakeholders' Relationship Committee is primarily responsible for redressal of shareholders' / investors' / security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

- **COMPOSITION**

The following Directors are the members of the Committee.

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Alok Prasad	Independent Director	Chairman
2	Mr. K. D. Shah	Independent Director	Member
3	Mr. Jayendra Patel	Vice Chairman & Managing Director	Member

- **MEETING AND ATTENDANCE DURING THE YEAR**

Name of the Director	No. of meetings Held	No. of Meetings attended
Mr. Alok Prasad	1	1
Mr. K. D. Shah	1	1
Mr. Jayendra Patel	1	1

- **SHARE TRANSFER COMMITTEE**

The Stakeholder Relationship Committee has delegated power of approving transfer of securities to Share Transfer Committee comprising of Mr. Jayendra Patel and Mr. Aalok Patel. The Committee reviews and approves the transfer/ transmission/ D-mat of equity shares as submitted by Bigshare Services Private Limited, the Registrar & Transfer Agent of the Company.

During the year, the Company has not received any complaint from the shareholder. The quarterly statements on investor complaints received and disposed of are filed with stock exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

5. CORPORATE SOCIAL RESPONSIBILITY MEETING

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The terms of reference of the Corporate Social Responsibility Committee are wide enough to cover the matters specified under Section 135(3) of the Companies Act, 2013, are as follows:

i. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in area or subject, specified in Schedule VII;

ii. recommend the amount of expenditure to be incurred on the activities referred to in above clause; and

iii. monitor the Corporate Social Responsibility Policy of the Company from time to time.

- **COMPOSITION**

The following Directors are the members of the Committee.

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Jayendra Patel	Vice Chairman & Managing Director	Chairman
2	Mr. Aalok Patel	Joint Managing Director	Member
3	Mr. Alok Prasad	Independent Director	Member

- **MEETING AND ATTENDANCE DURING THE YEAR**

Name of the Director	No. of meetings Held	No. of Meetings attended
Mr. Jayendra Patel	1	1
Mr. Aalok Patel	1	-
Mr. Alok Prasad	1	1

6. FINANCE & INVESTMENT COMMITTEE

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The role of the Finance & Investment Committee is:

i. To obtain secured/unsecured loan not exceeding the limit prescribed under section 180(1)c from time to time as may be required for the purposes of the business of the Company;

ii. To enter into routing transactions with banks / financial institutions.

iii. To make short term investments on behalf of the Company.

- **COMPOSITION**

The Finance & Investment Committee comprises following members:

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Jayendra Patel	Vice Chairman & Managing Director	Chairman
2	Mr. Aalok Patel	Joint Managing Director	Member
3	Mr. Vivek Modi	Chief Financial Officer	Member

7. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been constituted pursuant to the provisions of Regulation 21 of the SEBI Listing Regulations and RBI Master Directions, to frame, implement and monitor the risk management plan of the Company

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The role of the Risk Management Committee is to:

i. Overall responsibility to monitor and approve the Risk Management Framework;

ii. Ensuring proper identification of the risk associated with the Company;

iii. Assistance to the Board in determining the measures that can be adopted to mitigate the risk;

iv. Ensuring that appropriate measures are being taken to achieve prudent balance between risk and reward in both ongoing and new business activities and continuously aim to add value to the Company's stakeholders by growing business that supports inclusive growth;

- **COMPOSITION**

The following Directors are the members of the Committee.

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Jayendra Patel	Vice Chairman & Managing Director	Chairman
2	Mr. Aalok Patel	Joint Managing Director	Member
3	Mr. Alok Prasad*	Independent Director	Member
4	Mr. Vivek Modi	Chief Financial Officer	Member

*w.e.f. June 24, 2021

8. ASSET & LIABILITY MANAGEMENT COMMITTEE

The Asset-Liability Management Committee has been constituted as per RBI Master Directions and in line with regulations / directions and guidelines issued by the Reserve Bank of India.

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The role of the Asset & Liability Management Committee is to:

i. Implementing the liquidity risk management strategy and Capital Planning;

ii. Review the Liquidity Risk Measurement basis various approaches;

iii. Monitor Liquidity Risk basis various Tools;

iv. Review the Credit Sanction Process for High Value Proposals;

v. Review the Pricing of Assets & Liability and Monitor the Sensitivity of Interest Rates; and

vi. Ensuring Liquidity through maturity matching

- **COMPOSITION**

The following Directors are the members of the Committee.

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Jayendra Patel	Vice Chairman & Managing Director	Chairman
2	Mr. Aalok Patel	Joint Managing Director	Member
3	Mr. Vivek Modi	Chief Financial Officer	Member

9. PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee is empowered by the Board to carry out the entire performance evaluation process. Further, at a separate meeting held on March 26, 2021, Independent Directors evaluated performance of individual Directors, Board as a whole and Chairman. The director, whose performance was being evaluated did not take part in such evaluation. Evaluation form on various parameters enumerated below:

- **Board Evaluation**

Strategy, Composition, performance management, financial performance, execution, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.

- **Executive Directors Evaluation**

Leadership, Initiative in terms of new ideas and planning for the Company, Skill, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, community involvement and image building, interface with industry forums etc.

- **Independent Directors Evaluation**

Participation, managing relationship, ethics and integrity, objectivity, brining independent judgement, time devotion, protecting interest of minority shareholders, domain knowledge contribution, etc.

- **Chairman Evaluation**

Managing relationships, commitment, leadership effectiveness, promotion of training and development of directors etc.

- **Committees Evaluation**

  Terms of reference, participation of members, responsibility delegated, functions and duties, objectives alignment with company strategy, composition of committee, committee meetings and procedures, management relations.

10. GENERAL BODY MEETINGS

During the preceding three years, the Company's Annual General Meetings ("AGM") were held as under:

Year	Venue of A.G.M	Day, Date & Time	No. of Special Resolutions
2017-18	ATMA Hall, Ahmedabad	Friday, September 07, 2018, 12.00 p.m.	6
2018-19	ATMA Hall, Ahmedabad	Monday, September 23, 2019, 12.00 p.m.	2
2019-20	Virtual Meeting	Tuesday, September 29, 2020, 12.00 p.m.	4

11. FAMILIARIZATION PROGRAMME

The Company, in compliance with Regulation 25(7) of SEBI (LODR) Regulations, 2015 has apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis and the details of such familiarization programme is available at https://www.armanindia.com/corporategovernance.aspx → Familiarization Programme.

All new Directors inducted into the Board, if any during the year under review are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management officers to provide an overview of the Company's operations and to familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board.

12. DISCLOSURE ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, there has been no materially significant related party transactions undertaken by the Company under Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that may have potential conflict with the interest of the Company at large. All related party transactions are placed on quarterly basis before the Audit Committee and also before the Board for approval. Register under Section 188 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable.

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

The Board has laid down a policy on dealing with related party transactions and it is posted on the Company's website at the link https://www.armanindia.com/corporategovernance.aspx → Policy on Materiality of Related Party Transactions and Dealing With Related Party Transactions.

13. STRICTURES AND PENALTIES

The Company has complied with requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

14. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. Thereafter, the same were published in the newspapers - English and Gujarati language editions in Ahmedabad. Disclosures pursuant to various Regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were promptly communicated to the Stock Exchanges. Press Release / Presentation on quarterly result was made at the end of each quarter for the benefit of the investors and analysts the said Press Releases / Presentation are available on the website of the stock exchanges as well as the Company's website. Senior Management of the Company interacts with the interested stakeholders via Conference call to discuss on financial performance of the Company after declaring the results on every half year. The transcripts of the Conference call are also available on the website of the Company at www.armanindia.com.

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

15. SUBSIDIARY COMPANIES

Namra Finance Limited is a material subsidiary of the Company pursuant to Regulations 24(1) of the Listing Regulations. Audited annual financial statements of Namra Finance Limited are placed before the Audit Committee and Board Meetings. Minutes of the Board Meetings of subsidiary company held during the previous quarter, are circulated to all the Directors and are tabled at the Board Meetings. Board also reviews compliances made by such subsidiary and the statement of all significant transactions and arrangements entered into by subsidiary on a periodic basis. Web link of policy for determining material subsidiaries is https://www.armanindia.com/corporategovernance.aspx → Policy For Material Subsidiary.

16. GENERAL SHAREHOLDER INFORMATION

a) Exclusive E-Mail id for investor grievances

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following Email id has been exclusively designated for communicating investor grievances: secretarial@armanindia.com

Compliance Officer: Mr. Jaimish G. Patel

b) Toll Free Number for Investor Grievances

Exclusive tollfree number 18001027626 i.e. (1800-10-ARMAN) has been established for the Shareholders for communicating any grievances.

c) Annual General Meeting

The 29th Annual General Meeting will be held on Wednesday, September 29, 2021 at 12.00 noon through Video Conferencing (VC) / Other Audio-Visual Means (OAVM).

d) Financial Calendar

First quarter results: July/August 2021
Second quarter results: October/November 2021
Third quarter results: January/February 2022
Annual results: April/May 2022
Annual General Meeting: August/September 2022

e) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 23, 2021 to Wednesday, September 29, 2021 (both days inclusive) for determining the name of members eligible to attend the AGM.

f) Dividend Payment

In order to conserve capital to deal with the uncertain economic environment arising out of COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

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

The Investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date before the entire amount of unclaimed dividend amount is transferred to central governments' investor education and protection fund.

h) Shares listed at

- The BSE Limited
- National Stock Exchange of India Limited

  Annual Listing fee for the year 2021-22 has been paid to both the exchanges. The Company has also paid the Annual Custodial fees to both the depositories.

i) Stock Codes

The script code of the Company at BSE is - 531179

The trading symbol of the Company at NSE is - ARMANFIN

j) International Securities Identification Number (ISIN)

The ISIN of the equity shares of the Company is - INE109C01017.

k) Corporate Identity Number (CIN)

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

l) High/Low of monthly market price of the Company's equity shares traded on the BSE Limited and National Stock Exchange of India Limited during the financial year 2020-21 is furnished below:

Months	Share price BSE		Share price NSE	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April, 2020	420.90	302.05	420.75	305.15
May, 2020	390.00	287.30	389.95	280.00
June, 2020	496.50	292.00	501.00	291.20
July, 2020	564.30	426.10	564.00	429.00
August, 2020	640.00	430.00	640.00	430.00
September, 2020	619.00	487.05	625.00	490.00
October, 2020	597.00	515.00	597.00	522.85
November, 2020	698.00	543.00	670.00	534.35
December, 2020	815.00	629.70	817.00	628.00
January, 2021	745.00	661.00	749.85	653.50
February, 2021	758.75	600.00	758.00	598.05
March, 2021	689.00	577.00	677.70	572.30

m) Share transfer system

SEBI has mandated transfer of securities of listed companies only in dematerialised form with effect from April 1, 2019, baring certain exceptions.

The Company is in compliance of SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 whereby SEBI has suggested measures to make the systems and processes among the RTAs, Issuer Companies and Bankers, more robust and transparent.

In terms of Regulation 40(9) of the Listing Regulations, half yearly audit of share transfer related activities is done by Company Secretary in practice and compliance certificate is submitted to the Stock Exchanges.

n) Distribution of Shareholding as on March 31, 2021

- **On the basis of Share held:**

		Electronic			Physical			Total		
SRN	Category (Shares)	Holders	Shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
1	1-500	6861	579922	6.83	1281	147540	1.74	8142	727462	8.57
2	501-1000	377	277334	3.27	25	21400	0.25	402	298734	3.52
3	1001-2000	192	280410	3.30	6	8700	0.10	198	289110	3.41
4	2001-3000	51	128015	1.51	1	2200	0.03	52	130215	1.53
5	3001-4000	32	111592	1.31	1	4500	0.05	33	116092	1.37
6	4001-5000	22	102114	1.20				22	102114	1.20
7	5001-10000	32	238657	2.81				32	238657	2.81
8	Above 10000	63	6586000	77.59				63	6586000	77.59
	TOTAL	**7630**	**8304044**	**97.83**	**1314**	**184340**	**2.17**	**8944**	**8488384**	**100.00**

- **On the basis of Category:**

Category	No of Shares Held	% to Total Shares Held
Promoters	2331333	27.46%
Foreign Portfolio Investor	351146	4.14%
Individual	2986672	35.19%
Bodies Corporate	279485	3.29%
NRIs & Foreign Nationals	2290742	26.99%
HUF	56090	0.66%
IEPF Authority	182855	2.15%
Clearing Members	9986	0.12%
Central/ State Government	30	0.00%
Trust	45	0.00%
TOTAL	**8488384**	**100.00%**

o) Dematerialization of shares and liquidity

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

During the year, the Company has electronically confirmed demat requests for 19,200 equity shares. As on March 31, 2021, 97.83% of the total shares issued by the Company were held in dematerialised form. The Company requesting to those shareholders who have their shares in physical form to convert it in Demat form.

Liquidity: The Company's Shares are actively traded on BSE Limited and National Stock Exchange of India.

p) Code of conduct for prevention of insider trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares beyond threshold limits. Further, it prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Code has been disseminated through the Company's website for easy access to the employees and is updated from time to time.

q) Reconciliation of share capital audit report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 2018, quarterly audit is being undertaken by a Practising Company Secretary for reconciliation of share capital of the Company.

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

r) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31, 2021

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31, 2021.

s) Employees Stock Option Scheme

During the year 37,745 options were exercised by employees of the Company / subsidiary Company and subsequently allotted and listed on the Stock Exchanges. During the year under review, the Company has not granted any fresh option under the "ARMAN ESOP 2016".

t) Plant Locations

The Company is in the business of providing financial services and therefore Company has no plant.

u) **Address for Correspondence**

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

(1) Arman's Address

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

Phone: +91-79-40507000; 27541989, E-mail: finance@armanindia.com

(2) Bigshare Services Private Limited

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

Phone: +91-79-40024135 E-mail: bssahd@bigshareonline.com

v) **Commodity price risks and commodity hedging activities**: N.A.

w) **Credit Ratings**

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company, and its subsidiary. CARE reaffirmed its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of Namra Finance Limited (WOS) was also reaffirmed 'MFI 2+' (MFI two plus) by CARE during the year 2020-21.

x) **Details of utilization of funds raised**

During the year under review, the Company has not raised any money through issuance of equity shares except shares allotted pursuant to "ARMAN ESOP 2016", however, the Company has raised the debt fund from Banks / Financial Institutions. The Company has utilized the fund towards the working capital as well as capital expenditure to support business expansion, repayment of loan and investments by the Company.

y) We have obtained a certificate from Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

z) There were no circumstances where board had not accepted any recommendation of any committee of the board during the year.

aa) The Consolidated fees paid by the Company and its subsidiary to statutory auditors is ₹14.70 lakhs (towards audit fees, tax audit, certification work and income tax consultancy fee) for the financial year 2020-21.

bb) The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

cc) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practicing Company Secretary, CS Pinakin Shah and the same is attached to this Report.

dd) During the year under review, there were no complaint i.e. incidences of sexual harassment reported.

ee) There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,

The Members,

Arman Financial Services Limited,

Ahmedabad

I have examined the Compliance Conditions of Corporate Governance by Arman Financial Services Limited for the year ended on March 31, 2021 as per para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period April 01, 2020 to March 31, 2021. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of regulations of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

Place: Ahmedabad
Date: August 03, 2021

Pinakin Shah & Co.,
Company Secretary,

Pinakin Shah
Proprietor
FCS-2562, C.P No-2932
UDIN: F002562C000731675

Declaration on adherence to the code of conduct under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

All the Board Members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of Board of Directors and senior management of Arman Financial Services Limited for the financial year ended March 31, 2021.

For, and on behalf of the Board

Jayendra Patel
Chief Executive Officer
DIN: 00011814

Place: Ahmedabad
Date: August 12, 2021

CEO-CFO CERTIFICATION

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

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

A. We have reviewed financial statements and the cash flow statement for the financial year ending March 31, 2021 and that to the best of our knowledge and belief:

  a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:

  a. significant changes in internal control over financial reporting during the year;

  b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For, Arman Financial Services Limited
Jayendra Patel
(Chief Executive Officer)

For, Arman Financial Services Limited
Vivek Modi
(Chief Financial Officer)

Date: August 12, 2021
Place: Ahmedabad

Consolidated
Financial Statements

Independent Auditor's Report

To,

The Members of

ARMAN FINANCIAL SERVICES LIMITED

Ahmedabad

Report on the Audit of the Consolidated Financial Statements

OPINION

1. We have audited the accompanying Consolidated Financial Statements of **Arman Financial Services Limited** (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021 and the consolidated statement of Profit and Loss, (the consolidated and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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 consolidated state of affairs of the Company as at March 31, 2021 and its consolidated profit and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTERS

4. As described in Note 44 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

   Our opinion is not modified in respect of the above matters.

KEY AUDIT MATTERS

5. 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 matters identified in our audit is in respect of Provision for Expected Credit Losses on loans as follows:

Provision for Expected Credit Losses on loans

[Refer para 3.6 for the accounting policy and Note 3.1 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
As at March 31, 2021, the Group has financial assets (loans) amounting to Rs. 74322.03 Lakhs. As per Ind AS 109- Financial Instruments, the Group is required to recognise allowance for expected credit losses on financial assets. Under Ind-AS framework, the management had to estimate the provision for expected credit losses at each Balance at March 31, 2021. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic and moratorium granted by the company, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain. The management has recognised a provision of Rs. 3812.18 Lakhs in the Consolidated Statement of Profit and Loss for the year ended March 31, 2021. Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the consolidated financial statements were reasonable and the related disclosures in the consolidated financial statements made by the management were adequate. These procedures included, but not limited, to the following: (a) obtaining an understanding of the model adopted by the Group for calculation of expected credit losses including how management of holding company calculated the expected credit losses and the appropriateness data on which the calculation is based; (b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used; (c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; (d) testing the arithmetical calculation of the expected credit losses; (e) verifying the adequacy of the related disclosures; and (f) obtaining written representations from management whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. 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 CONSOLIDATED FINANCIAL STATEMENTS

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities 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 Group or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 SAs 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 consolidated financial statements.

11. 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 consolidated 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 Companies Act, 2013, we are also responsible for expressing 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 ability of the Group and its associates and jointly controlled entities 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 consolidated 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 Group and its associates and jointly controlled entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

15. Other Matters

(a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of Rs. 71,608.07 Lakhs as at March 31, 2021, total revenues of Rs. 13,397.57 Lakhs and net cash out flows amounting to Rs. 1,922.73 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the consolidated financial statement has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements; (Refer Note 31 to the financial statements);

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

(Sneha Jethani)
Partner
[M. No. 160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

Annexure "A"

To Independent Auditor's Report

Referred to in paragraph 16(f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended March 31, 2021.

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 March 31, 2021, in conjunction with our audit of the Consolidated 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, with reference to Consolidated Financial Statements. 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 March 31, 2021, 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]

(Sneha Jethani)
Partner
[M. No. 160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

Consolidated Balance Sheet

as at March 31, 2021

(₹ in lakhs)

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	1	8,791.78	5,828.95
(b)	Bank Balance other than (a) above	2	8,045.65	3,854.74
(c)	Loans	3	74,322.03	77,889.66
(d)	Investments	4	317.73	325.90
(e)	Other Financial assets	5	760.66	708.14
(2)	**Non-financial Assets**			
(a)	Current tax assets (Net)	6	-	50.31
(b)	Deferred tax Assets (Net)	7	1,336.75	478.68
(c)	Property, Plant and Equipment	8	326.02	352.93
(d)	Other Intangible assets	8	22.54	17.69
(e)	Right of Use Assets	8	59.15	73.93
(f)	Other non-financial assets	9	25.14	35.53
	Total Assets		**94,007.43**	**89,616.46**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Other Payables	10		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		76.09	78.00
(b)	Debt Securities	11	17,760.55	10,570.98
(c)	Borrowings (Other than Debt Securities)	12	52,881.55	57,705.62
(d)	Subordinated Liabilities	13	1,500.00	1,500.00
(e)	Other financial liabilities	14	2,421.06	2,332.66
(2)	**Non-Financial Liabilities**			
(a)	Provisions	15	89.55	79.98
(b)	Current Tax Liaiblities (Net)	6	486.78	Nil
(c)	Other non-financial liabilities	16	115.88	126.68
	EQUITY			
(1)	Equity Share capital	17	848.84	845.09
(2)	Other Equity	18	17,827.13	16,377.45
	Total Liabilities and Equity		**94,007.43**	**89,616.46**

As per our report of even date attached herewith

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

[Sneha Jethani]
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

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

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Consolidated Statement of Profit & Loss

for the year ended March 31, 2021

(₹ in lakhs)

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
(1)	**REVENUE FROM OPERATIONS**			
	Interest Income based on Effective Interest Method	19	18,564.13	20,037.87
	Gain on Assignment of Financial Assets	20	-	450.33
	Fees and Commission Income	21	506.40	646.04
	Income from Investment in Mutual Fund (At Fair value through Profit & Loss)	22	23.63	16.46
	Total Revenue from operations (1)		**19,094.16**	**21,150.70**
(2)	Other Income	23	231.91	364.00
(3)	**Total Income (1+2)**		**19,326.07**	**21,514.70**
(4)	**Expenses**			
	Finance Costs	24	7,744.68	8,759.37
	Impairment of Financial Assets	25	5,459.22	2,000.85
	Employee Benefits Expenses	26	3,556.60	3,645.67
	Depreciation, amortization and impairment	27	80.98	79.84
	Others expenses	28	1,308.24	1,651.35
	Total Expenses (4)		**18,149.72**	**16,137.08**
(5)	**PROFIT / (LOSS) BEFORE TAX (3-4)**		**1,176.36**	**5,377.62**
(6)	**Tax Expense:**			
	(1) Current Tax	29	1,089.70	1,423.40
	(2) Short / (excess) Provision of Income Tax of earlier years	29	6.36	(2.78)
	(3) Deferred Tax	29	(981.31)	(195.00)
(7)	**Profit/(loss) for the period (5-6)**		**1,061.61**	**4,152.00**
(8)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	- Remeasurement of Defined Benefit Obligations		21.62	(11.67)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(5.44)	2.94
	Subtotal (A)		**16.18**	**(8.73)**
	(B) (i) Items that will be reclassified to profit or loss			
	- Net change in value of loans measured at fair value through Other Comprehensive Income		468.05	85.68
	(ii) Income tax relating to items that will be reclassified to profit or loss		(117.80)	(24.28)
	Subtotal (B)		**350.25**	**61.40**
	Other Comprehensive Income (A + B)		**366.43**	**52.67**
(9)	**Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)**		**1,428.04**	**4,204.67**
(10)	**Earnings per equity share**			
	Basic (Rs.)	30	12.53	55.80
	Diluted (Rs.)	30	12.53	55.54

As per our report of even date attached herewith

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

[Sneha Jethani]
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

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

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Change in Equity

for the Year Ended March 31, 2021

(A) Equity share capital (Refer Note 17)

(₹ In lakhs)

Particulars	Balance As at March 31, 2019	Changes during the year	Balance as at March 31, 2020	Changes during the year	Balance as at March 31, 2021
Ordinary Equity share capital	574.78	270.31	845.09	3.75	848.84
Class "A" Ordinary Equity shares	120.45	(120.45)	-	-	-

(B) Other equity (Refer note 18)

(₹ In lakhs)

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other Comprehensive Income	Total
		General Reserve	Reserve u/s. 45-IA of RBI Act, 1934	Security premium	Retained earnings	Share Based Payment Reserve		
Balance as at March 31, 2019	**4,292.41**	**118.35**	**1,355.30**	**1,241.01**	**4,591.97**	**86.15**	**(59.05)**	**11,626.15**
Profit for the year	-	-	-	-	4,152.00	-	-	4,152.00
Other comprehensive income (net of taxes)	-	-	-	-	-	-	52.67	52.67
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**4,152.00**	**-**	**52.67**	**4,204.67**
Transactions with Owners in the capacity as Owners								
Final Dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	(117.34)	-	-	(117.34)
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	-	869.00	-	(869.00)	-	-	-
Additions during the year in Security premium	-	-	-	583.44	-	(47.18)	-	536.26
Share Issue Expense Security premium	-	-	-	(11.48)	-	-	-	(11.48)
Transfer during the year in General Reserve	-	11.00	-	-	(11.00)	-	-	-
Share based payment to employees (ESOP) (Refer note 18)	-	-	-	-	-	26.46	-	26.46
Issue of Compulsory Convertible Debenture	112.73	-	-	-	-	-	-	112.73
Conversion of Compulsory Convertible Debenture	(4,405.15)	-	-	5,000.00	(594.85)	-	-	-
Balance as at March 31, 2020	**-**	**129.35**	**2,224.30**	**6,812.96**	**7,151.78**	**65.44**	**(6.38)**	**16,377.45**

Statement of Change in Equity

for the Year Ended March 31, 2021

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other Comprehensive Income	Total
		General Reserve	Reserve u/s. 45-IA of RBI Act, 1934	Security premium	Retained earnings	Share Based Payment Reserve		
Profit for the year	-	-	-	-	1,061.61	-	-	1,061.61
Other comprehensive income (net of taxes)	-	-	-	-	-	-	366.43	366.43
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**1,061.61**	**-**	**366.43**	**1,428.04**
Transactions with Owners in the capacity as Owners								
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	-	258.00	-	(258.00)	-	-	-
Additions during the year in Security premium	-	-	-	73.01	-	(58.02)	-	15.00
Transfer during the year in General Reserve	-	11.00	-	-	(11.00)	-	-	-
Share based payment to employees (ESOP) (Refer note 18)	-	-	-	-	-	6.65	-	6.65
Balance as at March 31, 2021	**-**	**140.35**	**2,482.30**	**6,885.98**	**7,944.39**	**14.07**	**360.05**	**17,827.14**

As per our report of even date attached herewith

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

[Sneha Jethani]
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

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

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Cash Flow

for the year ended March 31, 2021

(₹ In Lakhs)

	PARTICULARS	Year ended March 31, 2021		Year ended March 31, 2020	
A:	**Cash from Operating Activities:**				
	Net profit before taxation		1,176.36		5,377.62
	Adjustment For:				
	Depreciation and amortisation	66.19		65.05	
	Interest Income	(18,564.13)		(20,037.87)	
	Net gain on equity instruments measured through profit and loss	(23.63)		(16.46)	
	Finance cost Expense	7,666.68		8,748.57	
	Provision for impairment on financial assets	3,812.18		1,150.66	
	Depreciation on Right of Use Assets	14.79		14.79	
	Loss / (Profit) on sale of Current Investment	(164.29)		(252.45)	
	Remeasurement of defined benefit plan	21.62		(11.67)	
	Employee Stock Option Plan Expense	6.65		26.46	
	Interest on shortfall of advance Tax	78.00		10.80	
	Financial Gaurantee Income	Nil		Nil	
			(7,085.96)		(10,302.12)
	Operating profit before working Capital changes:		**(5,909.60)**		**(4,924.50)**
	Adjustment For Increase/(Decrease) in Operating Assets:				
	Loans and Advances	223.49		(11,909.81)	
	Financial Assets	348.39		(239.55)	
	Non Financial Assets	10.39		23.66	
	Bank balance other than Cash and Cash equivalents	(4,190.90)		(832.82)	
	Adjustment For Increase/(Decrease) in Operating Liabilities:				
	Trade Payables	(1.91)		(18.91)	
	Other Non Financial liability	(10.80)		(9.28)	
	Other Financial Liabilities	158.23		669.73	
	Provision	9.57	(3,453.54)	33.11	(12,283.87)
	Cash Generated From Operations		**(9,363.14)**		**(17,208.37)**
	Interest Income Received	18,163.23		20,021.17	
	Finance Cost Paid	(7,571.96)		(8,612.26)	
	Income tax paid	(636.98)	9,954.29	(1,775.28)	9,633.63
	Net Cash From Operating Activities:		**591.15**		**(7,574.74)**
B:	**Cash Flow From Investing Activities:**				
	Purchase of Property, Plant & Equipment	(44.12)		(84.77)	
	Purchase of investments	(32,975.00)		(55,290.00)	
	Sale of investments	33,171.09		55,564.64	
	Net Cash from Investment Activities:		**151.97**		**189.87**
C:	**Cash Flow From Financing Activities :**				
	Proceeds from issue of share capital (including Premium)	18.74		14.87	
	Dividend paid	(2.63)		(115.70)	
	Share Issue Expense	-		(11.48)	
	Proceeds from long term borrowings	36,877.46		54,204.63	
	Repayment of borrowings	(38,335.06)		42,776.14	
	Net increase / (decrease) in working capital borrowings	3,672.79		(1,924.48)	
	Repayment of Principal Component of Lease Liability	(11.60)		(9.91)	
	Net Cash from Financing Activities:		**2,219.70**		**9,381.80**
	Net Increase/(Decrease) in Cash & Cash Equivalents		**2,962.83**		**1,996.93**
	Cash & cash equivalents at the beginning of the year		5,828.95		3,832.02
	Cash & cash equivalents at the end of the year		8,791.78		5,828.95

Statement of Cash Flow

for the year ended March 31, 2021

Notes :

1 **Cash and bank balance at the end of the year comprises:** (₹ In Lakhs)

Particulars	As At March 31, 2021	As At March 31, 2020
Cash on hand	122.85	76.17
Balance with Bank	8,668.93	5,752.78
Total	8,791.78	5,828.95
Bank deposit with original maturity of 3 months or less	Nil	Nil
Cash & cash equivalents as per Balance Sheet	8,791.78	5,828.95

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specfied under section 133 of the Companies Act, 2013.

3 **Non cash financing and investing Activities:**

During the Previous Year, the convertible instruments were conveted into equity shares of the Company. Refer note 17.4 and 17.6 for non cash financing and investing Activities of the company.

4 **Change in liabilities arising from financing activities:**

Particulars	March 31, 2020	Cash Flows (Net)	Non Cash Changes	March 31, 2021
Debt Securities	10,570.98	7,225.00	(35.43)	17,760.55
Borrowing other than debt Securities	57,705.62	(5,009.81)	185.74	52,881.55
Total	**68,276.61**	**2,215.19**	**150.31**	**70,642.11**

As per our report of even date attached herewith

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

For & on behalf of the Board of Directors of
Arman Financial Services Limited

[Sneha Jethani]
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

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

Vivek Modi
Chief Financial Officer

Place: Ahmedabad
Date: 24.06.2021

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2021

1. CORPORATE INFORMATION

Arman Financial Services Limited (the "Holding Company") together with its subsidiary Namra Finance Limited (herein after referred to as the "Company") are public companies domiciled in India. The Holding Company is registered as a deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). Namra Finance Limited is registered as a non-deposit taking Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Group is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") and Micro Finance JLG Loans. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. BASIS OF PREPARATION

2.1 Statement of compliance and principle of Consolidation

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

Principle of Consolidation

i) Subsidiaries: -

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

ii) Non-Controlling Interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. 31 March 2021. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

v) The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of Entity	Relation-ship	Country	Owner-ship Held By	% of holding And Voting Power as at 31-03-21	31-03-20
NAMRA Finance Limited	Subsidiary Company	INDIA	Arman Financial services Liimted	100%	100%

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees () which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 42.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1 (A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 41.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business

ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets. When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.9), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) **Financial assets carried at amortised cost ("AC")**

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) **Financial assets measured at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) **Financial assets at fair value through profit or loss ("FVTPL")**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) **Investments in Mutual Funds**

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

B. Financial liability

i) **Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) **Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2021 and March 31, 2020.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

B. Derecognition of financial assets other than due to substantial modification

i) **Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

ii) **Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward-looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of 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 measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. **Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. **Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. **Other interest income**

Other interest income is recognised on a time proportionate basis.

D. **Other Charges in Respect of Loans**

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

3.9 (II) Recognition of other expense

A. **Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Vehicles - 8 years

iii) Office equipment - 3 to 10 years

iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non-financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.15 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

A. **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. **Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The ministry of corporate affairs vide notification no. G.S.R. 419(E) dated 18th June 2021 has notified amendment that will be effective from the beginning of the next financial year, that is, 1 April 2021, except for amendments to Ind AS 116, Leases, extending the practical expedient for recognising any lease rent concessions due to COVID-19 till 30 June 2022 as variable lease payments which may be applied for the current financial year ended on 31 March 2021. These amendments can be broadly categorised into the following:

a. Amendments related to changing reference to new conceptual framework for financial reporting from the old framework for the preparation and presentation of financial statements both issued by The Institute of Chartered Accountants of India. These amendments do not have impact on the financial position, performance or cash flows of the company.

b. Amendments to Ind AS 116, Leases, related to lease rent concessions due to COVID-19 where the practical expedient for recognising any lease rent concessions due to COVID-19 till 30 June 2022 as variable lease payments. The company is in the process of collecting the required information and therefore will apply the amendment in the next financial year.

c. Amendments related to interest rate benchmark reform.

The term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The company is evaluating the impact of such amendments. Based on current understanding, the amendments may increase the disclosures related to the reform and as such are less likely to have any material impact on the financial position and performance of the company.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ in Lakhs)

1	Cash and Cash Equivalent	As at March 31, 2021	As at March 31, 2020
	Cash on hand	122.85	76.17
	Balance with banks	8,668.93	5,752.78
	Total	**8,791.78**	**5,828.95**

(₹ in Lakhs)

2	Bank Balance	As at March 31, 2021	As at March 31, 2020
	In fixed deposit accounts:		
	Deposits given as security against borrowings and other commitments	8,238.34	3,867.30
	Earmarked balances with banks	17.88	20.51
	Less: Interest Accrued but not due on Bank Deposits (Refer Note 5)	(210.57)	(33.06)
	Total	**8,045.65**	**3,854.74**

2.1 Deposits includes deposits given as cash collateral security against bank loans.

2.2 Earmarked balance with banks represents Rs. 17.88 lakhs (As at 31 March 2020 Rs. 20.51 lakhs) in Unpaid Dividend Account.

(₹ in Lakhs)

3	Loans	As at March 31, 2021	As at March 31, 2020
	At FVOCI:		
	Secured by Tangible Asset	4,184.31	9,152.06
	Unsecured Loans	71,048.74	68,857.09
	Total Loans	**75,233.05**	**78,009.14**
	Less: Interest Due but not Received on Loans and Advances (Note No.5)	(911.02)	(119.49)
		74,322.03	**77,889.66**
	(1) Loans In India		
	Public Sector	-	-
	Others	74,322.03	77,889.66
		74,322.03	**77,889.66**
	(2) Loans Outside India	-	-
	Total	**74,322.03**	**77,889.66**

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances:

(₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2019	66,702.03	471.03	672.05	67,845.11
New Assets originated*	**69,223.29**	**504.68**	**297.15**	**70,025.12**
Net transfer between stages				
Transfer from stage 1	(1,627.26)	607.86	1,019.40	-
Transfer from stage 2	16.65	(250.15)	233.50	-
Transfer from stage 3	2.88	3.62	(6.50)	-
Assets derecognised or collected	56,488.28	268.31	406.82	57,163.41
Write - offs	-	-	906.55	906.55
Gross carrying amount as at March 31, 2020	**77,829.31**	**1,068.73**	**902.23**	**79,800.27**
New Assets originated*	47,012.56	26.39	7.05	47,046.00
Net transfer between stages				
Transfer from stage 1	(7,980.17)	3,389.73	4,590.45	-
Transfer from stage 2	43.73	(486.05)	442.33	-
Transfer from stage 3	3.74	4.47	(8.21)	-
Assets derecognised or collected	44,587.86	585.09	461.62	45,634.58
Write - offs	-	-	1,734.99	1,734.99
Gross carrying amount as at March 31, 2021	**72,321.29**	**3,418.17**	**3,737.24**	**79,476.70**

***Note**: New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end

3.2 Reconciliation of ECL balance is given below:

(₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowances as at March 31, 2019	**343.82**	**85.03**	**320.47**	**749.32**
Addition During the Year	757.02	342.77	654.88	1,754.67
Reversal During the Year	(281.56)	(68.36)	(243.45)	(593.37)
ECL Allowances as at March 31, 2020	**819.28**	**359.44**	**731.90**	**1,910.62**
Addition During the Year	426.47	992.34	3,920.46	5,339.27
Reversal During the Year	(342.78)	(268.01)	(1,484.42)	(2,095.22)
ECL Allowances as at March 31, 2021	**902.97**	**1,083.77**	**3,167.93**	**5,154.67**

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

3.3 Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ in Lakhs)

4	Investments (At Cost)	As at March 31, 2021	As at March 31, 2020
	9,27,603.39 Units (As at 31.03.20: 9,27,603.39 Units) of SBI Credit Risk Fund -Regular -Growth	317.73	294.10
	Nil Units (As at 31.03.20: 3,00,000 Unit) of SBI Dual Advantage Fund - Series XXII -Regular -Growth	-	31.80
		317.73	**325.90**
	(1) Investment In India	317.73	325.90
	(2) Investment outside India	-	-
	Total	**317.73**	**325.90**

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

(₹ in Lakhs)

5	Other Financial Assets	As at March 31, 2021	As at March 31, 2020
	Interest Due but not Received on Loans and Advances (Note No.3)	911.02	119.49
	Interest Accrued but not due on Bank Deposits (Note No.2)	210.57	33.06
	Deposits	233.72	444.94
	Other Advances	13.80	150.97
	Less : Provision on Interest Receivable on Credit Impaired Loans and Advances	(608.45)	(40.33)
	Total	**760.66**	**708.14**

5.1 Deposits includes deposits of Rs. 207.86 lakhs (P.Y. Rs. 418.81 lakhs), given as collateral security against loans from financial Institutes.

5.2 Reconciliation of Provision on Interest Receivable on Credit Impaired Loans given below:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
ECL Allowances As at beginning of the year	40.32	50.95
Addition During the Year	607.28	39.25
Reversal During the Year	(39.14)	(49.89)
ECL Allowances As at end of the year	**608.45**	**40.32**

(₹ in Lakhs)

6	Current Tax (Net)	As at March 31, 2021	As at March 31, 2020
	Advance Tax and TDS	3,299.48	2,662.50
	Less: Provision for Tax	(3,786.26)	(2,612.20)
	Total	**(486.78)**	**50.31**

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ in Lakhs)

7	Deferred Tax	As at March 31, 2021	As at March 31, 2020
A	**Defferred Tax Assets on Account of:**		
	Provision for employee benefits that are allowable for tax purpose in the year of payment	22.54	20.13
	Financial assets measured at amortised cost	135.55	144.52
	Shares issue expenses that are allowable for tax purpose on deferred basis	1.73	2.69
	Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	43.24
	Impairment on Financial Assets	1,450.47	491.01
	Total Deferred Tax Assets	**1,610.29**	**701.59**
B	**Defferred Tax Liability on Account of:**		
	Difference in written down value as per Companies Act and Income Tax Act	(11.53)	(13.90)
	Financial liabilities measured at amortised cost	(118.90)	(156.73)
	Income Taxable on Realised Basis	-	(33.99)
	Fair valuation of Derivative Contract measured Through Profit & Loss Account	(1.52)	-
	Fair valuation of financial instruments through Other Comprehensive Income	(122.04)	(4.24)
	Fair valuation of Investment in Mutual Fund	(19.55)	(14.05)
	Total Deferred Tax Liabilities	**(273.53)**	**(222.91)**
	Total Asset/(Liability) (Net)	**1,336.75**	**478.68**

7.1 The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ in Lakhs)

Particulars	As at March 31, 2020	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2021
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	20.13	-	7.85	(5.44)	22.54
Financial assets measured at amortised cost	144.52	-	(8.97)	-	135.55
Shares issue expenses that are allowable for tax purpose on deferred basis	2.69	-	(0.96)	-	1.73
Fair valuation of Derivative Contract measured Through Profit & Loss Account	43.24	-	(43.24)	-	-
Impairment on Financial Assets	491.01	-	959.45	-	1,450.46
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(13.90)	-	2.37	-	(11.53)
Financial liabilities measured at amortised cost	(156.73)	-	37.83	-	(118.90)
Income Taxable on Realised Basis	(33.99)	-	33.99	-	-
Fair valuation of financial instruments through Other Comprehensive Income	(4.24)	-	-	(117.80)	(122.04)
Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	-	(1.52)	-	(1.52)
Fair valuation of Investment in Mutual Fund	(14.06)	-	(5.49)	-	(19.55)
Total Asset/(Liability) (Net)	**478.68**	**-**	**981.31**	**(123.24)**	**1,336.75**

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ in Lakhs)

Particulars	As at March 31, 2019	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	13.65	-	3.54	2.94	20.13
Financial assets measured at amortised cost	159.02	-	(14.50)	-	144.52
Shares issue expenses that are allowable for tax purpose on deferred basis	1.20	-	1.50	-	2.69
Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	-	43.24	-	43.24
Fair valuation of financial instruments through Other Comprehensive Income	20.05	-	-	(20.05)	-
Impairment on Financial Assets	233.04	-	257.97	-	491.01
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(14.89)	-	0.99	-	(13.90)
Financial liabilities measured at amortised cost	(89.14)	-	(67.60)	-	(156.73)
Income Taxable on Realised Basis	-	-	(33.99)	-	(33.99)
Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	(112.73)	112.73	-	-	-
Fair valuation of Investment in Mutual Fund	(17.90)	-	3.85	-	(14.06)
Fair valuation of financial instruments through Other Comprehensive Income	-	-	-	(4.24)	(4.24)
Total Asset/(Liability) (Net)	**192.30**	**112.73**	**195.00**	**(21.35)**	**478.68**

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

8 Property, Plant & Equipment

(₹. In Lakhs)

Carrying Value	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total Property, Plant & Equipment	Intangible Assets	Total Assets	Right of Use Assets
As at March 31, 2019	130.45	122.58	33.16	97.76	113.19	497.14	44.72	541.86	-
Addition	5.94	21.05	17.13	-	44.04	88.16	-	88.16	88.72
Disposal	-	-	-	-	-	-	-	-	-
Other Adjustment	-	3.39	-	-	-	3.39	-	3.39	-
As at March 31, 2020	136.39	140.24	50.29	97.76	157.22	581.91	44.72	626.63	88.72
Addition	-	14.06	2.62	-	15.34	32.02	12.10	44.12	-
Disposal	-	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-	-	-
As at March 31, 2021	136.39	154.30	52.92	97.76	172.56	613.93	56.82	670.75	88.72
Accumulated Depreciation	**Buildings**	**Furniture & Fixtures**	**Office Equipments**	**Vehicles**	**Computers**	**Total Property, Plant & Equipment**	**Intangible Assets**	**Total Assets**	**Right of Use Assets**
As at March 31, 2019	16.54	43.88	16.12	23.45	72.14	172.12	18.84	190.96	-
Change for the year	2.16	11.20	7.25	12.10	24.16	56.86	8.19	65.05	14.79
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2020	18.70	55.08	23.37	35.54	96.30	228.98	27.03	256.01	14.79
Change for the year	2.16	12.09	7.82	12.07	24.80	58.93	7.26	66.19	14.79
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2021	20.85	67.17	31.19	47.61	121.09	287.91	34.28	322.20	29.57
Net Carrying Value									
As at March 31, 2020	117.70	85.16	26.92	62.22	60.93	352.93	17.69	370.62	73.93
As at March 31, 2021	115.54	87.13	21.72	50.15	51.47	326.02	22.54	348.55	59.15

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ In Lakhs)

9	Other Non - Financial Assets	As at March 31, 2021	As at March 31, 2020
	Prepaid Expenses	12.19	15.34
	Balance with Government Authorities	-	9.79
	Advances to staff	12.95	10.40
	Total	**25.14**	**35.53**

(₹ in Lakhs)

10	Other Payables	As at March 31, 2021	As at March 31, 2020
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Total outstanding dues of other than micro enterprises and small enterprises	76.09	78.00
	Total	**76.09**	**78.00**

10.1 Refer Note No. 37 for disclosure requied under Section 22 of MSMED Act.

(₹ in Lakhs)

11	Debt Securities (At Amortised Cost)	As at March 31, 2021	As at March 31, 2020
	Secured Debenture (Refer note 11.1)		
	12.60% Secured, Redeemable, Non Convertible Debenture of Rs. 10 Lakh each (C.Y. 275 Unit, P.Y. 275 Unit)	2,750.00	2,750.00
	13.15% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh each (C.Y. 378 Unit, P.Y. 378 Unit)	3,780.00	3,780.00
	13.10% Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh each (4150 Unit as at 31.03.21, 4150 Unit as at 31.03.20)	4,150.00	4,150.00
	12.39% Secured, Redeemable, Non Convertible Debenture of Rs.10000 each (48,750 Unit as at 31.03.21, Nil as at 31.03.20)	4,875.00	-
	Market Linked Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh each (2,350 Unit as at 31.03.21, Nil as at 31.03.20)	2,350.00	-
	Less: Unamortised borrowing costs	(144.45)	(109.02)
	Total Debt Securities	**17,760.55**	**10,570.98**
	Debt Securities in India	2,341.93	Nil
	Debt Securities Outside India	15,418.62	10,570.98
	Total	**17,760.55**	**10,570.98**

11.1 Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities:

(₹ in Lakhs)

Particular	31st March, 2021	31st March, 2020	Terms of Redemption / Repayment	Security
275, 12.60% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each	2,750.00	2,750.00	Bullet Payment at the end of the tenor of 42 Months from 19-09-2018	Secured Under Hypothecation of Specific Assets Portfolio
378, 13.15% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each	3,780.00	3,780.00	Bullet Payment at the end of the tenor of 60 Months From 03-03-2020	Secured Under Hypothecation of Specific Assets Portfolio
4150, 13.10% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each	4,150.00	4,150.00	Bullet Payment at the end of 24 Months From 21 May 2019	Secured Under Hypothecation of Specific Assets Portfolio
48,750, 12.39% Secured, Redeemable, Non Convertible Debenture of Rs.10,000 Each	4,875.00	-	99.99% on 12 November 2023 and Remaining Bullet Payment at the end of 60 Months From 12 November 2020	Secured Under Hypothecation of Specific Assets Portfolio
2,350, Market Linked Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh Each	2,350.00	-	Bullet Payment at the end of 18 Months From 27 September 2022	Secured Under Hypothecation of Specific Assets Portfolio
Total Debt Securities	**17,905.00**	**10,680.00**		

(₹ in Lakhs)

12	Borrowings (at amortized cost)	As at March 31, 2021	As at March 31, 2020
	Term Loans		
	Secured		
	From Banks	22,717.33	30,023.85
	From Financial Institutions	24,598.98	25,851.60
	Less: Unamortised borrowing costs	(327.99)	(513.73)
		46,988.32	**55,361.73**
	Loans repayable on demand from banks	5,893.23	2,343.90
	Total Borrowings	**52,881.55**	**57,705.62**
	Borrowings in India	48,786.11	53,628.15
	Borrowings Outside India	4,095.44	4,077.48
	Total	**52,881.55**	**57,705.62**

Security:-

12.1 Term Loans & Working Capital 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".

Interest:

12.2 Term loan and Loans repayable on demand from banks carries an interest rate ranging from 6.43% to 15.00% p.a.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

12.3: Details of terms of Redemption/ Repayment and security provided in respect of Borrowings: (₹ In Lakhs)

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Borrowings (Other than Debt Securities)				
Term Loan From Bank 1	-	4.23	Repayable in 36 monthly installments Stating From from 05 February 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 2	-	125.00	Repayable in 36 monthly installments Stating From from 27 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 3	222.22	555.56	Repayable in 36 monthly installments Stating From from 15 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 4	-	233.60	Repayable in 17 monthly installments Stating From from 17 April 2019	Secured by a first and exclusive charge on specific receivables of the company sold out to the SPV
Term Loan From Bank 5	472.22	805.56	Repayable in 36 monthly installments Stating From from 18 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 6	200.00	-	Repayable in 21 monthly installments Stating From from 30 April 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 7	800.00	-	Repayable in 21 monthly installments Stating From from 31 July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 8	-	333.33	Repayable in 24 Months Monthly installments starting From 15 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 9	43.04	216.39	Repayable in 36 Months Monthly installments starting From 06 August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 10	1,250.00	1,875.00	Repayable in 36 Months quarterly installments starting From 16 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 11	500.00	1,500.00	Repayable in 36 Months quarterly installments starting From 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 12	-	238.64	Repayable in 24 Months Monthly installments starting From 30 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 13	-	90.91	Repayable in 36 Months quarterly installments starting From 27 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 14	-	95.24	Repayable in 24 Months Monthly installments starting From 29 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 15	-	1,166.10	Repayable in 30 Months Monthly installments starting From 31 August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 16	-	121.26	Repayable in 36 Months Monthly installments starting From 31 March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 17	241.36	642.30	Repayable in 36 Months Monthly installments starting From 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 18	-	81.03	Repayable in 30 Months quarterly installments starting From 30 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 19	9.68	14.13	Repayable in 36 Months Monthly installments starting From 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 20	-	505.23	Repayable in 24 Months Monthly installments starting From 14 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 21	-	290.16	Repayable in 14 Months Monthly installments starting From 27 May 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 22	-	137.81	Repayable in 14 Months Monthly installments starting From 14 April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 23	-	92.96	Repayable in 14 Months Monthly installments starting From 27 April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 24	187.50	937.50	Repayable in 24 Months Monthly installments starting From 29 July 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 25	649.83	951.97	Repayable in 36 Months Monthly installments starting From 02 February 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 26	272.73	818.18	Repayable in 24 Months Monthly installments starting From 30 December 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 27	178.00	526.00	Repayable in 24 Months Monthly installments starting From 30 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 28	-	775.49	Repayable in 24 Months Monthly installments starting From 26 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 29	-	1,909.09	Repayable in 22 Months Monthly installments starting From 10 March 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 30	4,130.00	4,130.00	Repayable in 36 Months starting From 17 March 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Bank 31	264.81	504.89	Repayable in 24 Months Monthly installments starting From 30 April 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 32	831.24	1,514.67	Repayable in 24 Months Monthly installments starting From 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 33	2,708.10	5,045.38	Repayable in 27 Months Monthly installments starting From 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 34	361.10	500.00	Repayable in 36 Months Monthly installments starting From 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 35	-	966.92	Repayable in 14 Months Monthly installments starting From 17 October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 36	-	1,662.27	Repayable in 13 Monthly installments Starting From 12 October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 37	-	657.06	Repayable in 13 Monthly installments Stating From 28 November 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 38	2,500.00	-	Repayable in 21 Monthly installments Starting From 30th June 2021	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 39	1,243.02	-	Repayable in 35 Monthly installments Starting From 31st October 2020	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 40	1,000.00	-	Repayable in 11 Quarterly installments Starting From 30th September 2020	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 41	2,493.43	-	Repayable in 18 Monthly installments Starting From 17th April 2021	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank 42	2,159.03	-	Repayable in 18 Monthly installments Starting From 9th May 2021	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Total Term Loans From Banks	**22,717.33**	**30,023.85**		
Term Loan From Financial Institution 1	-	709.50	Repayable in 36 monthly installments Stating From from 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 2	-	83.33	Repayable in 36 monthly installments Stating From from 29 July 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Arman Financial Services Limited

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 3	-	125.00	Repayable in 36 monthly installments Stating From from 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 4	333.33	666.67	Repayable in 12 Quarterly installments Stating From from 31 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 5	166.90	522.67	Repayable in 36 monthly installments Stating From from 03 September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 6	199.48	551.91	Repayable in 36 monthly installments Stating From from 02 October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 7	-	75.00	Repayable in 30 monthly installments Stating From from 15 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 8	76.37	286.20	Repayable in 24 monthly installments Stating From from 01 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 9	87.33	141.95	Repayable in 36 monthly installments Stating From from 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 10	936.95	1,393.75	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 11	403.00	887.56	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 12	125.00	208.33	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 13	125.00	208.33	"Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 14	125.00	208.33	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 15	125.00	208.33	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 16	647.31	1,514.09	Repayable in 36 Months Monthly installments Stating From 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 17	-	243.34	Repayable in 36 Months Monthly installments Stating From 22 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 18	-	500.00	Repayable in 36 Months Monthly installments Stating From 27 June 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 19	500.06	1,333.36	Repayable in 36 Months Monthly installments Stating From 29 June 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 20	-	710.28	Repayable in 36 Months Monthly installments Stating From 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 21	33.33	166.67	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 22	35.06	166.67	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 23	88.89	222.22	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 24	-	277.78	Repayable in 36 Months Monthly installments Stating From 25 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 25	-	277.78	Repayable in 36 Months Monthly installments Stating From 25 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 26	-	175.00	Repayable in 36 Months Monthly installments Stating From 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 27	-	200.00	Repayable in 36 Months Monthly installments Stating From 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 28	-	166.67	Repayable in 36 Months Monthly installments Stating From 25 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 29	-	166.67	Repayable in 36 Months Monthly installments Stating From 25 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 30	33.33	166.67	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 31	33.33	166.67	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 32	875.00	1,925.00	Repayable in 60 Months Half Yearly installments Stating From 31 January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

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for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 33	250.13	785.91	Repayable in 36 Months Monthly installments Stating From 27 September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 34	52.49	121.52	Repayable in 36 Months Monthly installments Stating From 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 35	115.72	214.25	Repayable in 36 Months Monthly installments Stating From 29 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 36	69.50	174.83	Repayable in 36 Months Monthly installments Stating From 27 November 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 37	78.69	182.36	Repayable in 36 Months Monthly installments Stating From 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 38	98.86	274.29	Repayable in 36 Months Monthly installments Stating From 29 October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 39	146.44	316.56	Repayable in 36 Months Monthly installments Stating From 28 January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 40	161.26	329.19	Repayable in 36 Months Monthly installments Stating From 27 February 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 41	176.87	343.29	Repayable in 36 Months Monthly installments Stating From 27 March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 42	157.01	288.07	Repayable in 36 Months Monthly installments Stating From 29 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 43	-	32.10	Repayable in 24 Months Monthly installments Stating From 01 May 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 44	87.16	141.80	Repayable in 36 months Monthly installments Stating From 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 45	113.91	563.92	Repayable in 24 Months Monthly installments Stating From 03 November 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 46	693.40	1,136.52	Repayable in 36 Months Monthly installments Stating From 22 August 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 47	83.33	250.00	Repayable in 36 Months Monthly installments Stating From 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

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for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 48	83.33	250.06	Repayable in 36 Months Monthly installments Stating From 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 49	83.33	249.94	Repayable in 36 Months Monthly installments Stating From 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 50	48.61	131.94	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 51	48.61	131.94	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 52	118.06	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 53	118.06	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 54	118.06	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 55	118.06	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 56	118.06	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 57	-	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 58	-	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 59	-	201.39	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 60	-	208.33	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 61	125.00	208.33	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 62	1,500.00	2,500.00	Repayable in 24 Months Monthly installments Stating From 10 June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 63	-	208.33	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 64	125.00	208.33	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 65	100.00	166.67	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 66	114.53	166.28	Repayable in 36 Months Monthly installments Stating From 15 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 67	350.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 68	150.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 69	350.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 70	150.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 71	350.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 72	150.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 73	350.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 74	150.00	-	Repayable in 36 Months Monthly installments Stating From 31 March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 75	2,250.00	-	Repayable in 4 Half Yearly installments Stating From 31 October 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 76	5,000.00	-	Repayable in 2 installments of 35 crore and 15 crore on 31st December 2021 and 31st July 2022 respectively	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 77	388.00	-	Repayable in 9 Monthly installments Stating From 10 August 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 78	2,291.65	-	Repayable in 36 Monthly installments Stating From 31 January 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 79	308.09	-	Repayable in 24 Monthly installments Stating From 15 June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 80	308.09	-	Repayable in 24 Monthly installments Stating From 15 June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 81	500.00	-	Repayable in 21 Monthly installments Stating From 10 July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 82	500.00	-	Repayable in 21 Monthly installments Stating From 10 July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 83	500.00	-	Repayable in 21 Monthly installments Stating From 10 July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 84	500.00	-	Repayable in 21 Monthly installments Stating From 10 July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loan From Financial Institution	**24,598.98**	**25,851.60**		
Loans repayable on demand from banks				
Cash Credit Facility From Bank 1	32.18	39.41	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit.
Cash Credit Facility From Bank 2	125.15	99.64	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 3	1,885.27	1,594.20	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 4	464.08	117.28	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit.

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for year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Cash Credit Facility From Bank 5	643.73	326.03	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 6	30.88	-	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 7	97.84	79.93	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit.
Cash Credit Facility From Bank 8	207.30	87.42	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and lien on investment in Mututal Funds.
Over Draft Facility From Bank 1	1,606.22	-	-	Secured by a first and exclusive charge Bank Deposits
Over Draft Facility From Bank 2	800.58	-	-	Secured by a first and exclusive charge Bank Deposits
Total Loans repayable on demand from banks	**5,893.23**	**2,343.90**		

(₹ in Lakhs)

13	Subordinated Liabilities	As at March 31, 2021	As at March 31, 2020
	Unsecured		
	15%, Unsecured Subordinated Term Loan in India	1,500.00	1,500.00
	Unsecured Subordinated Debt outside India	-	-
	Total	**1,500.00**	**1,500.00**

13.1 Details of terms of Redemption/ Repayment of Subordinated Liabilities: (₹ in Lakhs)

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Subordinated Term Loan From Bank 1	1,500.00	1,500.00	Single Bullet Payment at the end of 84 Months from June 23, 2017	Unsecured

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ in Lakhs)

14	Other Financial Liabilities	As at March 31, 2021	As at March 31, 2020
	Interest accrued but not due on Borrowings	555.52	433.28
	Payable to Employees	416.35	89.35
	Micro Insurance Payable	720.60	705.77
	Security deposits received from Borrowers	25.50	24.97
	Unpaid expenses	225.51	281.02
	Unpaid dividend	17.88	20.51
	Payable towards assignment and transactions	398.53	527.16
	Fair valuation of Derivative Instrument measured Through Profit & Loss Account	(6.02)	171.80
	Lease Liability - Right of Use Assets	67.20	78.80
	Total	**2,421.06**	**2,332.66**

Security:-

14.1 Unpaid dividend outstanding as on March 31, 2021 is not due for transfer to investor education and protection fund by the Company.

(₹ in Lakhs)

15	Provisions	As at March 31, 2021	As at March 31, 2020
	Provisions for employee benefits - Gratuity	89.55	79.98
	Total	**89.55**	**79.98**

(₹ in Lakhs)

16	Other Non Financial Liabilities	As at March 31, 2021	As at March 31, 2020
	Other statutory dues	42.29	37.70
	TDS payable	73.59	88.98
	Total	**115.88**	**126.68**

(₹ in Lakhs)

17	Equity Share Capital	As at March 31, 2021	As at March 31, 2020
Authorized Shares			
	1,50,00,000 Equity Shares of Rs. 10 each (As at 31 March 2020: 1,50,00,000 Equity Shares of Rs. 10 each)	1,500.00	1,500.00
	Nil Shares (As at 31 March 2020: Nil) Class "A" Ordinary Equity shares of par value of Rs. 10/- each	-	-
	Total	**1,500.00**	**1,500.00**

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(₹ in Lakhs)

17	Equity Share Capital (Contd...)	As at March 31, 2021	As at March 31, 2020
Issued, subscribed and fully paid-up shares:			
	84,88,384 Equity Shares of (As at 31 March 2020: 84,50,894 Equity Shares) of Rs. 10 each fully paid up (Ordinary)	848.84	845.09
	Nil Shares of (As at 31 March 2020: Nil) of Rs. 10 each fully paid up (Class "A")	-	-
	Total	**848.84**	**845.09**

17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at March 31, 2021 & March 31, 2020 is set out below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(Rs. In Lakhs)	No. of Shares	(Rs. In Lakhs)
Ordinary Equity Shares:				
Outstanding at the beinning of the year	84,50,894	845.09	57,47,824	574.78
Issued during the year	37,490	3.75	27,03,070	270.31
Outstanding at the end of the year	84,88,384	848.84	84,50,894	845.09

17.2 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at March 31, 2021 & March 31, 2020 is set out below

PARTICULARS	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(Rs. In Lakhs)	No. of Shares	(Rs. In Lakhs)
Equity Shares				
Outstanidng at the beinning of the year	-	-	12,04,474	120.45
Converted to Ordinary Equity Share	-	-	(12,04,474)	(120.45)
Issued during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Jayendrabhai Patel	4,27,937	5.04	4,12,987	4.89
Ritaben Patel	4,36,089	5.14	4,21,139	4.98
Mukul Agrawal	4,29,262	5.06	4,34,262	5.14
Saif Partners India V Limited	18,90,417	22.27	18,90,417	22.37
Namra Holdings & Consultancy Services LLP	9,48,308	11.17	9,48,308	11.22

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

17.4 Conversion of Compulsorily Convertible Instruments

10% Compulsorily Convertible Debentures were converted into 18,90,417 equity shares having face value of Rs. 10 each at a premium of Rs. 290 per equity share on 11th October 2019.

17.5 Extinguishment of Class "A" ordinary shares

Pursuant to approval of the scheme of arrangement by Hon'ble NCLT, Ahmedabad bench, vide it's order dated November 18, 2019, 12,04,474 Class "A" ordinary shares of Rs. 10/- each were extinguished and 7,82,908 ordinary equity shares of Rs. 10/- each were allotted to the holder of the Class "A" ordinary equity shares. The premium of Rs. 42,15,660/- on extinguishment of Class 'A' Equity and fresh issue of Ordinary Equity, were credited to share premium account.

17.6 Shares reserved for issue under options

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 38.

17.7 Terms / rights attached to equity shares

(i) In respect of Ordinary Equity Shares having face value of Rs. 10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share.

(ii) In the event of liquidation, 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.

18 Other Equity (Refer Note 18.1)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
A. Reserves and Surplus		
i. General Reserve		
Balance as per last financial statement	129.35	118.35
Add: Transfer from statement of profit and loss	11.00	11.00
Closing Balance	**140.35**	**129.35**
ii. Special Reserve u/s 45-IC of the RBI Act, 1934		
Balance as per last financial statement	2,224.30	1,355.30
Add: Transfer from statement of profit and loss	258.00	869.00
Closing Balance	**2,482.30**	**2,224.30**
iii. Security Premium		
Balance as per last financial statement	6,812.96	1,241.01
Add: Share Premium on shares issued duing the year	73.01	5,583.44
Less: Share Issue Expenses	-	11.48
Closing Balance	**6,885.98**	**6,812.96**

Notes Forming part of Consolidated Financial Statements

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(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
iv. Share Based Payment Reserve		
Balance as per last financial statements	65.44	86.15
Add/(Less): Stock option expenditure for the year	9.11	30.11
Less: amount transferred towards option expired unexercised	2.46	3.65
Less: transferred to security premium on exercise of stock option	58.02	47.18
Closing Balance	**14.07**	**65.44**
v. Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	7,151.78	4,591.97
Add : Profit for the year	1,061.61	4,152.00
Less: Appropriations		
Amount transferred to General Reserve	(11.00)	(11.00)
Amount transferred to Special Reserve u/s 45-IC of RBI Act, 1934	(258.00)	(869.00)
Conversion of Compulsory Convertible Debenture	Nil	(594.85)
Dividend Paid	Nil	(97.33)
Tax paid on Dividend	Nil	(20.01)
Closing Balance	**7,944.38**	**7,151.78**
B. Other Comprehensive Income		
Balance as per last financial statement	(6.38)	(59.05)
Additions during the year	366.43	52.67
Closing Balance	**360.05**	**(6.38)**
C. Equity Component of Financial Instruments		
Balance as per last financial statement	Nil	4,292.41
Additions during the year	Nil	Nil
Converted to equity shares during the year	Nil	(4,405.15)
Reversal of Deffered Tax Impact on Compulsory Convertible Debenture	Nil	112.73
Closing Balance	Nil	Nil
Total	**17,827.13**	**16,377.45**

18.1 NATURE AND PURPOSE OF RESERVE

1 Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"):

Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

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2 **Security premium:**

Security premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act

3 **Surplus in the statement of profit and loss:**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 **FVOCI - loans and advances:**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 **FVOCI - Remeasurement of the defined benefit liabilities:**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any

6 **General reserve:**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 **Equity component of compound financial instruments:**

Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

8 **Share Based Payment Reserve:**

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary Companies under Company's employee stock option plan.

19 Interest Income (Amortised Cost) (₹ in Lakhs)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost
Interest on Loans	18,147.13	-	19,764.40	-
Interets on Deposits as Security	-	406.12	-	262.62
Interets on Others	-	10.89	-	10.85
Total	**18,147.13**	**417.01**	**19,764.40**	**273.47**
Total Interest		**18,564.13**		**20,037.87**

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for year ended March 31, 2021

20 Gain on Assignment of Financial Assets (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gain on Assignment of Assets (Net of Expense)	-	450.33
Total	**-**	**450.33**

21 Fees and Commission Income (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Loan Processing fees Income	506.40	646.04
Total	**506.40**	**646.04**

22 Income from Investment in Mutual Fund (At Fair value through Profit & Loss) (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income from Investment in Mutual Fund	23.63	16.46
Total	**23.63**	**16.46**

23 Other Income (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on Sale of Current Investment	164.29	252.45
Income from Loan	67.62	111.54
Total	**231.91**	**364.00**

24 Finance Costs (on financial liabilities measured at amortized cost) (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Borrowings	5,418.81	6,720.73
Interest on Debt Securities	1,594.87	1,218.60
Interest on Subordinated Liabilities	225.37	232.30
Other interest expense	148.19	128.61
Net loss on fair value of derivative contracts mandatorily measured at fair value through profit or loss	(177.82)	171.80
Other Borrowing Costs	535.26	287.33
Total	**7,744.68**	**8,759.37**

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

25 Impairment of Loan Assets (on financial assets measured at FVOCI) (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Bad debts written off (Net)	1,647.04	850.18
Expected Credit Loss(Net)	3,812.18	1,150.66
Total	**5,459.22**	**2,000.85**

25.1 Details of expected credit loss on loans and interest receivable on credit Impaired asset please refer note 3.2 and 5.2 of the financial statement.

26 Employee Benefit Expenses (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	3,238.52	3,360.23
Contribution to provident and other funds	199.13	189.38
Gratuity	33.97	26.74
Staff welfare expenses	84.98	69.32
Total	**3,556.60**	**3,645.67**

26.1 Employee Benefit Plan:

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

a) Defined contribution plan:

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Group's contribution to provident fund aggregating Rs. 174.81 lakhs (31st March, 2020: Rs. 162.94 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense

b) Defined benefit plan:

Financial assets not measured at fair value:

The Group operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Group to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under:

(₹ in Lakhs)

I)	Reconciliation of opening and closing balances of defined benefit obligation	Year ended March 31, 2021	Year ended March 31, 2020
	Opening Defined Benefit Obligation	**84.77**	**48.04**
	Transfer in/(out) obligation	-	-
	Current service cost	30.03	24.16
	Interest cost	4.96	3.03
	Components of actuarial gain/losses on obligations:		
	Due to Change in financial assumptions	1.06	3.14
	Due to change in demographic assumption	-	0.84
	Due to experience adjustments	(29.10)	7.43
	Past service cost	-	-
	Loss (gain) on curtailments	-	-
	Liabilities extinguished on settlements	-	-
	Liabilities assumed in an amalgamation in the nature of purchase	-	-
	Exchange differences on foreign plans	-	-
	Benefits paid	(1.44)	(1.87)
	Closing Defined Benefit Obligation	**90.28**	**84.77**

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(₹ in Lakhs)

II)	Reconciliation of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
	Opening value of plan assets	4.79	1.16
	Transfer in/(out) plan assets	-	-
	Expense deducted from the fund	-	-
	Interest Income	1.02	0.45
	Return on plan assets excluding amounts included in interest income	(6.43)	(0.25)
	Assets Distributed on settlements	-	-
	Comtribution by the company	2.79	5.30
	Assets acquired in an amalgamation in the nature of purchase	-	-
	Exchange difference on foreign plans	-	-
	Benefits paid	(1.44)	(1.87)
	Fair value of plan assets at the end of the year	0.73	4.79

(₹ in Lakhs)

III)	Reconciliation of net defined benefit liability	Year ended March 31, 2021	Year ended March 31, 2020
	Net opening provision in books of accounts	79.99	46.88
	Transfer in/(out) obligation	-	-
	Transfer (in)/out plan assets	-	-
	Employee Benefit Expense as per note 26	33.96	26.74
	Amounts recognized in Other Comprehensive Income	(21.62)	11.67
		92.34	**85.29**
	Benefits paid by the Company	-	-
	Contributions to plan assets	(2.79)	(5.30)
	Closing provision in books of accounts	**89.55**	**79.99**

IV)	Composition of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
	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%
	Total	**100%**	**100%**

(₹ in Lakhs)

V)	Expense recognised during the year	Year ended March 31, 2021	Year ended March 31, 2020
	Current service cost	30.03	24.16
	Interest cost	3.94	2.58
	Past service cost	-	-
	Expense recognised in the statement of profit and loss	**33.97**	**26.74**

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(₹ in Lakhs)

VI)	Other comprehensive income	Year ended March 31, 2021	Year ended March 31, 2020
	Components of acturial gains/losses on obligations:		
	Due to change in financial assumptions	1.06	3.14
	Due to change in demographic assumption	-	0.84
	Due to experience adjustments	(29.10)	7.43
	Return of plan assets excluding amounts included in interest income	6.43	0.25
	components of defined benefits cost recognised in other comprehensive income	(21.62)	11.66

VII)	Principal acturial assumptions	Year ended March 31, 2021	Year ended March 31, 2020
	Discount rate (per annum)	6.00%	6.25%
	Rate of return on plan assets (per annum)	6.00%	6.25%
	Annual increase in salary cost	6.00%	6.00%
	Withdrawal rates per annum		
	25 and below	25%	25%
	26 to 35	25%	25%
	36 to 45	20%	25%
	46 to 55	10%	5%
	56 and above	5%	5%

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations

VIII) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +0.5%)	92.77	87.92	87.16	82.50
(% change compared to base due to sensitivity)	2.75%	-2.61%	2.82%	-2.68%
Salary growth rate (- / + 0.5%)	87.91	92.75	82.49	87.15
(% change compared to base due to sensitivity)	-2.62%	2.74%	-2.70%	2.81%
Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%)	93.25	87.48	88.29	81.45
(% change compared to base due to sensitivity)	3.28%	-3.10%	4.16%	-3.92%

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

IX) Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

X) Effect of plan on the company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity analysis of defined benefit obligation

The Weighted Average Duration (Years) as at valuation date is 5.05 years.

	Cash Flows (Rs. in Lakhs)	Distributions (%)
1st Following year	13.22	10.00%
2nd Following year	9.91	7.50%
3rd Following year	12.02	9.09%
4th Following year	12.61	9.54%
5th Following year	11.44	8.66%
Sum of years 6 to 10	39.51	29.90%

The future accrual is not considered in arriving at the above cash-flows

XI) The expected contribution for the next year is Rs. 29.67 lakhs

27 Depreciation and Amortisation (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, Plant & Equipment	58.93	56.86
Amortization of Right of use Asset	14.79	14.79
Amortisation of Intangible Asset	7.26	8.19
Total	**80.98**	**79.84**

28 Other Expenses (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Electricity & fuel charges	33.70	34.93
Repairs to Building	25.79	14.44
Insurance	22.48	31.48
Collection Expense	11.59	-
Rent (Refer note 33)	250.51	243.19
Rates & taxes	10.81	18.67
Bank Charges	70.78	78.36
Stationery & printing	51.36	87.48
Advertisement expenses	0.39	1.73
Communication	65.99	77.00
Traveling & conveyance expenses	448.71	470.61
Professional fees	172.64	230.43
Auditor's Remuneration		
Audit fees	8.90	8.90
For Tax Audit	0.75	0.75
For certification	3.32	0.78
For Others	1.74	0.55
	14.70	**10.98**
Corporate social responsibility expenditure (Refer Note 32)	36.12	3.39
Director sitting fees	5.95	6.78
Marketing & incentive expenses	43.60	131.36
Loss/(Gain) due To Moratorium Recognised at Effective Interest Rate Method	(66.66)	106.39
General charges (including security charges & membership fees etc.)	109.80	104.15
Total	**1,308.24**	**1,651.35**

29 Tax Expenses

The Components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	1,089.70	1,423.40
Adjustment in respect of current tax of prior years	6.36	(2.78)
Deferred tax	(981.31)	(195.00)
Total Tax Expense	114.75	1,225.62
Total tax charge		
Current Tax	1,096.06	1,420.62
Deferred Tax	(981.31)	(195.00)

29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2021 and 31st March, 2020 is, as follows:

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax expense	1,176.36	5,377.62
Income tax rate %	25.17%	25.17%
Computed tax expense	**296.07**	**1,353.44**
Tax effect of :		
Tax effect of Permanent differences	(121.35)	23.38
Tax effect of deductible expenses	(66.52)	(123.86)
Tax effect of Income taxes at different rate	(0.42)	(25.10)
Tax Effect on other adjustments	6.98	(2.24)
Tax expense Recognised in the Statement of Profit and Loss	**114.75**	**1,225.62**

30 Earning Per Share:

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
Numerator used for calculating Basic Earning per share (PAT)	Rs. In Lakhs	1,061.61	4,152.00
Dilutive impact of compulsorily convertible debentures	Rs. In Lakhs	-	-
Numerator used for calculating Diluted Earning per share (PAT)	Rs. In Lakhs	1,061.61	4,152.00
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	84,71,225	74,40,395
Effect of dilution:			
Compulsorily Convertible Debentures		-	-
Employee Stock Options	Shares	4,391	35,670
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	**84,75,615**	**74,76,065**
Nominal value per Share	In Rs.	10.00	10.00
Basic earnings per share	In Rs.	12.53	55.80
Diluted earnings per share	In Rs.	12.53	55.54

31 Contingent liabilities not provided for: (₹ in Lakhs)

PARTICULARS	Year ended March 31, 2021	Year ended March 31, 2020
Contingent liabilities		
Disputed Demand of Tax		
i) Income Tax Act	792.37	791.71
ii) TDS	0.74	0.45

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32 Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Group during the year towards CSR is Rs. 71.91 lakhs (March 31, 2020: Rs. 37.59 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

(₹ in Lakhs)

Sr. No.	Particulars	In Cash	Transferred to unspent CSR a/c U/s 135(6)	Yet to be paid in Cash	Total
1	Construction/ acquisition of assets	-	-	-	-
2	other purpose (Other than 1 above)	36.29	35.62	-	71.91

33 Leasing Arrangements:

The Group has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

I. Amount Recognized in Profit & loss Account During the year (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
i) Expenses related to Short Term Lease	250.50	243.19
ii) Lease Expenses (Interest Expense - Finance Cost)	5.89	6.74
Total	**256.39**	**249.93**

II. Amounts recognised in statement of cash flows (including Interest Component) (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total cash outflow for leases	17.48	16.65

III. Maturity analysis of lease liabilities (₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Maturity Analysis of contractual undiscounted cash flows:		
Within one year	18.36	17.49
After one year but not more than five years	60.77	79.13
More than five years	Nil	Nil
Total undiscounted lease liabilities as at March 31, 2021	79.13	96.62
Balances of Lease Liabilities		
Non-Current	53.73	67.20
Current	13.47	11.60
Total Lease Liability	**67.20**	**78.80**

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34 Segment Reporting:

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

35 Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:

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

A) Key Managerial Personnel (KMP)

Mr. Jayendra Patel

Mr. Aalok Patel

Mr. Vivek Modi (Chief Financial Officer)

Mr. Jaimish Patel (Company Secretary)

B) Non Executive Director & Relatives of Key Managerial Personnel (KMP)

Name of Party	Related Party Relationship
Mr. Alok Prasad	Independent Director
Mr. K. D. Shah	Independent Director
Mr. Ramakant Nagpal	Independent Director
Mrs. Geetaben Solanki	Independent Director
Mrs. Ritaben Patel	Non Executive Director & Relative of KMP
Mr. Aakash Patel	Non Executive Director & Relative of KMP
Jayendra Patel - HUF	KMP is Karta
Raj Enterprise	KMP is proprietor
J. B. Patel & Co.	KMP is co-owner
Mrs. Sajni Patel	Relative of KMP
Aalok Patel - HUF	KMP is Karta
Aakash Patel - HUF	Director is Karta

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

Namra Holdings & Consultancy Services LLP	KMPs are partners

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D) Details of Transactions with related parties carried out in the ordinary course of business:

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021			
	Key Managerial Personnel	Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Expenses				
Remuneration & perquisites Paid	106.60	-	-	106.60
Sitting fees	-	5.95	-	5.95
Interest expenses	7.13	43.65	12.59	63.37
Rent paid	-	20.13	-	20.13
Unsecured Loan				
Unsecured Loan Taken	147.25	506.05	229.50	882.80
Unsecured Loan Repaid (Including Interest)	154.38	549.70	242.10	946.18

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020			
	Key Managerial Personnel	Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Expenses				
Remuneration & perquisites Paid	106.62	-	-	106.62
Sitting fees	-	6.78	-	6.78
Interest expenses	40.64	47.36	34.73	122.72
Rent paid	-	19.19	-	19.19
Dividend paid	7.51	11.38	19.18	38.07
Unsecured Loan				
Unsecured Loan Taken	451.25	418.74	250.50	1,120.49
Unsecured Loan Repaid (Including Interest)	487.83	461.37	281.75	1,230.94

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E) 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 lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Aakash J Patel - HUF	180.80	97.49
2	Aalok J Patel	46.25	167.00
3	Jayendra B Patel	101.00	284.25
4	Jayendra B Patel - HUF	106.00	104.75
5	Ritaben J Patel	194.00	156.00
6	Namra Holdings & Consultancy Services LLP	229.50	250.50

Unsecured Loan Repayments: (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Aakash J Patel - HUF	195.36	109.83
2	Aalok J Patel	49.13	181.79
3	Jayendra B Patel	105.25	306.03
4	Jayendra B Patel - HUF	115.48	113.78
5	Ritaben J Patel	210.78	173.12
6	Namra Holdings & Consultancy Services LLP	242.10	281.75

Remuneration & Perquisites Paid: (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Jayendra B Patel	46.42	46.42
2	Aalok J Patel	31.00	31.00
3	Vivek Modi	24.00	24.00

Interest expenses (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Aalok J Patel	2.89	16.44
2	Jayendra B Patel	4.25	24.20
3	Jayendra B Patel - HUF	9.48	10.03
4	Aakash J Patel - HUF	14.56	13.70
5	Namra Holdings & Consultancy Services LLP	12.59	34.73
6	Ritaben J Patel	16.78	19.02

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Sitting fees (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Alok Prasad	1.23	1.65
2	K. D. Shah	1.15	1.58
3	Ramakant Nagpal	1.48	1.68
4	Ritaben J Patel	1.40	1.63
5	Geetaben Solanki	0.58	-

Rent paid (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Ritaben J Patel	15.99	15.22

Dividend paid (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Aakash J Patel	-	3.90
2	Jayendra B Patel	-	4.04
3	Ritaben J Patel	-	4.15
4	Namra Holdings & Consultancy Services LLP	-	19.18

F) **Outstanding Credit Balance of Salary Payable as Follows** (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Aalok J Patel	1.69	-
2	Jayendra B Patel	3.36	-
3	Vivek Modi	2.00	-
4	Jaimish Patel	0.43	-

G) **Outstanding Debit Balance of Staff Loan as Follows** (₹ In lakhs)

SRN	Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Jaimish Patel	0.21	0.05

H) Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows: (₹ In lakhs)

Name of Relative	Year Ended March 31, 2021	Year Ended March 31, 2020
Post-employment benefits	0.83	0.96
Share Based Payment	8.06	7.68
Total	**8.89**	**8.64**

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36 There have been no events after the reporting date that require disclosure in these financial statements.

37 Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount payable to suppliers as at year end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates.	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Note: Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

38 Stock Option Scheme

The Group 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, 2021, Company has granted 3,500 new stock options under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Employee stock option schemes:

ESOP 2016: 1,25,000 equity shares of Rs. 10/- each at a premium of Rs. 40/- each were allotted to Group Employees on September 22, 2016. Details of grant and exercise of such options are as follows:

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Scheme	ESOP-2016							
Tranches	ESOP-2016 -1			ESOP-2016 -2		ESOP-2016 -3		ESOP-2016-4
No. of options granted	97,500			9,000		2,500		3,500
Date of grant	26.05.2017			25.05.2018		13.10.2018		12.02.2021
No of Employees	55			3		1		6
Financial Year (F.Y.)	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2020-21
No. of employees who have exercised the option	49	48	45	2	2	1	1	-
No. of options exercised	27,645	26,595	34,340	2,400	2,400	750	750	-

Particulars	ESOP 2016
Date of Grant	26 May 2017, 25 May 2018, 13 October 2018, 12 February, 2021
Date of board meeting, where ESOP were approved	11/Aug/2016
Date of committee meeting where grant of options were approved	26 May 2017, 25 May 2018, 13 October 2018, 12 February, 2021
Date of Shareholder's approval	22/Sep/2016
No. of options granted	1,12,500 out of 1,25,000
Method of Settelment	Through allotment of one equity share for each option granted
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Group at the time of exercise of options.
Vesting period	Option will be vested at the End of Year from the Grant Date:- 1 – 30% End of Year 2 – 30% End of Year 3 – 40% End of Year Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force.
Exercise period	It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options

Details of Vesting and Exercise of Options (ESOP 2016):

Vesting Date	Vested Options	No of Option Exercised
26-May-18	29,250	27,645
25-May-19	2,700	2,400
26-May-19	28,485	26,595
13-Oct-19	750	750
25-May-20	34,660	34,340
26-May-20	2,400	2,400
13-Oct-20	750	750

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The following table sets forth a summary of ESOP 2016:

Particulars	2020-21	2019-20
Outstanding at the beginning of the year	42,410	77,965
Vested but not exercised at the beginning of the year	Nil	Nil
Granted during the year	3,500	Nil
Forfeited during the year	400	3,920
Exercised during the year	37,490	29,745
Expired during the year	320	1,890
Outstanding at the end of the year	7,700	42,410
Exercisable at the end of the year	7,700	42,410
Weighted average exercise price per option	Rs. 50/-	Rs. 50/-

The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Vesting Date	25-May-21	13-Oct-21	12-Feb-21	12-Feb-22	12-Feb-23
Date of Grant	**25-May-18**	**13-Oct-18**		**12-Feb-21**	
Stock Price as on Grant Date (Rs.)	380	449	729.9	729.9	729.9
Exercise price (Rs.)	50	50	50	50	50
Expected volatility (%)	50.97%	50.97%	50.97%	50.97%	50.97%
Expected option life (weighted average) (Years)	3.13	3.30	1.12	2.13	3.12
Expected dividends yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free interest rate (%)	8.00%	7.90%	3.98%	4.52%	5.00%
Fair Value of Option (Rs.)	341.26	410.61	682.08	684.46	687.09

The group has recognised share based payment expense of Rs. 9.11 Lakhs (March 31, 2020: Rs. 30.11 Lakhs) during the year as proportionate cost.

Scheme	ESOP-2016			
Tranches	**ESOP-2016 -1**	**ESOP-2016 -2**	**ESOP-2016 -3**	**ESOP-2016 -4**
Date of grant	26.05.2017	25.05.2018	13.10.2018	12.02.2021
Date of Board approval	11.08.2016	11.08.2016	11.08.2016	11.08.2016
Date of Shareholder's approval	22.09.2016	22.09.2016	22.09.2016	22.09.2016
Number of options granted	97,500	9,000	2,500	3,500
Exercise price	Rs. 50/-			
Method of Settlement	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.			
Exercise period	3 months from the date of vesting			
Vesting conditions	The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options.			
Name of the plan	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")			

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39 The Board of Directors has not recommended any dividend for the financial year 2020-21

40 Additional information As required by paragraph 2 of the general instruction for preparation of the Consolidated Financial Statements to the Schedule III of the Act

(₹ in lakhs)

Name of the entity	Net Assets i.e. Total assets minus Total liabilities		Share in Profit or Loss		Share in Other Comprehensive income	
	As % of Consolidated net assets	**Amounts**	**As % of Consolidated Profit & Loss**	**Amounts**	**As % of Consolidated net assets**	**Amounts**
Parent						
Arman Financial Services Limited	66.94%	12,501.92	35.18%	373.46	48.94%	179.34
Subsidiaries Indian						
Namra Finance Limited	33.06%	6,174.03	64.82%	688.15	51.06%	187.10
Foreign	-	-	-	-	-	-
Minority interests in all subsidiaries associates (investments as per the equity method)						
Parent Subsidiaries Indian						
Namra Finance Limited	-	-	-	-	-	-
Foreign	-	-	-	-	-	-
Total	**100.00%**	**18,675.95**	**100.00%**	**1,061.61**	**100.00%**	**366.44**

41. The Amount expected to be Recovered or Setteled within or after 12 months from reporting date:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2021			As at March 31, 2020		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS							
Financial Assets							
Cash and cash equivalents	1	8,791.77	-	8,791.77	5,828.95	-	5,828.95
Bank Balance other than above	2	5,671.40	2,374.25	8,045.65	2,929.70	925.04	3,854.74
Loans	3	50,004.96	24,317.07	74,322.03	48,519.20	29,370.45	77,889.65
Investments	4	317.73	-	317.73	325.90	-	325.90
Other Financial assets	5	658.51	102.15	760.65	560.47	147.67	708.14
Non-financial Assets							
Current tax assets (Net)	6	-	-	-	50.31	-	50.31
Deferred tax Assets (Net)	7	1,336.75	-	1,336.75	478.69	-	478.69
Property, Plant and Equipment	8	-	326.02	326.02	-	352.93	352.93
Other Intangible assets	8	-	22.54	22.54	-	17.69	17.69
Right of Use Assets	8	-	59.15	59.15	-	73.93	73.93
Other non-financial assets	9	25.14	-	25.14	35.53	-	35.53
Total Assets		**66,806.26**	**27,201.17**	**94,007.43**	**58,728.74**	**30,887.72**	**89,616.46**

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Particulars	Note No.	As at March 31, 2021			As at March 31, 2020		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
(I) Other Payables	10						
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		76.09	-	76.09	78.00	-	78.00
Debt Securities	11	6,883.92	10,876.64	17,760.55	-	10,570.98	10,570.98
Borrowings (Other than Debt Securities)	12	33,735.28	19,146.27	52,881.55	30,398.20	27,307.42	57,705.62
Subordinated Liabilities	13	-	1,500.00	1,500.00	-	1,500.00	1,500.00
Other financial liabilities	14	2,337.09	83.97	2,421.06	2,265.46	67.20	2,332.66
Non-Financial Liabilities							
Provisions	15	29.67	59.87	89.55	33.91	46.07	79.98
Current Tax Liabilities (Net)	6	486.78	-	486.78	-	-	-
Other non-financial liabilities	16	115.88	-	115.88	126.68	-	126.68
EQUITY							
Equity Share capital	17	-	848.84	848.84	-	845.09	845.09
Other Equity	18	-	17,827.13	17,827.13	-	16,377.45	16,377.45
Total Liabilities and Equity		**43,664.72**	**50,342.72**	**94,007.43**	**32,902.25**	**56,714.22**	**89,616.46**

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42 Fair Value Measurements:

A Financial instrument by category and their fair value

(₹ in Lakhs)

As at March 31, 2021	Note No.	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	-	74,322.03	-	74,322.03	-	74,322.03
Investment in Units of Mutual Funds	4	317.73	-	317.73	-	-	-
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	8,791.78	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	8,045.65	-	-	-	-	-
Security Deposits	5	233.72	-	-	-	-	-
Other Advance	5	13.80	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	911.02	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	210.57	-	-	-	-	-
Total		**18,524.26**	**74,322.03**	**317.73**	**74,322.03**	**-**	**74,322.03**
Financial Liabilities Not Measured at Fair value							
Debt Securities	11	17,760.55	-	-	-	17,760.55	17,760.55
Borrowings (Other than Debt Securities)	12	52,881.55	-	-	-	52,881.55	52,881.55
Subordinated Liabilities	13	1,500.00	-	-	-	1,500.00	1,500.00
Other financial liabilities	14	2,421.06	-	-	-	2,421.06	2,421.06
Total Financial Liabilties		**74,563.17**	**-**	**-**	**-**	**74,563.17**	**74,563.17**

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As at March 31, 2020	Note No.	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	-	77,889.66	-	77,889.66	-	77,889.66
Investment in Units of Mutual Funds	4	325.90	-	325.90	-	-	325.90
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	5,828.95	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	3,854.74	-	-	-	-	-
Security Deposits	5	444.94	-	-	-	-	-
Other Advance	5	150.97	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	119.49	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	33.06	-	-	-	-	-
Total		**10,758.07**	**77,889.66**	**325.90**	**77,889.66**	**-**	**78,215.56**
Financial Liabilities Not Measured at Fair value							
Debt Securities	11	10,570.98	-	-	-	10,570.98	10,570.98
Borrowings (Other than Debt Securities)	12	57,705.62	-	-	-	57,705.62	57,705.62
Subordinated Liabilities	13	1,500.00	-	-	-	1,500.00	1,500.00
Other financial liabilities	14	2,332.66	-	-	-	2,332.66	2,332.66
Total Financial Liabilties		**72,109.27**	**-**	**-**	**-**	**72,109.27**	**72,109.27**

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The Group has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, other Advances, interest Due but not received on loans and advances and Interest Accrued but not due on Bank Deposits bank deposits and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

B Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

II. Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

III. Transfers between levels I and II

There has been no transfer in between level I and level II.

IV. Valuation techniques

Loans

The Group has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

C Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

C.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group

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may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

I Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Group's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

Particulars	Carrying amount	
	As at March 31, 2021	As at March 31, 2020
Retail assets (Refer Note 3)	74,322.03	77,889.65
Loans to NBFC-to Create the underlying assets (Refer Note 3)	-	-
Total	**74,322.03**	**77,889.65**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

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As per Ind AS 109, Group is required to group the portfolio based on the shared risk characteristics. Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

a TW Loans

b SME Loans

c Retail Asset Channel Loans

d Microfinance

Staging:

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Group has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 months provision
1-30 days	Stage 1	12 months provision
31-60 days	Stage 2	Lifetime Provision
61-90 days	Stage 2	Lifetime Provision
90+ days	Stage 3	Lifetime Provision

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities , cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Group evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EXPECTED CREDIT LOSS FOR LOANS:

The Group considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2

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and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
    a) Outstanding balance (POS).
    b) Recovery amount (discounted yearly) by initial contractual rate.
    c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
    d) Collateral (security) amount.

       The formula for the computation is as below:

       % Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

       % LGD = 1 – recovery rate

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Group has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

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Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening provision of ECL	1,910.62	749.32
Addition during the year	5,339.27	1,754.67
Utilization / reversal during the year	(2,095.22)	(593.37)
Closing provision of ECL	5,154.67	1,910.62

Liquidity Risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2021 is 48.80% against regulatory norms of 15%. Tier I capital is 45.36% as against requirement of 10%. Tier II capital is 3.44% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the Subsidiary Company, as on 31 March 2021 is 20.32% against regulatory norms of 15%. Tier I capital is 17.69% as against requirement of 10%. Tier II capital is 2.63% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Group is Rs. 4,954 lakhs spread across 7 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.Majority of the Group's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Group has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Group. This further strengthens the liability management.

The table below summarizes the maturity profile of the Group's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

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(₹ In Lakhs)

Particulars	1 Day to 30/31 Days 1 Month	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 3 Years	Over 3 Year up to 5 Years	Over 5 Years	Total
Debt Securities (Refer Note 11)	-	4,146.03	-	-	2,737.88	10,876.64	-	-	17,760.55
Borrowings & Subordinated Liabilities (Refer Note 12 & 13)	9,038.41	1,850.16	1,944.37	6,817.89	14,084.45	19,091.10	1,555.17	-	54,381.55
Trade Payables	-	-	-	-	-	-	-	-	-
As at March 31, 2020									
Debt Securities (Refer Note 11)	-	-	-	-	-	6,839.18	3,731.80	-	10,570.98
Borrowings & Subordinated Liabilities (Refer Note 12 & 13)	1,856.56	2,044.22	3,920.95	10,583.60	11,992.85	20,662.56	8,144.87	-	59,205.62
Trade Payables	-	-	-	-	-	-	-	-	-

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

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The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ In Lakhs)

Change in interest rates	As at March 31, 2021	
	50 bp increase	50 bp decrease
Bank Deposits	8,027.77	8,027.77
Impact on profit for the year	40.14	(40.14)
Variable Rate Borrowings	52,881.55	52,881.55
Impact on profit for the year	(264.41)	264.41

V Foreign currency risk:

As at March 31, 2021, the Group has outstanding foreign currency borrowings of Euro 5 million (March 31, 2020: Euro 5 million). The Group has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the Group has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. To mitigate the Group's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Group's risk management policies.

VI Foreign currency risk exposure

The Group exposure to foreign currency risk at the end of the reporting period expressed In Indian Rupees are as follows:

(₹ In Lakhs)

Particulars	Currency	March 31, 2021	March 31, 2020
Financial liabilities			
External commercial borrowings (Refer Note 11)	Euro	4,151.80	4,150.37
(including interest accrued)			
(Gain)/loss: Derivative contract		(6.02)	171.80

Sensitivity*

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. In Lakhs)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Euro Sensitivity		
INR / Euro-increase by 5%	(207.59)	(207.52)
INR / Euro-decrease by 5%	207.59	207.52

* Holding all other variables constant

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2021

44 With the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. In order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the RBI through its circulars dated March 27, 2020 and April 17, 2020, permitted lenders including NBFCs to grant moratorium, on the payment of all instalments and/ or interest, falling due between March 01, 2020 and May 31, 2020 to their borrowers. This period was extended by RBI till August 31, 2020 through its circular dated May 23, 2020. The Company accordingly extended the moratorium option to its borrowers in accordance with its Board approved policies. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in economic activities, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The slowdown during the year has led to a decrease in loan originations and in collection efforts' efficiency. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the company's operations and financial results will depend on ongoing as well as future developments, which are highly uncertain. The relaxations announced in the lockdowns / restrictions by state governments, that imposed during the "second wave", since last week of May 2021 has helped the company's employees to contact the borrowers and resume business activities.

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

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

[Sneha Jethani]
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

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

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Standalone Financial Statements

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 March 31, 2021, the Statement of Profit and Loss, Statement of Cash Flow 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 of the Company as at March 31, 2021 and its profit 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.

Emphasis of Matter

4. As described in Note 45 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

   Our opinion is not modified in respect of the above matters.

Key Audit Matters

5. 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 matters identified in our audit is in respect of **Provision for Expected Credit Losses on loans as follows:**

Provision for Expected Credit Losses on loans [Refer Para 3.6 for the accounting policy and Note 3 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
As at March 31, 2021 the Company has financial assets (loans) amounting to ₹15174.60 Lakhs. As per Ind AS 109- Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets. Under Ind-AS framework, the management had to estimate the provision for expected credit losses as at March 31, 2021. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic and moratorium granted by the company, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain. The management has recognised a provision of ₹1383.64 Lakhs in the Statement of Profit and Loss for the year ended March 31, 2021. Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the standalone financial statements were reasonable and the related disclosures in the standalone financial statements made by the management were adequate. These procedures included, but not limited, to the following: (a) obtaining an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated the expected credit losses and the appropriateness data on which the calculation is based; (b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used; (c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; (d) testing the arithmetical calculation of the expected credit losses; (e) verifying the adequacy of the related disclosures; and (f) Obtaining written representations from management whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

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

6. 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

7. 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, profit 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.

8. 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.

9. 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

10. 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.

11. 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.

12. 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.

13. 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.

14. 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

15. 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.

16. 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 March 31, 2021 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 March 31, 2021 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 29 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 has been no delay in transferring amounts, 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]

Sneha Jethani
Partner
[M. No. 160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

Annexure "A"
to the Independent Auditor's Report

Referred to in paragraph 15 of our report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended March 31, 2021.

1. In respect of Fixed Assets:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

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

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

2. In respect of its Inventories:

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

3. In respect of Loans and Advances granted during the year:

As per information and explanation given to us, the Company has granted secured and unsecured loans to Companies covered in the registered maintained under section 189 of the Companies Act, 2013 and with respect to the same.

a. in our opinion the terms and conditions of grant of such loans are, prima facie, not prejudicial to the Company's interest.

b. the schedule of repayment of principal and payment of interest has been stipulated and the repayment / receipts of the principal amount and the interest are regular;

c. there is no overdue amount in respect of loans granted to such companies.

4. Loans, Investments and Guarantees:

According to the information and explanation given to us, the Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013, with respect to the loans given, investments made and guarantees and securities given.

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, goods and service tax, wealth tax, duty of customs, duty of excise, 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 March 31, 2021 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 (₹ In Lakhs)	Period to Which amount Relates (A.Y.)	Forum Where Dispute is Pending	Remarks, if any
Income Tax Act, 1961	Income Tax	594.23	2012-13	CIT (Appeals)	--

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

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

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

11. In our opinion and according to the information and explanations given to us, the Company 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.

13. In our opinion and according to the information and explanations given to us, the transactions entered by the Company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.

14. During the year, the Company has not issued any preferential allotment or private placement of shares or fully or partly convertible debentures.

15. The Company has not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies Act , 2013 and clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

16. In our opinion and according to the information and explanation given to us the Company is registered under section 45-IA of Reserve Bank of India Act, 1934, and registration certificate for the same has been obtained.

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

Sneha Jethani
Partner
[M. No. 160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

Annexure "B"
to the Independent Auditor's Report

Referred to in paragraph 16 (f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended March 31, 2021.

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 March 31, 2021, 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, with reference to Standalone Financial Statements. 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 March 31, 2021, 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]

Sneha Jethani
Partner
[M. No. 160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

Standalone Balance Sheet

as at March 31, 2021 (₹ in Lakhs)

Particulars		Note	As at March 31, 2021	As at March 31, 2020
ASSETS				
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	1	4,906.56	21.01
(b)	Bank Balance other than (a) above	2	1,778.46	574.43
(c)	Loans	3	15,174.60	22,324.50
(d)	Investments	4	6,171.85	6,236.68
(e)	Other Financial assets	5	142.17	222.40
(2)	**Non-financial Assets**			
(a)	Current tax assets (Net)	6	Nil	130.63
(b)	Deferred tax Assets (Net)	7	438.49	106.49
(c)	Property, Plant and Equipment	8	75.87	82.31
(d)	Other Intangible assets	8	0.40	0.81
(e)	Other non-financial assets	9	10.81	20.43
	Total Assets		**28,699.21**	**29,719.69**
LIABILITIES AND EQUITY				
LIABILITIES				
(1)	**Financial Liabilities**			
(a)	Debt Securities	10	6,484.03	6,453.90
(b)	Borrowings (Other than Debt Securities)	11	8,351.71	10,118.96
(c)	Subordinated Liabilities	12	500.00	500.00
(d)	Other financial liabilities	13	478.11	498.08
(2)	**Non-Financial Liabilities**			
(a)	Provisions	14	39.20	35.21
(b)	Current Tax Liabilities (Net)	6	38.80	Nil
(c)	Other non-financial liabilities	15	24.05	39.86
EQUITY				
(1)	Equity Share capital	16	848.84	845.09
(2)	Other Equity	17	11,934.47	11,228.59
	Total Liabilities and Equity		**28,699.21**	**29,719.69**

As per our report of even date attached herewith

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

Sneha Jethani
Partner
[M.No.160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

Jayendra Patel
Vice Chairman Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

Standalone Statement of Profit & Loss

for the year ended March 31, 2021 (₹ in Lakhs)

Particulars		Note	for the year ended March 31, 2021	for the year ended March 31, 2020
(1)	**Revenue from operations**			
	Interest Income based on Effective Interest Method	18	6,033.51	6,537.65
	Gain on Assignment of Financial Assets	19	Nil	173.67
	Fees and Commission Income	20	1.31	Nil
	Total Revenue from operations (1)		**6,034.82**	**6,711.32**
(2)	Other Income	21	319.95	298.86
(3)	**Total Income (1+2)**		**6,354.77**	**7,010.18**
(4)	**Expenses**			
	Finance Costs	22	1,997.74	2,202.74
	Impairment of Financial Assets	23	1,791.98	668.79
	Employee Benefits Expenses	24	1,166.34	1,323.13
	Depreciation, amortization and impairment	25	10.12	11.15
	Others expenses	26	449.11	521.76
	Total Expenses (4)		5,415.29	4,727.56
(5)	**Profit / (loss) before tax (3-4)**		**939.48**	**2,282.61**
(6)	**Tax Expense:**			
	(1) Current Tax	27	525.70	516.10
	(2) Short / (excess) Provision of Income Tax of earlier years	27	6.36	0.78
	(3) Deferred Tax	27	(392.32)	(58.04)
(7)	Profit/(loss) for the period (5-6)		799.74	1,823.77
(8)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	- Remeasurement of Defined Benefit Obligations		7.27	(4.87)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.83)	1.22
	Subtotal (A)		**5.43**	**(3.65)**
	(B) (i) Items that will be reclassified to profit or loss			
	- Net change in value of loans measured at fair value through Other Comprehensive Income		232.37	46.05
	(ii) Income tax relating to items that will be reclassified to profit or loss		(58.48)	(12.81)
	Subtotal (B)		**173.89**	**33.24**
	Other Comprehensive Income (A + B)		**179.32**	**29.59**
(9)	**Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)**		**979.06**	**1,853.36**
(10)	**Earnings per equity share**			
	Basic (₹)	28	9.44	24.51
	Diluted (₹)	28	9.44	24.39

As per our report of even date attached herewith

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

Sneha Jethani
Partner
[M.No.160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

Jayendra Patel
Vice Chairman Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Change in Equity for the year ended March 31, 2021

(₹ in Lakhs)

(A) Equity share capital (Refer Note 16)

Particulars	Balance as at March 31, 2019	Changes during the year	Balance as at March 31, 2020	Changes during the year	Balance as at March 31, 2021
Ordinary Equity share capital	574.78	270.31	845.09	3.75	848.84
Class "A" Ordinary Equity shares	120.45	(120.45)	-	-	-

(B) Other equity (Refer note 17)

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other Comprehensive Income	Total
		General Reserve	Reserve u/s. 45-IC of RBI Act, 1934	Security premium	Retained earnings	Share Based Payment Reserve		
Balance as at March 31, 2019	**4,292.41**	**114.35**	**675.00**	**1,241.01**	**2,508.19**	**86.15**	**(31.62)**	**8,885.49**
Profit for the year	-	-	-	-	1,823.77	-	-	1,823.77
Other comprehensive income (net of taxes)	-	-	-	-	-	-	29.59	29.59
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**1,823.77**	**-**	**29.59**	**1,853.36**
Transactions with Owners in the capacity as Owners								
Final Dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	(117.34)	-	-	(117.34)
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	-	365.00	-	(365.00)	-	-	-
Reversal of Corporate Guarantee due to closure of loan of subsidiary company	-	-	-	-	(62.70)	-	-	(62.70)
Additions during the year in securities premium	-	-	-	583.44	-	(47.18)	-	536.26
Share Issue Expense securities premium	-	-	-	(5.67)	-	-	-	(5.67)
Transfer during the year in General Reserve	-	10.00	-	-	(10.00)	-	-	-
Share based payment to employees (ESOP) (Refer note 17)	-	-	-	-	-	26.46	-	26.46
Issue of Compulsory convertible Debenture	112.73	-	-	-	-	-	-	112.73
Conversion of Compulsory convertible Debenture	(4,405.15)	-	-	5,000.00	(594.85)	-	-	0.00

Contd..

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other Comprehensive Income	Total
		General Reserve	Reserve u/s. 45-IC of RBI Act, 1934	Security premium	Retained earnings	Share Based Payment Reserve		
Balance as at March 31, 2020	**-**	**124.35**	**1,040.00**	**6,818.77**	**3,182.06**	**65.44**	**(2.03)**	**11,228.60**
Profit for the year	-	-	-	-	799.74	-	-	799.74
Other comprehensive income (net of taxes)	-	-	-	-	-	-	179.32	179.32
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**799.74**	**-**	**179.32**	**979.06**
Transactions with Owners in the capacity as Owners								
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	-	160.00	-	(160.00)	-	-	-
Reversal of Corporate Guarantee due to closure of loan of subsidiary company	-	-	-	-	(294.83)	-	-	(294.83)
Additions during the year in securities premium	-	-	-	73.01	-	(58.02)	-	15.00
Share Issue Expense securities premium	-	-	-	-	-	-	-	-
Transfer during the year in General Reserve	-	10.00	-	-	(10.00)	-	-	-
Share based payment to employees (ESOP) (Refer note 17)	-	-	-	-	-	6.65	-	6.65
Reversal of Deffered Tax Impact on Compulsory convertible Debenture	-	-	-	-	-	-	-	-
Conversion of Compulsory convertible Debenture	-	-	-	-	-	-	-	-
Balance As At 31st March, 2021	**-**	**134.35**	**1,200.00**	**6,891.79**	**3,516.97**	**14.07**	**177.29**	**11,934.47**

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

Sneha Jethani
Partner
[M.No.160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

Jayendra Patel
Vice Chairman Managing Director
(DIN - 00011814)

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Cash Flow for the year ended March 31, 2021

(₹ in Lakhs)

	Particulars	for the year ended March 31, 2021		for the year ended March 31, 2020	
A:	**Cash from Operating Activities:**				
	Net profit before taxation		939.48		2,282.61
	Adjustment For:				
	Depreciation and amortisation	10.12		11.15	
	Interest Income	(6,033.51)		(6,537.65)	
	Finance cost Expense	1,967.74		2,195.44	
	Provision for impairment on financial assets	1,383.63		334.15	
	Loss / (Profit) on sale of Current Investment	(25.36)		-	
	Remeasurement of define benefit plan	7.27		(4.87)	
	Employee Stock Option Plan Expense	5.67		17.56	
	Interest on shortfall of advance Tax	30.00		7.30	
	Financial Guarantee Income	(229.02)		(191.32)	
			(2,883.46)		(4,168.24)
	Operating profit before working Capital changes :		**(1,943.98)**		**(1,885.63)**
	Adjustment For Increase/(Decrease) in Operating Assets:				
	Loans and Advances	5,998.64		(2,824.45)	
	Financial Assets	133.07		(76.82)	
	Non Financial Assets	9.63		0.75	
	Bank balance other than Cash and Cash equivalents	(1,204.03)		165.45	
	Adjustment For Increase/(Decrease) in Operating Liabilities:				
	Other Non Financial liability	(15.81)		(34.92)	
	Other Financial Liabilities	30.42		37.76	
	Provision	3.99		12.37	
			4,955.91		(2,719.87)
	Cash Generated From Operations		**3,011.93**		**(4,605.50)**
	Interest Income Received	5,980.67		6,535.76	
	Finance Cost Paid	(1,954.90)		(2,136.85)	
	Income tax paid	(392.62)		(607.41)	
			3,633.15		3,791.50
	Net Cash From Operating Activities:		**6,645.08**		**(814.00)**
B:	**Cash Flow From Investing Activities:**				
	Purchase of Property, Plant & Equipment	(3.27)		(15.00)	
	Purchase of investments	(7,050.00)		(990.00)	
	Sale of investments	7,075.35		-	
	Net Cash from Investment Activities:		**22.08**		**(1,005.00)**
C:	**Cash Flow From Financing Activities :**				
	Proceeds from issue of share capital (including Premium)	18.74		14.87	
	Dividend paid	(2.63)		(115.70)	
	Share Issue Expense	-		(5.67)	
	Proceeds from long term borrowings	1,000.00		9,789.79	
	Repayment of borrowings	(4,603.03)		(6,925.56)	
	Net increase / (decrease) in working capital borrowings	1,805.32		(1,378.44)	
	Net Cash from Financing Activities:		**(1,781.60)**		**1,379.29**
	Net Increase/(Decrease) in Cash & Cash Equivalents		**4,885.55**		**(439.71)**
	Cash & cash equivalents at the beginning of the year		21.01		460.72
	Cash & cash equivalents at the end of the year		4,906.56		21.01

Notes :

1 Cash and Cash Equivalent balance at the end of the year comprises:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	17.59	4.78
Balance with Bank	4,888.97	16.23
Total	**4,906.56**	**21.01**
Bank deposit with original maturity of 3 months or less	-	-
Cash & cash equivalents as per Balance Sheet	**4,906.56**	**21.01**

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 Non cash financing and investing Activities:

During the Previous Year, the convertible instruments were converted into equity shares of the Company. Refer note 16.4 and 16.6 for non cash financing and investing Activities of the company.

4 Change in liabilities arising from financing activities:

(₹ in Lakhs)

Particulars	March 31, 2020	Cash Flows (Net)	Non Cash Changes	March 31, 2021
Debt Securities	6,453.90	-	30.13	6,484.03
Borrowing other than debt Securities	10,118.96	(1,797.71)	30.46	8,351.71
Total	**16,572.86**	**(1,797.71)**	**60.60**	**14,835.74**

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

Sneha Jethani
Partner
[M.No.160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Arman Financial Services Limited

Jayendra Patel
Vice Chairman Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

1. CORPORATE INFORMATION

ARMAN Financial Services Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a deposit taking non-banking finance Company ("NBFC") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") to create the underlying assets of SME and TW. Its shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 37.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in para 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 36.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business

ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets. When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer para 3.3(A)). Financial instruments are initially measured at their fair value (as defined in para 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost.

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest LGD Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of 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 measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Other Charges in Respect of Loans

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

3.9 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Vehicles - 8 years

iii) Office equipment - 3 to 10 years

iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.15 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e., profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The ministry of corporate affairs vide notification no. G.S.R. 419(E) dated 18th June 2021 has notified amendment that will be effective from the beginning of the next financial year, that is, April 1, 2021, except for amendments to Ind AS 116, Leases, extending the practical expedient for recognising any lease rent concessions due to COVID-19 till June 30, 2022 as variable lease payments which may be applied for the current financial year ended on March 31, 2021. These amendments can be broadly categorised into the following:

a) Amendments related to changing reference to new conceptual framework for financial reporting from the old framework for the preparation and presentation of financial statements both issued by The Institute of Chartered Accountants of India. These amendments do not have impact on the financial position, performance or cash flows of the company.

b) Amendments to Ind AS 116, Leases, related to lease rent concessions due to COVID-19 where the practical expedient for recognising any lease rent concessions due to COVID-19 till June 30, 2022 as variable lease payments. The company is in the process of collecting the required information and therefore will apply the amendment in the next financial year.

c) Amendments related to interest rate benchmark reform.

The term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The company is evaluating the impact of such amendments. Based on current understanding, the amendments may increase the disclosures related to the reform and as such are less likely to have any material impact on the financial position and performance of the company.

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

1. Cash and Cash Equivalent	As at March 31, 2021	As at March 31, 2020
Cash on hand	17.59	4.78
Balance with banks	4,888.97	16.23
Total	**4,906.56**	**21.01**

(₹ in Lakhs)

2. Bank Balance	As at March 31, 2021	As at March 31, 2020
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	1,772.77	562.55
Earmarked balances with banks	17.88	20.51
Less: Interest Accrued but not due on Bank Deposits (Refer Note 5)	(12.19)	(8.63)
Total	**1,778.46**	**574.43**

2.1 Deposits includes deposits given as cash collateral security against bank loans.

2.2 Earmarked balance with banks represents ₹ 17.88 lakhs (As at March 31, 2020 ₹ 20.51 lakhs) in Unpaid Dividend Account.

(₹ in Lakhs)

3. Loans	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
Inter Corporate Deposit	128.02	251.48
At FVOCI:		
Secured by Tangible Asset	4,184.31	9,152.06
Unsecured Loans	11,106.94	12,974.76
Total Loans	**15,419.27**	**22,378.29**
Less: Interest Due but not Received on Loans and Advances (Note No.5)	(244.67)	(53.79)
	15,174.60	22,324.50
(1) Loans In India		
Public Sector	-	-
Others	15,174.60	22,324.50
	15,174.60	22,324.50
(2) Loans Outside India	-	-
Total	**15,174.60**	**22,324.50**

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances: (₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Carrying amount As at March 31, 2019	**19,339.91**	**315.83**	**409.37**	**20,065.11**
New Assets originated*	17,023.31	195.75	114.31	17,333.37
Net transfer between stages				
Transfer from stage 1	(601.62)	271.73	329.89	-
Transfer from stage 2	10.97	(139.67)	128.70	-
Transfer from stage 3	1.94	3.13	(5.07)	-
Assets derecognised or collected	13,983.30	121.47	251.23	14,356.00
Write - offs	-	-	368.62	368.62
Carrying amount As at March 31, 2020	**21,791.21**	**525.30**	**357.35**	**22,673.86**
New Assets originated*	7,954.07	24.34	7.05	7,985.45
Net transfer between stages				
Transfer from stage 1	(2,192.61)	874.80	1,317.81	-
Transfer from stage 2	35.16	(175.77)	140.61	-
Transfer from stage 3	1.68	3.31	(4.99)	-
Assets derecognised or collected	12,730.65	366.77	189.43	13,286.86
Write - offs	-	-	482.99	482.99
Carrying amount As at March 31, 2021	**14,858.85**	**885.21**	**1,145.41**	**16,889.47**

***Note:** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end

3.2 Reconciliation of ECL balance is given below: (₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowances As at March 31, 2019	96.71	42.72	118.60	258.03
Addition During the Year	288.90	95.62	99.68	484.20
Reversal During the Year	(82.36)	(27.77)	(31.26)	(141.39)
ECL Allowances As at March 31, 2020	303.25	110.57	187.02	600.84
Addition During the Year	230.52	353.77	1,429.49	2,013.79
Reversal During the Year	(38.95)	(98.58)	(634.21)	(771.75)
ECL Allowances As at March 31, 2021	494.82	365.76	982.30	1,842.88

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

3.3 Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

3.4 Refer Note 33 for loans to subsidiary company.

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

4. Investments (At Cost)	As at March 31, 2021	As at March 31, 2020
Subsidiary		
Investment in shares of subsidiary -Unquoted		
- Namra Finance Limited	5,812.19	5,812.19
Investment in subsidiary on account of:		
- Corporate financial guarantee given to bank on behalf of subsidiary	281.39	347.20
- Issuance of equity shares to the employees of subsidiary at discount	78.28	77.30
	6,171.85	**6,236.68**
(1) Investment In India	6,171.85	6,236.68
(2) Investment outside India	-	-
Total	**6,171.85**	**6,236.68**

4.1 For the investment in subsidiary entity, the Company has opted for the exemption provided in para D15(b)(ii) of Ind AS 101 and accordingly the same has been measured at previous GAAP carrying amount.

4.2 As per para 10 of Ind AS 27, the Company has opted to value the investments in subsidiary entity at cost.

4.3 Namra Finance Limited (CIN: U65999GJ2012PLC069596) is wholly owned subsidiary Company. The Company has 2,71,75,000 (P.Y. 2,71,50,000) Equity Share of face value ₹ 10/- each fully paid up of the Namra Finance Limited.

(₹ in Lakhs)

5. Other Financial Assets	As at March 31, 2021	As at March 31, 2020
Interest Due but not Received on Loans and Advances (Note No.3)	244.66	53.79
Interest Accrued but not due on Bank Deposits (Note No.2)	12.19	8.63
Deposits	34.80	109.85
Other Advances	2.37	60.39
Less : Provision on Interest Receivable on Credit Impaired Loans and Advances	(151.85)	(10.26)
Total	**142.17**	**222.40**

5.1 Deposits includes deposits ₹ 25.04 lakhs (P.Y. ₹ 100.23 lakhs), given as collateral security against loans from financial Institutes.

5.2 Reconciliation of Provision on Interest Receivable on Credit Impaired Loans given below: (₹ in Lakhs)

Pariculars	As at March 31, 2021	As at March 31, 2020
ECL Allowances As at beginning of the year	10.26	18.92
Addition During the Year	150.86	9.24
Reversal During the Year	(9.27)	(17.90)
ECL Allowances As at end of the year	151.85	10.26

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

6. Current Tax (Net)	As at March 31, 2021	As at March 31, 2020
Advance Tax and TDS	1,506.65	1,114.03
Less: Provision for Tax	(1,545.46)	(983.40)
Total	**(38.80)**	**130.63**

(₹ in Lakhs)

7. Deferred Tax	As at March 31, 2021	As at March 31, 2020
A Defferred Tax Assets on Account of:		
Provision for employee benefits that are allowable for tax purpose in the year of payment	9.87	8.86
Shares issue expenses that are allowable for tax purpose on deferred basis	0.86	1.14
Fair valuation of financial instruments through Other Comprehensive Income	12.18	-
Impairment on Financial Assets	502.03	153.80
Total Deferred Tax Assets	**524.94**	**163.81**
B Defferred Tax Liability on Account of:		
Difference in written down value as per Companies Act and Income Tax Act	(5.55)	(5.83)
Financial liabilities measured at amortised cost	(18.61)	(33.86)
Income Taxable on Realised Basis	-	(13.82)
Fair valuation of financial instruments through Other Comprehensive Income	(62.29)	(3.81)
Total Deferred Tax Liabilities	**(86.45)**	**(57.32)**
Total Asset/(Liability) (Net)	**438.49**	**106.49**

7.1 The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ in Lakhs)

Particulars	As at March 31, 2020	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other compre-hensive income	As at March 31, 2021
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	8.86	-	2.83	(1.83)	9.87
Shares issue expenses that are allowable for tax purpose on deferred basis	1.14	-	(0.29)	-	0.86
Fair valuation of financial instruments through Other Comprehensive Income	-	-	12.18	-	12.18
Impairment on Financial Assets	153.80	-	348.23	-	502.03

Contd..

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Particulars	As at March 31, 2020	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other compre-hensive income	As at March 31, 2021
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(5.83)	-	0.28	-	(5.55)
Financial liabilities measured at amortised cost	(33.86)	-	15.25	-	(18.61)
Income Taxable on Realised Basis	(13.82)	-	13.82	-	-
Fair valuation of financial instruments through Other Comprehensive Income	(3.81)	-	-	(58.48)	(62.29)
Total Asset/(Liability) (Net)	**106.49**	**-**	**392.32**	**(60.31)**	**438.49**

Particulars	As at March 31, 2019	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other compre-hensive income	As at March 31, 2020
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	6.65	-	0.98	1.23	8.86
Shares issue expenses that are allowable for tax purpose on deferred basis	-	-	1.14	-	1.14
Fair valuation of financial instruments through Other Comprehensive Income	9.00	-	-	(9.00)	-
Impairment on Financial Assets	80.65	-	73.15	-	153.80
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(7.33)	-	1.50	-	(5.83)
Financial liabilities measured at amortised cost	(28.94)	-	(4.92)	-	(33.86)
Income Taxable on Realised Basis	-	-	(13.82)	-	(13.82)
Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	(112.73)	112.73	-	-	-
Fair valuation of financial instruments through Other Comprehensive Income	-	-	-	(3.81)	(3.81)
Total Asset/(Liability) (Net)	**(52.70)**	**112.73**	**58.04**	**(11.58)**	**106.49**

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

(₹ in Lakhs)

8. Carrying Value	Property, Plant & Equipment							
	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total Property, Plant & Equipment	Intangible Assets	Total Assets
As at March 31, 2019	52.23	50.26	20.04	17.01	33.79	173.33	8.05	181.38
Addition	-	5.82	3.83	-	5.35	15.00	-	15.00
Disposal	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-	-
As at March 31, 2020	52.23	56.07	23.87	17.01	39.15	188.33	8.05	196.38
Addition	-	0.96	2.31	-	-	3.27	-	3.27
Disposal	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-	-
As at March 31, 2021	52.23	57.04	26.18	17.01	39.15	191.60	8.05	199.65
Accumulated Depreciation	**Buildings**	**Furniture & Fixtures**	**Office Equipments**	**Vehicles**	**Computers**	**Total Property, Plant & Equipment**	**"Intangible Assets"**	**"Total Assets "**
As at March 31, 2019	16.01	33.29	14.17	3.20	29.53	96.20	5.92	102.12
Change for the year	0.83	3.51	1.58	1.98	1.92	9.82	1.32	11.15
Disposal	-	-	-	-	-	-	-	-
As at March 31, 2020	16.84	36.80	15.76	5.18	31.45	106.03	7.24	113.26
Change for the year	0.83	3.59	1.22	1.98	2.10	9.71	0.41	10.12
Disposal	-	-	-	-	-	-	-	-
As at March 31, 2021	17.66	40.39	16.98	7.15	33.55	115.74	7.65	123.38
Net Carrying Value								
As at March 31, 2020	35.39	19.28	8.12	11.83	7.69	82.31	0.81	83.12
As at March 31, 2021	34.56	16.65	9.20	9.86	5.60	75.87	0.40	76.27

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

(₹ in Lakhs)

9. Other Non - Financial Assets	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	5.70	9.91
Balance with Government Authorities	-	3.28
Advances to staff	5.11	7.24
Total	**10.81**	**20.43**

(₹ in Lakhs)

10. Debt Securities (At Amortised Cost)	As at March 31, 2021	As at March 31, 2020
Secured Debenture (Refer note 10.1)		
12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh each (C.Y. 275 Unit, P.Y. 275 Unit)	2,750.00	2,750.00
13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh each (C.Y. 378 Unit, P.Y. 378 Unit)	3,780.00	3,780.00
Less: Unamortised borrowing costs	(45.97)	(76.11)
Total Debt Securities	6,484.03	6,453.90
Debt Securities in India	-	-
Debt Securities Outside India	6,484.03	6,453.90
Total	**6,484.03**	**6,453.90**

10.1 Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities:

(₹ in Lakhs)

Particular	As at March 31, 2021	As at March 31, 2020	Terms of Redemption / Repayment	Security
275, 12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	2,750.00	2,750.00	Bullet Payment at the end of the tenor of 42 Months from 19-09-2018	Secured Under Hypothecation of Specific Assets Portfolio
378, 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	3,780.00	3,780.00	99.99% on 03-03-2023 and Remaining Bullet Payment at the end of 60 Months From 03-03-2020	Secured Under Hypothecation of Specific Assets Portfolio
Total Debt Securities	**6,530.00**	**6,530.00**		

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

11.	Borrowings (at Amortized Cost)	As at March 31, 2021	As at March 31, 2020
	Term Loans - Secured		
	From Banks	1,694.44	1,723.95
	From Financial Institutions	2,703.36	6,276.88
	Loans repayable on demand from banks	3,981.87	2,176.56
	Less: Unamortised borrowing costs	(27.96)	(58.42)
	Total Borrowings	**8,351.71**	**10,118.96**
	Borrowings in India	8,351.71	10,118.96
	Borrowings Outside India	-	-
	Total	**8,351.71**	**10,118.96**

Security

11.1 Term Loans & working capital 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".

Interest:

Term loan and Loans repayable on demand from banks carries an interest rate ranging from 8.35% to 15.00% p.a.

11.2 The Company has not defaulted in repayment of borrowings and interest.

11.3: Details of terms of Redemption/ Repayment and security provided in respect of Borrowings: (₹ in Lakhs)

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Borrowings (Other than Debt Securities)				
Term Loan From Bank 1	-	4.23	Repayable in 36 monthly installments Stating From from 05th February 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 2	-	125.00	Repayable in 36 monthly installments Stating From from 27 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 3	222.22	555.56	Repayable in 36 monthly installments Stating From from 15th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 4	-	233.60	Repayable in 17 monthly installments Stating From from 17th April 2019	Secured by a first and exclusive charge on specific receivables of the company sold out to the SPV
Term Loan From Bank 5	472.22	805.56	Repayable in 36 monthly installments Stating From from 18th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 6	200.00	-	Repayable in 21 monthly installments Stating From from 30th April 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 7	800.00	-	Repayable in 21 monthly installments Stating From from 31st July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loans From Banks	**1,694.44**	**1,723.94**		

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Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 1	-	709.50	Repayable in 36 monthly installments Stating From from 30th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 2	-	83.33	Repayable in 36 monthly installments Stating From from 29th July 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 3	-	125.00	Repayable in 36 monthly installments Stating From from 25th January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 4	333.33	666.67	Repayable in 12 Quarterly installments Stating From from 31st May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 5	166.90	522.67	Repayable in 36 monthly installments Stating From from 03rd September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 6	199.48	551.91	Repayable in 36 monthly installments Stating From from 02nd October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 7	-	75.00	Repayable in 30 monthly installments Stating From from 15th January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 8	76.37	286.20	Repayable in 24 monthly installments Stating From from 01st May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 9	87.33	141.95	Repayable in 36 monthly installments Stating From from 15th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 10	936.95	1,393.75	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 11	403.00	887.56	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 12	125.00	208.33	Repayable in 36 monthly installments Stating From from 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 13	125.00	208.33	Repayable in 36 monthly installments Stating From from 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 14	125.00	208.33	Repayable in 36 monthly installments Stating From from 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 15	125.00	208.33	Repayable in 36 monthly installments Stating From from 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loan From Financial Institution	**2,703.36**	**6,276.88**		

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Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Loans repayable on demand from banks				
Cash Credit Facility From Bank 1	32.18	39.41	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit.
Cash Credit Facility From Bank 2	125.15	99.64	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 3	1,885.27	1,594.20	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 4	464.08	117.28	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit.
Cash Credit Facility From Bank 5	643.73	326.03	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Cash Credit Facility From Bank 6	30.88	-	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors.
Over Draft Facility From Bank 1	800.58	-	-	Secured by a first and exclusive charge Bank Deposits
Total Loans repayable on demand from banks	**3,981.87**	**2,176.56**		

(₹ in Lakhs)

12. Subordinated Liabilities	As at March 31, 2021	As at March 31, 2020
Unsecured		
15%, Unsecured Subordinated Term Loan in India	500.00	500.00
Unsecured Subordinated Debt outside India	-	-
Total	**500.00**	**500.00**

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

12.1 Details of terms of Redemption/ Repayment of Subordinated Liabilities:

Particular	As at March 31, 2021	As at March 31, 2020	Terms of Redemption / Repayment	Security
Subordinated Term Loan From Bank 1	500.00	500.00	Single Bullet Payment at the end of 84 Months from 23rd June, 2017	Unsecured

(₹ in Lakhs)

13. Other Financial Liabilities	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on Borrowings	52.10	99.86
Payable to Employees	86.99	5.53
Security deposits received from Borrowers	25.50	24.97
Unpaid expenses	198.27	257.24
Unpaid dividend	17.88	20.51
Payable towards assignment and transactions	97.38	89.97
Total	**478.11**	**498.08**

13.1 Unpaid dividend outstanding as on March 31, 2021 is not due for transfer to investor education and protection fund by the Company.

(₹ in Lakhs)

14. Provisions	As at March 31, 2021	As at March 31, 2020
Provisions for employee benefits - Gratuity	39.20	35.21
Total	**39.20**	**35.21**

(₹ in Lakhs)

15. Other Non Financial Liabilities	As at March 31, 2021	As at March 31, 2020
Other statutory dues	8.99	10.76
TDS payable	15.06	29.10
Total	**24.05**	**39.86**

(₹ in Lakhs)

16. Equity Share Capital	As at March 31, 2021	As at March 31, 2020
Authorized Shares		
1,50,00,000 Equity Shares of ₹ 10 each (As at March 31 2020: 1,50,00,000 Equity Shares of ₹ 10 each)	1,500.00	1,500.00
(As at March 31 2020: Nil) Class "A" Ordinary Equity shares of par value of ₹ 10/- each	-	-
Total	**1,500.00**	**1,500.00**
Issued, subscribed and fully paid-up shares:		
84,88,384 Equity Shares of (As at March 31, 2020: 84,50,894 Equity Shares) of ₹ 10 each fully paid up (Ordinary)	848.84	845.09
(As at March 31 2020: Nil) Class "A" Ordinary Equity shares of par value of ₹10/- each	-	-
Total	**848.84**	**845.09**

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

16.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as set out below:

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Ordinary Equity Shares:				
Outstanding at the beginning of the year	84,50,894	845.09	57,47,824	574.78
Issued during the year	37,490	3.75	27,03,070	270.31
Outstanding at the end of the year	84,88,384	848.84	84,50,894	845.09

16.2 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital is set out below:

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Equity Shares				
Outstanding at the beginning of the year	-	-	12,04,474.00	120.45
Converted to Ordinary Equity Share	-	-	(12,04,474.00)	(120.45)
Issued during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-

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

(₹ in Lakhs)

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Jayendrabhai Patel	4,27,937	5.04	4,12,987	4.89
Ritaben Patel	4,36,089	5.14	4,21,139	4.98
Mukul Agrawal	4,29,262	5.06	4,34,262	5.14
Saif Partners India V Limited	18,90,417	22.27	18,90,417	22.37
Namra Holdings & Consultancy Services LLP	9,48,308	11.17	9,48,308	11.22

16.4 Conversion of Compulsorily Convertible Instruments

10% Compulsorily Convertible Debentures were converted into 18,90,417 equity shares having face value of ₹ 10/- each at a premium of ₹ 290/- per equity share on October 11, 2019.

16.5 Extinguishment of Class "A" ordinary shares

Pursuant to approval of the scheme of arrangement by Hon'ble NCLT, Ahmedabad bench, vide it's order dated November 18, 2019, 12,04,474 Class "A" ordinary shares of ₹ 10/- each were extinguished and 7,82,908 ordinary equity shares of ₹ 10/- each were allotted to the holder of the Class "A" ordinary equity shares. The premium of ₹ 42,15,660/- on extinguishment of Class 'A' Equity and fresh issue of Ordinary Equity, were credited to share premium account.

16.6 Shares reserved for issue under options

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 39.

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

16.7 Terms / rights attached to equity shares

(i) In respect of Ordinary Equity Shares having face value of ₹ 10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share.

(ii) 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.

(₹ in Lakhs)

17. Other Equity (Refer Note 17.1)	As at March 31, 2021	As at March 31, 2020
A. Reserves and Surplus		
i. General Reserve		
Balance as per last financial statement	124.35	114.35
Add: Transfer from statement of profit and loss	10.00	10.00
Closing Balance	**134.35**	**124.35**
ii. Special Reserve u/s 45-IC of the RBI Act,1934		
Balance as per last financial statement	1,040.00	675.00
Add: Transfer from statement of profit and loss	160.00	365.00
Closing Balance	**1,200.00**	**1,040.00**
iii. Securities Premium		
Balance as per last financial statement	6,818.77	1,241.01
Add: Share Premium on shares issued during the year	73.01	5,583.44
Less: Share Issue Expenses	-	5.67
Closing Balance	**6,891.79**	**6,818.77**
iv. Share Based Payment Reserve		
Balance as per last financial statements	65.44	86.15
Add/(Less): Stock option expenditure for the year	9.11	30.11
Less: amount transferred towards option expired unexercised	2.46	3.65
Less: transferred to security premium on exercise of stock option	58.02	47.18
Closing Balance	**14.07**	**65.44**
v. Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	3,182.06	2,508.19
Add : Profit for the year	799.74	1,823.77
Less: Appropriations		
Amount transfer to General Reserve	(10.00)	(10.00)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	(160.00)	(365.00)
Conversion of Compulsory Convertible Debenture	-	(594.85)
Reversal of Corporate Guarantee due to closure of loan of subsidiary company	(294.83)	(62.70)
Dividend Paid	-	(97.33)
Tax paid on Dividend	-	(20.01)
Closing Balance	**3,516.96**	**3,182.06**
B. Other Comprehensive Income		
Balance as per last financial statement	(2.03)	(31.62)
Additions during the year	179.32	29.59
Closing Balance	**177.30**	**(2.03)**
C. Equity Component of Financial Instruments		
Balance as per last financial statement	-	4,292.41
Additions during the year	-	-
Converted to equity shares during the year	-	(4,405.15)
Reversal of Deffered Tax Impact on Compulsory Convertible Debenture	-	112.73
Closing Balance	**-**	**-**
Total	**11,934.47**	**11,228.60**

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

17.1 NATURE AND PURPOSE OF RESERVE

1 **Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"):**

Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Securities premium:**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 **Surplus in the statement of profit and loss:**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 **FVOCI - loans and advances:**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 **FVOCI - Remeasurement of the defined benefit liabilities:**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any

6 **General reserve:**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 **Equity component of compound financial instruments:**

Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

8 **Share Based Payment Reserve:**

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary Companies under Company's employee stock option plan.

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

18. Interest Income (Amortised Cost) (₹in lakhs)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost
Interest on Loans	5,756.18	-	6,462.22	-
Interest on Deposits as Security	-	80.08	-	56.47
Interest on Others	-	197.25	-	18.96
Total	**5,756.18**	**277.33**	**6,462.22**	**75.43**
Total Interest		**6,033.51**		**6,537.65**

19. Gain on Assignment of Financial Assets (₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gain on Assignment of Assets (Net of Expense)	-	173.67
Total	-	**173.67**

20. Fees and Commission Income (₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Loan Processing fees Income	1.31	-
Total	**1.31**	-

21. Other Income (₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on Sale of Current Investment	25.36	-
Income on Financial Guarantee given to banks on behalf of Subsidiary	229.02	191.32
Income from Loan	65.57	107.54
Total	**319.95**	**298.86**

22. Finance Costs (on financial liabilities measured at amortized cost) (₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Borrowings	877.37	1,330.59
Interest on Debt Securities	842.41	443.94
Interest on Subordinated Liabilities	75.12	82.30
Other interest expense	93.92	262.63
Other Borrowing Costs	108.92	83.27
Total	**1,997.74**	**2,202.74**

23. Impairment of Loan Assets (on financial assets measured at FVOCI) (₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Bad debts written off (Net)	408.35	334.64
Expected Credit Loss (Net)	1,383.64	334.15
Total	**1,791.98**	**668.79**

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

23.1 Details of Expected Credit Loss on loans and Interest Receivable on Credit Impaired Asset please Refer Note 3.2 and 5.2 of Financial Statement.

24. Employee Benefit Expenses (₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	1,090.57	1,241.44
Contribution to provident and other funds	51.71	60.15
Gratuity	12.01	9.26
Staff welfare expenses	12.05	12.28
Total	**1,166.34**	**1,323.13**

24.1 Employee Benefit Plan:

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

a) **Defined contribution plan:**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹45.22 lakhs (March 31, 2020: ₹49.34 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense

b) **Defined benefit plan:**

Financial assets not measured at fair value:

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under: (₹in lakhs)

I) Reconciliation of opening and closing balances of defined benefit obligation	Year ended March 31, 2021	Year ended March 31, 2020
Opening Defined Benefit Obligation	**36.76**	**23.44**
Transfer in / (out) obligation	-	-
Current service cost	10.13	7.88
Interest cost	2.07	1.40
Components of actuarial gain / losses on obligations:		
Due to Change in financial assumptions	0.52	1.31
Due to change in demographic assumption	-	0.28
Due to experience adjustments	(9.52)	3.33
Past service cost	-	-
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(0.71)	(0.88)
Closing Defined Benefit Obligation	**39.26**	**36.76**

(₹in lakhs)

II) Reconciliation of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
Opening value of plan assets	1.54	0.59
Transfer in/(out) plan assets	-	-
Expense deducted from the fund	-	-
Interest Income	0.19	0.02
Return on plan assets excluding amounts included in interest income	(1.73)	0.05
Assets Distributed on settlements	-	-
Contribution by the company	0.76	1.76
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange difference on foreign plans	-	-
Benefits paid	(0.71)	(0.88)
Fair value of plan assets at the end of the year	**0.05**	**1.54**

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

(₹in lakhs)

III) Reconciliation of net defined benefit liability	Year ended March 31, 2021	Year ended March 31, 2020
Net opening provision in books of accounts	35.21	22.84
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense as per note 24	12.02	9.26
Amounts recognized in Other Comprehensive Income	(7.27)	4.87
	39.96	**36.97**
Benefits paid by the Company	-	-
Contributions to plan assets	(0.76)	(1.76)
Closing provision in books of accounts	**39.20**	**35.21**

IV) Composition of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Policy of Insurance	0.00%	0.00%
Total	**100.00%**	**100.00%**

(₹in lakhs)

V) Expense recognised during the year	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	10.13	7.88
Interest cost	1.88	1.38
Past service cost	-	-
Expense recognised in the statement of profit and loss	**12.02**	**9.26**

(₹in lakhs)

VI) Other comprehensive income	Year ended March 31, 2021	Year ended March 31, 2020
Components of actuarial gains/losses on obligations:		
Due to change in financial assumptions	0.52	1.31
Due to change in demographic assumption	-	0.28
Due to experience adjustments	(9.52)	3.33
Return of plan assets excluding amounts included in interest income	1.73	(0.05)
Components of defined benefits cost recognised in other comprehensive income	**(7.27)**	**4.87**

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

VII) Principal actuarial assumptions	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate (per annum)	6.00%	6.25%
Rate of return on plan assets (per annum)	6.00%	6.25%
Annual increase in salary cost	6.00%	6.00%
Withdrawal rates per annum		
25 and below	25%	25%
26 to 35	25%	25%
36 to 45	20%	20%
46 to 55	10%	10%
56 and above	5%	5%

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations.

VIII) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any. (₹in lakhs)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount rate(- / +0.5%)	40.34	38.23	37.75	35.81
(% change compared to base due to sensitivity	2.76%	-2.62%	2.71%	-2.57%
Salary growth rate (- / + 0.5%)	38.22	40.33	35.81	37.75
(% change compared to base due to sensitivity	-2.63%	2.74%	-2.59%	2.70%
Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%)	40.10	38.45	37.69	35.88
(% change compared to base due to sensitivity	2.16%	-2.05%	2.53%	-2.39%

IX) Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

X) Effect of plan on the company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

b) Maturity analysis of defined benefit obligation

The Weighted Average Duration (Years) as at valuation date is 5.05 years.

	Cash flows (₹in lakhs)	Distributions(%)
1st Following year	7.66	13.40%
2nd Following year	3.93	6.90%
3rd Following year	4.85	8.50%
4th Following year	4.56	8.00%
5th Following year	3.93	6.90%
Sum of years 6 to 10	17.73	31.10%

The future accrual is not considered in arriving at the above cash-flows

XI) The expected contribution for the next year is ₹8.87 lakhs

25. Depreciation and Amortisation

(₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, Plant & Equipment	9.71	9.82
Amortisation of Intangible Asset	0.41	1.32
Total	**10.12**	**11.15**

26. Other Expenses

(₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Electricity & fuel charges	8.77	9.04
Repairs to Building	2.87	7.80
Insurance	6.95	6.67
Collection Expense	11.59	-
Rent (Refer Note 31)	47.15	42.25
Rates & taxes	7.75	5.42
Bank Charges	42.30	28.66
Stationery & printing	14.55	26.27
Advertisement expenses	0.39	1.73
Communication	10.07	13.10
Traveling & conveyance expenses	66.34	67.31
Professional fees	96.31	129.08
Auditor's Remuneration		
Audit fees	4.00	4.00
For certification work	2.50	0.21
For others work	**0.72**	-
	7.22	**4.21**
Corporate social responsibility expenditure (Refer Note 30)	28.96	1.70
Director sitting fees	5.15	5.88
Marketing & incentive expenses	43.53	130.91
General charges (including security charges & membership fees etc.)	49.21	41.75
Total	**449.11**	**521.76**

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

27. Tax Expenses

The Components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	525.70	516.10
Adjustment in respect of current tax of prior years	6.36	0.78
Deferred tax	(392.32)	(58.04)
Total Tax Expense	**139.74**	**458.85**
Total tax charge		
Current Tax	532.06	516.88
Deferred Tax	(392.32)	(58.04)

27.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2021 and 31st March, 2020 is, as follows:

(₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax expense	939.48	2,282.61
Income tax rate %	25.168%	25.168%
Computed tax expense	236.45	574.49
Tax effect of :		
Tax effect of Permanent differences	(71.77)	(48.49)
Tax effect of deductible expenses	(31.33)	(76.04)
Tax effect of Income taxes at different rate	-	8.15
Tax Effect on other adjustments	6.40	0.74
Tax expense recognised in the statement of profit and loss	139.74	458.85

28. Earning Per Share:

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Numerator used for calculating Basic Earning per share (PAT)	₹ In Lakhs	799.74	1,823.77
Numerator used for calculating Diluted Earning per share (PAT)	₹ In Lakhs	799.74	1,823.77
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	84,71,225	74,40,395
Effect of dilution:			
Employee Share Options	Shares	4,391	35,670
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	84,75,615	74,76,065
Nominal value per Share	In ₹	10.00	10.00
Basic earnings per share	In ₹	9.44	24.51
Diluted earnings per share	In ₹	9.44	24.39

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

29. Contingent liabilities not provided for: -

(₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A) Contingent liabilities		
i) Guarantees given on behalf of subsidiary company : (Refer note below)		
To banks		
Amount of guarantees	23,250.00	25,200.00
Amount of loans outstanding	13,187.81	13,950.03
(B) Disputed Demand of Tax		
ii) Income Tax Act (Company has paid under protest ₹177.78 lakhs (P.Y. 177.78 lakhs), which is shown under "Current Tax Liability (net) / Current Tax Asset (net)")	792.37	791.67
ii) TDS	-	0.31

Notes:

Guarantees are given by the Company to various banks and financial institution on behalf of the subsidiary Company for the loan taken by it and accordingly, the same has been shown as contingent liability.

30. Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Company during the year towards CSR is ₹29.13 lakhs (March 31, 2020: 13.05 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below.

SRN	Particulars	In Cash	Yet to be paid in Cash	Total
1	Construction/ acquisition of assets	-	-	-
2	Other purpose (Other than 1 above)	29.13	-	29.13

31. Leasing Arrangements:

The Company has taken various office premises under lease. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. All lease agreements are cancellable at the discretion of the lessee i.e. The company by serving a notice to the lessor and hence there are no obligation or commitments with reference to such short-term lease as at reporting date.

Amount Recognized in Statement of Profit and Loss:

(₹in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expenses related to short term lease	47.14	42.25

32. Segment Reporting:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current a
sets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

Notes Forming Part of the Standalone Financial Statements
for the year ended March 31, 2021

33. Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:

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

A) Subsidiary

Namra Finance Limited

B) Key Managerial Personnel (KMP)

Mr. Jayendra Patel
Mr. Aalok Patel
Mr. Vivek Modi (Chief Financial Officer)
Mr. Jaimish Patel (Company Secretary)

C) Non-Executive Directors and Rrelatives of Key Managerial Personnel (KMP)

Name of Party	Related party Relationship
Mr. Alok Prasad	Independent Director
Mr. K. D. Shah	Independent Director
Mr. Ramakant Nagpal	Independent Director
Mrs. Geetaben Solanki	Independent Director
Mrs. Ritaben Patel	Non-Executive Director
Mr. Aakash Patel	Non-Executive Director
Jayendra Patel -HUF	KMP is Karta
Raj Enterprise	KMP is proprietor
J. B. Patel & Co.	KMP is co-owner
Mrs. Sajni Patel	Relative of KMP
Aalok Patel - HUF	KMP 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

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

E) Details of Transactions with related parties carried out in the ordinary course of business: (₹in lakhs)

Particulars	Year ended March 31, 2021				
	Subsidiary	Key Managerial Personnel	Other Directors and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Income					
Corporate Financial Guarantee Income	229.02	-	-	-	229.02
Interest Income	197.25	-	-	-	197.25
Expenses					
Remuneration & perquisites Paid	-	59.06	-	-	59.06
Sitting fees	-	-	5.15	-	5.15
Interest expenses	-	7.13	43.65	12.59	63.38
Rent paid	-	-	0.21	-	0.21
Unsecured Loan					
Unsecured Loan Taken	-	147.25	506.05	229.50	882.80
Unsecured Loan Repaid (Including Interest)	-	154.38	549.70	242.10	946.18
Unsecured Loan Given	63,964.55	-	-	-	63,964.55
Unsecured Loan Given Received Back (Including interest)	64,285.26	-	-	-	64,285.26
Corporate Guarantee given					
Corporate Guarantee Given for loan taken by subsidiary company during the year (Amount of Loan Outstanding for the said loans of ₹7,854.18 lakhs)	11,350.00	-	-	-	11,350.00

Particulars	Year ended March 31, 2020				
	Subsidiary	Key Managerial Personnel	Other Directors and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Income					
Corporate Financial Guarantee Income	191.32	-	-	-	191.32
Interest Income	8.11	-	-	-	8.11
Expenses					
Remuneration & perquisites Paid	-	59.08	-	-	59.08
Sitting fees	-	-	5.88	-	5.88
Interest expenses	137.89	40.64	47.36	34.73	260.61
Rent paid	-	-	0.21	-	0.21
Dividend paid	-	7.51	11.38	19.18	38.07
Unsecured Loan					
Unsecured Loan Taken	82,676.51	451.25	418.74	250.50	83,797.01
Unsecured Loan Repaid (Including Interest)	83,068.68	487.83	461.37	281.75	84,299.62
Investments					
Investments in Subsidiary	990.00	-	-	-	990.00
Corporate Guarantee given					
Corporate Guarantee Given for loan taken by subsidiary company during the year (Amount of Loan Outstanding for the said loans of ₹10,727.27 lakhs)	11,000.00	-	-	-	11,000.00

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Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

F) 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:

i. Unsecured Loans Given and Repayments

Unsecured loan Given (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	63,964.55	-

Unsecured loan Given Received Back (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	64,285.26	-

ii. Unsecured Loans Taken and Repayments

Unsecured loan taken (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	-	82,676.51
2	Aakash Patel - HUF	180.80	97.49
3	Jayendra Patel	101.00	284.25
4	Jayendra Patel – HUF	106.00	104.75
5	Ritaben J Patel	194.00	156.00
6	Namra Holdings & Consultancy Services LLP	229.50	250.50

Notes Forming Part of the Standalone Financial Statements

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Unsecured loan repayments (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	-	83,068.68
2	Aakash Patel - HUF	195.36	111.20
3	Jayendra Patel	105.25	308.45
4	Jayendra Patel – HUF	115.48	114.78
5	Ritaben J. Patel	210.78	175.02
6	Namra Holdings & Consultancy Services LLP	242.10	285.23

iii. Income

Corporate Financial Guarantee Income (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	229.02	191.32

Interest Income (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	197.25	8.11

iv. Expenses

Interest expenses (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	-	137.89
2	Namra Holdings & Consultancy Services LLP	12.59	34.73
3	Aakash Patel - HUF	14.56	13.70
4	Jayendra Patel - HUF	9.48	10.03
5	Ritaben J Patel	16.78	19.02

Remuneration and perquisites (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Jayendra Patel	19.92	19.92
2	Aalok Patel	9.96	9.96
3	Vivek Modi	24.00	24.00

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

Sitting fees Paid (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Ritaben Patel	1.00	1.13
2	Alok Prasad	1.23	1.65
3	Ramakant Nagpal	1.08	1.28
4	K. D. Shah	1.15	1.58
5	Geetaben Solanki	0.58	-

Rent paid (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	J. B. Patel & Co.	0.21	0.21

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Dividend paid (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Aakash Patel	-	3.90
2	Aalok Patel	-	3.47
3	Jayendra Patel - HUF	-	2.74
4	Jayendra Patel	-	4.04
5	Ritaben Patel	-	4.15
6	Namra Holdings & Consultancy Services LLP	-	19.18

v. Investments in subsidiary Company during the year (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance Limited	-	990.00

G) Outstanding balances with related parties in ordinary course of business

i. Outstanding Credit Balance of Salary Payables as Follows (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Aalok J Patel	1.69	-
2	Jayendra Patel	3.36	-
3	Vivek Modi	2.00	-
4	Jaimish Patel	0.43	-

ii. Outstanding Debit Balance of Related Parties are as follows: (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Jaimish Patel	0.21	0.05
2	Namra Finance Limited	128.02	251.48

iii. Investments in subsidiary Company (₹in lakhs)

SRN	Name of relative	March 31, 2021	March 31, 2020
1	Namra Finance limited	6,171.85	6,236.69

Including investments on account of:

(a) Corporate financial guarantee given to bank on behalf of subsidiary

(b) Issuance of equity shares to the employees of subsidiary at discount

H) Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows: (₹in lakhs)

	As at March 31, 2021	As at March 31, 2020
Post-employment benefits	0.83	0.96
Share Based Payment	8.06	7.68
Total	**8.89**	**8.64**

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

34. There have been no events after the reporting date that require disclosure in these financial statements.

35. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount payable to suppliers as at year end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates.	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Note: Due to Micro and Small Enterprise have been determined to the extent such parties have been identified on the basis of the information collected by the management.

36. The Amount expected to be Recovered or Setteled within or after 12 months from reporting date:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. (₹ in lakhs)

Particulars	Note	As at March 31, 2021			As at March 31, 2020		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS							
Financial Assets							
Cash and cash equivalents	1	4,906.56	-	4,906.56	21.01	-	21.01
Bank Balance other than above	2	1,478.21	300.25	1,778.46	524.43	50.00	574.43
Loans	3	10,951.24	4,223.36	15,174.60	13,485.27	8,839.24	22,324.50
Investments	4	-	6,171.85	6,171.85	-	6,236.68	6,236.68
Other Financial assets	5	133.80	8.37	142.17	190.81	31.59	222.40
Non-financial Assets							
Current tax assets (Net)	6	-	-	-	130.63	-	130.63
Deferred tax Assets (Net)	7	438.49	-	438.49	106.49	-	106.49
Property, Plant and Equipment	8	-	75.87	75.87	-	82.31	82.31
Other Intangible assets	8	-	0.40	0.40	-	0.81	0.81
Other non-financial assets	9	10.81	-	10.81	20.44	-	20.44
Total Assets		**17,919.11**	**10,780.10**	**28,699.21**	**14,479.06**	**15,240.63**	**29,719.69**

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Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Particulars	Note	As at March 31, 2021			As at March 31, 2020		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
Debt Securities	10	2,737.88	3,746.15	6,484.03	-	6,453.90	6,453.90
Borrowings (Other than Debt Securities)	11	7,073.74	1,277.97	8,351.71	6,407.83	3,711.14	10,118.96
Subordinated Liabilities	12	-	500.00	500.00	-	500.00	500.00
Other financial liabilities	13	452.61	25.50	478.11	498.07	0.01	498.08
Non-Financial Liabilities							
Provisions	14	8.88	30.32	39.20	10.13	25.08	35.21
Current Tax Liabilities (Net)	6	38.80	-	38.80	-	-	-
Other non-financial liabilities	15	24.05	-	24.05	39.86	-	39.86
EQUITY							
Equity Share capital	16	-	848.84	848.84	-	845.09	845.09
Other Equity	17	-	11,934.47	11,934.47	-	11,228.59	11,228.59
Total Liabilities and Equity		**10,335.97**	**18,363.24**	**28,699.21**	**6,955.89**	**22,763.80**	**29,719.69**

37. Fair Value Measurements:

A. Financial instrument by category and their fair value (₹ in lakhs)

As at March 31, 2021	Note	Carrying Amount			Fair Value			
		Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value								
Loans	3	128.02	15,291.25	-	-	15,291.25	-	15,291.25
Financial Assets Not Measured at Fair value								
Cash and Cash Equivalents	1	4,906.56	-	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	1,778.46	-	-	-	-	-	-
Investment In Subsidiary	4	6,171.85	-	281.39	-	-	-	-
Security Deposits	5	34.80	-	-	-	-	-	-
Other Advance	5	2.37	-	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	244.66	-	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	12.19	-	-	-	-	-	-
Total		**13,278.91**	**15,291.25**	**281.39**	**-**	**15,291.25**	**-**	**15,291.25**
Financial Liabilities Not Measured at Fair value								

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Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

As at March 31, 2021	Note	Carrying Amount			Fair Value			
		Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Debt Securities	10	6,484.03	-	-	-	-	6,484.03	6,484.03
Borrowings (Other than Debt Securities)	11	8,351.71	-	-	-	-	8,351.71	8,351.71
Subordinated Liabilities	12	500.00	-	-	-	-	500.00	500.00
Other financial liabilities	13	478.11	-	-	-	-	478.11	478.11
Total Financial Liabilties		**15,813.85**	-	-	-	-	**15,813.85**	**15,813.85**

As at March 31, 2020	Note	Carrying Amount						Fair Value
		Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value								
Loans	3	251.48	22,073.03	-	-	22,073.03	-	22,073.03
Financial Assets Not Measured at Fair value								
Cash and Cash Equivalents	1	21.01	-	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	574.43	-	-	-	-	-	-
Investment In Subsidiary	4	6,236.68	-	347.20	-	-	-	-
Security Deposits	5	109.85	-	-	-	-	-	-
Other Advance	5	60.39	-	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	53.79	-	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	8.63	-	-	-	-	-	-
Total		**7,316.26**	**22,073.03**	**347.20**	-	**22,073.03**	-	**22,073.03**
Financial Liabilities Not Measured at Fair value								
Debt Securities	10	6,453.90	-	-	-	-	6,453.90	6,453.90
Borrowings (Other than Debt Securities)	11	10,118.96	-	-	-	-	10,118.96	10,118.96
Subordinated Liabilities	12	500.00	-	-	-	-	500.00	500.00
Other financial liabilities	13	498.08	-	-	-	-	498.08	498.08
Total Financial Liabilties		**17,570.94**	-	-	-	-	**17,570.94**	**17,570.94**

The Company has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, other Advances, interest Due but not received on loans and advances and Interest Accrued but not due on Bank Deposits and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

B Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

II. Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

III. Transfers between levels I and II

There has been no transfer in between level I and level II.

IV. Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

C Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

C.2 Regulatory capital (₹ in lakhs)

	As At 31st March, 2021	As At 31st March, 2020
Tier 1 Capital	7,766.67	7,350.84
Tier 2 Capital	588.29	687.99
Risk Weighted Assets	**17,120.75**	**23,168.27**
Tier 1 Capital Ratio (%)	45.36%	31.73%
Total Capital Ratio (%)	**48.80%**	**34.70%**

Tier 1 capital consists of shareholder's equity and retained earnings. Tier 2 capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

Notes Forming Part of the Standalone Financial Statements
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38. Financial Risk Management Objectives And Policies:

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

I Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.
The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ in lakhs)

Particulars	Carrying amount	
	As at March 31, 2021	As at March 31, 2020
Retail assets (Refer Note 3)	15,046.58	22,073.03
Loans to NBFC-to Create the underlying assets (Refer Note 3)	128.02	251.48
Total	**15,174.60**	**22,324.50**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

a TW Loans
b SME Loans
c Retail Asset Channel Loans

Staging:

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under

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stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.
The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments
For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 months provision
1-30 days	Stage 1	12 months provision
31-60 days	Stage 2	Lifetime Provision
61-90 days	Stage 2	Lifetime Provision
90+ days	Stage 3	Lifetime Provision

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities , cash and cash equivalents and other financial instruments.
Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets. The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EXPECTED CREDIT LOSS FOR LOANS:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. 'TheExpected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

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for the year ended March 31, 2021

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios."

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
    a) Outstanding balance (POS).
    b) Recovery amount (discounted yearly) by initial contractual rate.
    c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
    d) Collateral (security) amount.

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counter party in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss."

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening provision of ECL	600.84	258.03
Addition during the year	2,013.79	484.20
Utilization / reversal during the year	(771.75)	(141.39)
Closing provision of ECL	1,842.88	600.84

II Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Capital adequacy ratio of the Company, as on March 31, 2021 is 48.80% against regulatory norms of 15%. Tier I capital is 45.36% as against requirement of 10%. Tier II capital is 3.44% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is Rs. 4,500 lakhs spread across 6 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarizes the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

(₹ in lakhs)

Particulars	1 Day to 30/31 Days (One Month)	Over One Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 3 Years	Over 3 Year up to 5 Years	Over 5 Years	Total
As at March 31, 2021									
Debt Securities (Refer Note 10)	-	-	-	-	2,737.88	3,746.15	-	-	6,484.03
Borrowings & Subordinated Liabilities (Refer Note11 & 12)	4,248.78	351.61	270.75	929.24	1,273.36	1,277.97	500.00	-	8,851.71
Trade Payables	-	-	-	-	-	-	-	-	-
As at March 31, 2020									
Debt Securities (Refer Note 10)	-	-	-	-	-	2,722.10	3,731.80	-	6,453.90
Borrowings & Subordinated Liabilities (Refer Note11 & 12)	319.42	420.09	526.42	3,212.57	1,929.32	3,711.13	500.00	-	10,618.96
Trade Payables	-	-	-	-	-	-	-	-	-

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ in lakhs)

Change in interest rates	For the year ended on March 31, 2021	
	50 bp increase	50 bp decrease
Bank Deposits	1,760.59	1,760.59
Impact on profit for the year	8.80	(8.80)
Variable Rate Borrowings	8,351.71	8,351.71
Impact on profit for the year	(41.76)	41.76

V Foreign currency risk:

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

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39. 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, 2021, Company has granted 3,500 new stock options under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Employee stock option schemes:

ESOP 2016: 1,25,000 equity shares of ₹10/- each at a premium of ₹40/- each were allotted to Arman Employees on September 22, 2016. Details of grant and exercise of such options are as follows:

Scheme	ESOP-2016							
Tranches	ESOP-2016 -1		ESOP-2016 -2		ESOP-2016 -3		ESOP-2016 -4	
No. of options granted	97,500		9,000		2,500		3,500	
Date of grant	26.05.2017		25.05.2018		13.10.2018		12.02.2021	
No of Employees	55		3		1		6	
Financial Year (F.Y.)	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2020-21
No. of employees who have exercised the option	49	48	45	2	2	1	1	-
No. of options exercised	27,645	26,595	34,340	2,400	2,400	750	750	-

Particulars	ESOP 2016
Date of Grant	26th May 2017, 25th May 2018, 13th October 2018, 12th February 2021
Date of board meeting, where ESOP were approved	11th August 2016
Date of committee meeting where grant of options were approved	26th May 2017, 25th May 2018, 13th October 2018, 12th February 2021
Date of Shareholder's approval	22th September 2016
No. of options granted	1,12,500 out of 1,25,000
Method of Settlement	Through allotment of one equity share for each option granted
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options.
Vesting period	Option will be vested at the End of Year from the Grant Date: - 1 – 30% End of Year 2 – 30% End of Year 3 – 40% End of Year Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force.
Exercise period	It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options

Details of Vesting and Exercise of Options (ESOP 2016):

Vesting Date	Vested Options	No of Option Exercised
26th May 2018	29,250	27,645
25th May 2019	2,700	2,400
26th May 2019	28,485	26,595
13th October 2019	750	750
25th May 2020	34,660	34,340
26th May 2020	2400	2400
13th October 2020	750	750

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The following table sets forth a summary of ESOP 2016:

Particulars	2020-21	2019-20
Options Outstanding at the beginning of the year	42,410	77,965
Vested but not exercised at the beginning of the year	-	-
Granted during the year	3,500	-
Forfeited during the year	400	3,920
Exercised during the year	37,490	29,745
Expired during the year	320	1,890
Outstanding at the end of the year	7,700	42,410
Exercisable at the end of the year	7,700	42,410
Weighted average exercise price per option	₹50/-	₹50/-

The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Vesting Date	25-May-21	13-Oct-21	12-Feb-22	12-Feb-23	12-Feb-24
Date of Grant	25-May-18	13-Oct-18		12-Feb-21	
Stock Price as on Grant Date (₹)	380	449	729.90	729.90	729.90
Exercise price (₹)	50	50	50	50	50
Expected volatility (%)	50.97%	50.97%	50.97%	50.97%	50.97%
Expected option life (weighted average) (Years)	3.13	3.30	1.12	2.13	3.12
Expected dividends yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free interest rate (%)	8.00%	7.90%	3.98%	4.52%	5.00%
Fair Value of Option (₹)	341.26	410.61	682.08	684.46	687.09

The Company has recognized share-based payment expense of ₹5.67 Lakhs (March 31, 2020: ₹17.56 Lakhs) during the year as proportionate cost.

Scheme	ESOP-2016			
Tranches	ESOP-2016 -1	ESOP-2016 -2	ESOP-2016 -3	ESOP-2016 -4
Date of grant	26.05.2017	25.05.2018	13.10.2018	12.02.2021
Date of Board approval	11.08.2016	11.08.2016	11.08.2016	11.08.2016
Date of Shareholder's approval	22.09.2016	22.09.2016	22.09.2016	22.09.2016
Number of options granted	97,500	9,000	2,500	3,500
Exercise price	₹50/-	₹50/-	₹50/-	₹50/-
Method of Settlement	Through allotment of one equity share for each option granted.			
Vesting period	30% of the options at the end of one year from the date of grant; 30% of the options at the end of the two years from the date of grant; 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			
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.			
Name of the plan	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")			

Notes Forming Part of the Standalone Financial Statements
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40. The Board of Directors has not recommended any dividend for the financial year 2020-21.

41. Disclosures required as per Circular DOR (NBFC) CC.PD. No. 109/22.10.106/2019-20- Implementation of Indian Accounting Standard:

(₹in lakhs)

Asset Classification as per RBI Norms	Assets Classification AS per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowance (Provisions) as required under Ind AS 109	Net Carrying Amounts	Provisions required as per IRACP Norms	Difference between IND AS 109 Provision and IRAC Norms
A. Performing Assets						
Standard	Stage 1	14,858.85	494.82	14,364.03	58.88	435.94
	Stage 2	885.21	365.76	519.44	3.73	362.03
Subtotal		**15,744.06**	**860.58**	**14,883.47**	**62.61**	**797.97**
B. Non-Performing Assets						
Sub standards	Stage 3	1,138.79	975.95	162.84	112.46	863.49
Doubtful upto 1 year	Stage 3	6.62	6.35	0.27	4.73	1.62
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,145.41**	**982.30**	**163.11**	**117.19**	**865.11**
Total	Stage 1	14,858.85	494.82	14,364.03	58.88	435.94
	Stage 2	885.21	365.76	519.44	3.73	362.03
	Stage 3	1,145.41	982.30	163.11	117.19	865.11
		16,889.47	**1,842.88**	**15,046.59**	**179.80**	**1,663.08**

42. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 (updated as on 22nd February 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below (Regulatory (Non-IND AS) Information):

A. Capital to risk assets ratio (CRAR) (₹in lakhs)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
(i)	CRAR (%)	48.80%	34.70 %
(ii)	CRAR Tier I Capital (%)	45.36%	31.73 %
(iii)	CRAR Tier II Capital (%)	3.44%	2.97 %
(iv)	Amount of subordinated debt raised as Tier-II Capital	500.00	500.00
(v)	Amount raised by issue of perpetual debt instruments	-	-

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B. Investments (₹in lakhs)

Particulars			March 31, 2021	March 31, 2020
(1)	Value of investments		6,171.85	6,236.69
	(i) Gross value of investments			
	(A)	In India	6,171.85	6,236.69
	(B)	Outside India	-	-
	(ii) Provision for deprecation			
	(A)	In India	-	-
	(B)	Outside India	-	-
	(iii) Net value of investments			
	(A)	In India	6,171.85	6,236.69
	(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 not entered into any derivative transactions and hence the disclosure required has not been made.

D. Disclosure relating to securitization: (₹in lakhs)

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
1)	No of SPVs sponsored by the Company for securitization transactions	-	1
2)	Total amount of securitized assets as per books of the SPVs sponsored by the Company	-	208.78
3)	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	155.17
	• Others	-	-
4)	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-

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Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-

E. Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction

The Company has not sold financial assets to securitization/reconstruction Company for asset reconstruction during the year.

F. Details of assignment transactions undertaken by NBFC: (₹ in lakhs)

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
i)	No. of Accounts (actual)	-	4,452
ii)	Book value of loans assets assigned during the year	-	1,509.79
iii)	Sale consideration received during the year	-	1,509.79
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Interest spread recognised in the statement of profit and loss during the year (including amortisation of unamortised interest spread)	-	173.67

G. Details of non-performing assets purchase / sold

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

H. Assets Liability Management

Maturity pattern of certain Assets and Liability as on March 31, 2021 **(₹ 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	-	-	4.17	4.17	18.10	8.37	-	-	34.80
Advances	1,281.79	1,087.01	1,052.67	2,924.76	4,605.02	4,223.36	-	-	15,174.61
Investments	-	-	-	-	-	-	359.66	5,812.19	6,171.85
Cash & bank balance	4,924.44	-	-	1,000.00	460.34	260.25	40.00	-	6,685.02
Borrowings	4,248.78	351.61	270.75	929.24	4,011.24	5,024.12	500.00	-	15,335.74
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

I. Exposure to Capital Market

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

Notes Forming Part of the Standalone Financial Statements

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J. Exposure to Real Estate Sector

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

K. Details of financing of parent Company products:

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

L. Details of Single Borrower Limit ("SGL") / Group Borrower Limit ("GBL") exceeded by the NBFC

i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC: -

ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC: -

M. Unsecured Advances:

a) Refer Note 3 to the financial statements.

b) The Company has not granted any advances against intangible securities.

N. 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

O. Disclosure of penalties imposed by RBI and other regulators.

No penalties imposed by RBI and other regulator during current year and previous year.

P. Rating assigned by credit rating agencies and migration of ratings during the year

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	12-10-2020	CARE BBB+; Stable (Triple B Plus Outlook: stable)	11-10-2021	67.54 Crore
Fund Based Short Term Facility	CARE	12-10-2020	Care A2 (A Two)	11-10-2021	5.00 Crore
Non-Convertible Debenture	CARE	12-10-2020	CARE BBB+; Stable (Triple B Plus Outlook: stable)	11-10-2021	27.50 Crore
Non-Convertible Debenture	CARE	25-02-2020	CARE BBB+; Stable (Triple B Plus Outlook: stable)	24-02-2020	37.80 Crore

Q. Remuneration of Directors
Refer Note 33 of Financial Statements.

R. Management
The annual report has a detailed chapter on Management Discussion and Analysis.

S. Net Profit of Loss for the period, prior period items and change in accounting policies
There are no such material items which require disclosures in the notes to account in terms of the relevant Ind AS.

T. Revenue Recognition
Para 3.1 to the accounting policy.

U. Ind AS 110 - consolidated financial statements (CFS)
All the subsidiaries of the Company have been consolidated as per Ind AS 110. Refer consolidated financial statements (CFS).

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

V. Provisions and Contingencies

The information on all provisions and contingencies is as under: (₹in lakhs)

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss.	As at March 31, 2021	As at March 31, 2020
Provision towards impaired assets (Stage3)	795.28	68.42
Provision made towards income tax	532.06	516.88
Provision towards impaired assets (Stage1 and 2)	446.76	284.64
Provision towards Interest Receivable on credit impaired assets	141.59	(8.66)
Provision for employee benefits	12.01	9.26

W. Drawn down from Reserves:

There is no draw down from reserves during the year.

X. Concentration of deposits (for deposit taking NBFCs):

Not applicable, as company has not taken any Deposits from public During the Year.

Y. Concentration of advances:

The Company is in Retail Advance Segment hence there is no such substantial Concentration of advances.

Z. Concentration of exposure:

The Company is in Retail Advance Segment hence there is no such substantial Concentration of advances.

AA. Concentration of Stage 3 assets:

The Company is in Retail Advance Segment hence there is no such substantial Concentration of stage 3 assets.

BB. Sector-wise Stage 3 assets (Gross):

Sector	% Of Stage 3 assets to Total Advances in that sector as at March 31, 2021	% Of Stage 3 assets to Total Advances in that sector as at March 31, 2020
MSME	6.14%	0.54%
Auto Loans	8.34%	2.99%

CC. Movement of Stage 3 Assets: (₹in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net stage 3 assets to net advances (%)	1.00%	0.77%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	357.13	410.01
(b) Additions during the year	1,465.47	572.05
(c) Reductions during the year	(677.41)	(624.92)
(d) Closing balance	1,131.11	357.13
(iii) Movement of net stage 3 assets		
(a) Opening balance	170.10	272.48
(b) Additions during the year	21.90	491.29
(c) Reductions during the year	(43.20)	(593.67)
(d) Closing balance	148.80	170.10
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	187.03	137.52
(b) Additions during the year	1,429.49	80.76
(c) Reductions during the year	(634.21)	(31.26)
(d) Closing balance	982.31	187.03

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

DD. Disclosure of Overseas assets (for those with joint ventures and subsidiaries abroad) and Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

Nil

EE. Disclosure Of Customer Complaints

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
a)	No. of complaints pending at the beginning of the year	-	-
b)	No. of complaints received during the year	-	-
c)	No. of complaints redressed during the year	-	-
d)	No. of complaints pending at the end of the year	-	-

43. Information as required in terms of Paragraph 13 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

Liabilities Side:

A. Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid: (₹in lakhs)

Sr No.	Particulars	Year ended March 31, 2021	
		Amount outstanding	Amount Overdue
a)	Debentures:		
	Secured	-	-
	Unsecured (Other Than falling within the meaning of public deposits*)	6,520.87	-
b)	Deferred Credits	-	-
c)	Term Loans	4,385.11	-
d)	Inter-Corporate Loans and borrowings	-	-
e)	Commercial Paper	-	-
f)	Other loans:		
	- From Banks	4,481.87	-
	- From a Company	-	-
	- Security Deposits	-	-
	- Advances Received against loan agreements	-	-

*Please see note 1 below

B. Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid): (₹in lakhs)

Sr No.	Particulars	Year ended March 31, 2021	
		Amount outstanding	Amount Overdue
a)	In the form of unsecured debentures	-	-
b)	In the party secured Debentures i.e., debenture where there is shortfall in the value of security	-	-
c)	Other public deposits	-	-

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

Asset Side:

C. Break-up of loans and advances including bills receivables (other than those included in (D) below)

(₹in lakhs)

Sr. No.	Particulars	Amount Outstanding
a)	Secured	4,028.90
b)	Unsecured	10,946.60

D. Break up of leased assets and stock on hire and other assets counting towards AFC activities (₹in lakhs)

Sr. No.	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors:	
	a) Financial Lease	-
	b) Operating Lease	-
(ii)	Stock on hire including hire charges under sundry debtors:	
	a) Assets on hire	-
	b) Repossessed assets	-
iii)	Other loans counting towards AFC activities	
	a) Loans where assets have been repossessed	-
	b) Loans other than a) above	-

E. Break-up of Investments

Refer Not 42.B Above

F. Borrower group-wise classification of assets financed as in (C) and (D) above: (₹in lakhs)

Sr. No.	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties**			
	a) Subsidiaries	-	128.02	128.02
	b) Companies with the same group	-	-	-
	c) Other related parties	-	-	-
2	Other than related parties	4,028.90	10,818.58	14,847.48
	Total	**4,028.90**	**10,946.60**	**14,975.50**

** As per Ind AS issued by MCA (refer note 3 below)

G. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (₹in lakhs)

Sr No.	Category	Market Value/ Breakup or Fair value of NAV	Book Value (Net of Provision)
1	Related parties**		
	a) Subsidiaries (Refer Note Below)	12,064.50	6,171.85
	b) Companies in the same group	-	-
	c) other related parties	-	-
2	Other than related parties	-	-
	Total	**12,064.50**	**6,171.85**

**As per Ind AS issued by MCA (Refer Note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on March 31, 2021.

Notes Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

H. Other Information:

Sr No	Particulars	₹in Lakhs
(i)	Gross non-performing Assets	
	a) Related parties	-
	b) Other than related parties	1,131.11
(ii)	Net non-performing assets	
	a) Related parties	-
	b) Other than related parties	148.81
(iii)	Assets acquired in satisfaction of debt	-

Notes:

1) As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
2) Provisioning norms are applicable as prescribed in Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3) All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

44. 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.

45. With the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. In order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the RBI through its circulars dated March 27, 2020 and April 17, 2020, permitted lenders including NBFCs to grant moratorium, on the payment of all instalments and/ or interest, falling due between March 01, 2020 and May 31, 2020 to their borrowers. This period was extended by RBI till August 31, 2020 through its circular dated May 23, 2020. The Company accordingly extended the moratorium option to its borrowers in accordance with its Board approved policies. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in economic activities, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The slowdown during the year has led to a decrease in loan originations and in collection efforts' efficiency. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the company's operations and financial results will depend on ongoing as well as future developments, which are highly uncertain. The relaxations announced in the lockdowns / restrictions by state governments, that imposed during the "second wave", since last week of May 2021 has helped the company's employees to contact the borrowers and resume business activities.

46. 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 "46"

As per our report of even date attached

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

Sneha Jethani
Partner
[M.No.160932]
UDIN: 21160932AAAAAZ8425

Place: Ahmedabad
Date: 24.06.2021

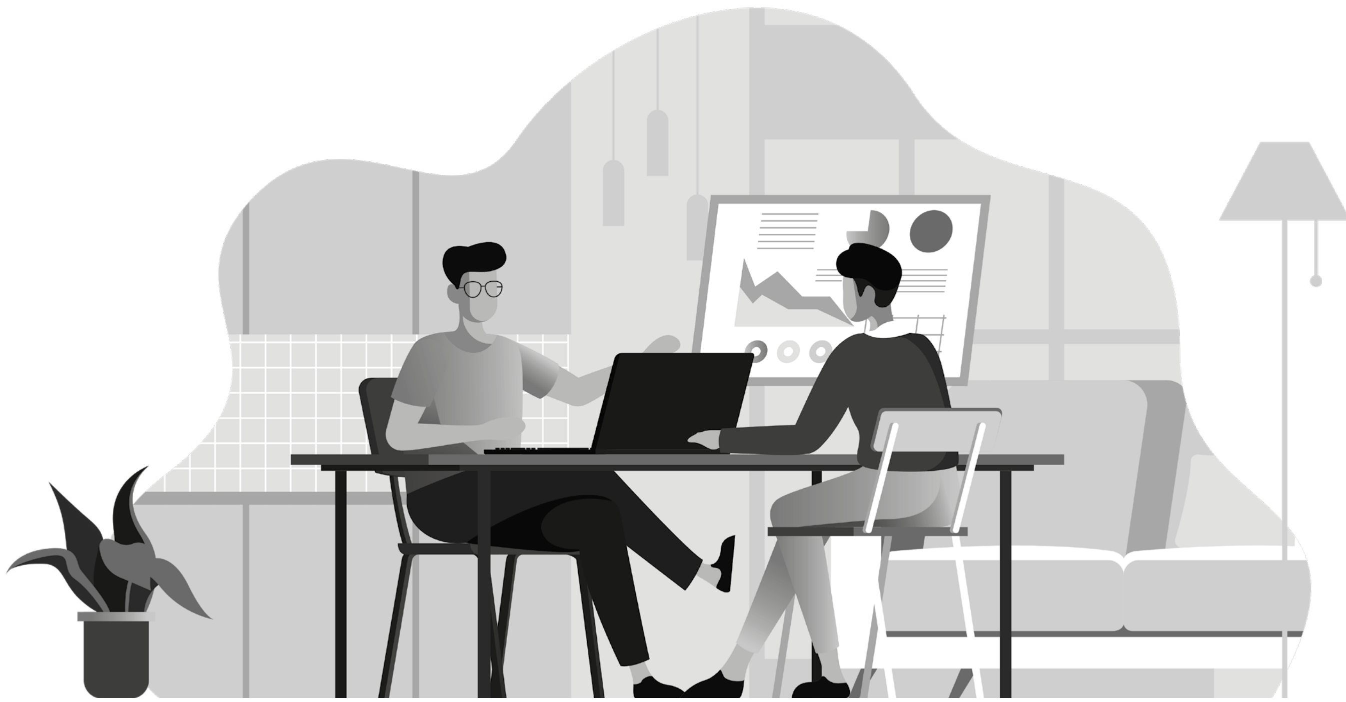
For, **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman Managing Director
(DIN - 00011814)

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)



Namra
Finance Limited

Directors' Report

Dear Members

Your directors have pleasure in presenting the 9th Director's Report of your Company together with the Audited Financial Statement for the year ended on March 31, 2021.

You are our valued partners in the Company and we are happy to share our vision of growth with you.

Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavors.

The summary of operating results for the year is given below:

1. FINANCIAL PERFORMANCE

(₹ in Lakhs)

Particulars	2020-21	2019-20
Total Revenue	13,397.57	14,841.83
Finance Charges	5,944.20	6,702.63
Depreciation	70.85	68.69
Net Profit Before Tax	465.89	3,286.31
Current Tax	564.00	907.30
Deferred Tax (Asset)/Liability	(589.00)	(136.97)
Sort/(Excess) provision of income tax of earlier year	-	(3.56)
Net Profit After Tax	490.89	2,519.54
Basic Earnings Per Share (In ₹)	1.81	9.78

2. OPERATIONS

Namra Finance Limited is a wholly owned subsidiary of Arman Financial Services Limited, and is a Non-Banking Finance Company - Microfinance Institution (NBFC-MFI). It is engaged in the business of Joint-Liability Group (JLG) based Microfinance. The financial statements of Namra and the Parent Company, Arman, as well as the consolidated financials are included within the Annual Report.

Performance Highlights

- AUM was ₹643.09 Crores in FY 2020-21 as compared to ₹624.22 Crores in FY 2019-20, decrease by 28%.
- Disbursement was ₹417.56 Crores in FY 2020-21 as compared to ₹653.12 Crores in FY 2019-20, decrease by 11%.
- Total income was ₹133.97 Crores in FY 2020-21 as compared to ₹148.42 Crores in FY 2019-20, decrease by 9.73%.
- Impairment on financial instruments was ₹36.67 Crore, which included a contingency provision of ₹ 4.73 Crore for COVID-19, and an accelerated write-off of ₹12.39 Crores.
- Profit before taxes was ₹4.66 Crores in FY 2020-21 as compared to ₹32.86 Crores in FY 2019-20, decrease by 85.82%.
- Profit for the year attributable to owners of the Company was ₹4.91 Crores in FY 2020-21 as compared to ₹25.20 Crores in FY 2019-20, decrease by 80.52%.
- Basic Earnings Per Share was ₹1.81 in FY 2020-21 as compared to ₹9.78 in FY 2019-20, decrease by 81.54%.

3. IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic has severely impacted social and economic activities across the World. WHO has declared COVID-19 as a global Pandemic. The Government of India, as a preventive measure to contain the spread of COVID-19 and to flatten the curve, declared a nationwide lockdown from March 24, 2020 and took various measures to control the spread of infection. The continual disruptions caused by the COVID-19 pandemic and frequent lockdowns led to a difficult situation. The Company responded proactively to these challenges posed by lockdown. We remain committed to the health and safety of our employees and their families, as well as, business continuity to safeguard the interests of our customers, lenders, and other stakeholders. The impact of the pandemic on our business performance is outlined in the Financials and under the Management and Discussion Analysis Report.

4. ACCOUNTING METHOD

The Financial Statements of the Company has been prepared in accordance with Indian Accounting Standards as notified under Sections 129 and 133 of the Act read with the Companies (Accounts) Rules, 2014, as amended and other relevant provisions of the Act. In accordance with the provisions of the Act, applicable Accounting Standards, the SEBI Listing Regulations, the Audited Financial Statements of the Company for the financial year ended March 31, 2021, together with the Auditors' Report forms part of this Annual Report.

5. DIVIDEND

In order to conserve capital to deal with the uncertain economic environment arising due to the outbreak of the COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

6. AMOUNTS TRANSFERRED TO RESERVES

The Board of the Company has transferred the amounts to reserves as under:

- Transfer to special reserve as required by section 45-IC of the Reserve Bank of India Act, 1934: ₹98 Lakhs.
- Transfer to general reserve: ₹1 Lakh.

7. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the director's report.

8. CREDIT RATING

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company. CARE reaffirmed its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of the Company was also reaffirmed 'MFI 2+' (MFI two plus) by CARE during the year 2020-21.

9. UNCLAIMED DIVIDEND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no unpaid dividend accounts appeared in balance sheet as at March 31, 2021.

10. LOANS, GUARANTEES AND INVESTMENTS

Except short term loans given to its holding Company, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

11. PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any Deposit within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement of furnishing details of deposits which are not in compliance with Chapter V of the Companies Act, 2013 is not applicable.

12. DIRECTORS AND KMP

The Board of Directors consists of 4 members, of which 1 is Independent Director. The Board also comprises of a woman Director. In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Aalok Patel [DIN- 02482747] will retire by rotation at the ensuing AGM and being eligible, offer himself for reappointment.

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

1) Mr. Jayendrabhai B. Patel –Chairman & Managing Director and C.E.O.
2) Mr. Aalok J. Patel – Joint Managing Director
3) Mr. Vivek A. Modi – Chief Financial Officer
4) Mr. Jaimish G. Patel – Company Secretary & Compliance Officer

13. MEETING OF THE BOARD / AUDIT COMMITTEE

The Board during the financial year 2020-21 met 5 (Five) times and Audit Committee met 4 (Four) times. All the recommendations made by the Audit Committee during the year were accepted by the Board. According to Section 177 of the Companies Act, 2013 the Company's Audit Committee comprised of three directors. The table sets out the composition of the Committee:

SRN	Name of the Director	Designation	Category of Director
1	Mr. Ramakant Nagpal	Chairman	Independent Director
2	Mrs. Ritaben Patel	Member	Non-Executive Director
3	Mr. Aalok Patel	Member	Joint Managing Director

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

As per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/ pending with the Company during the financial year.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms that-

a) In the preparation of the annual accounts for the year ended on March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for the year ended on that date;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis;

e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. DECLARATION BY INDEPENDENT DIRECTORS

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

17. AUDITORS AND AUDIT REPORTS

a) Statutory Auditors

M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad (FRN No-109616W) were appointed as a Statutory Auditors of the Company with the approval of members at the 8th Annual General Meeting to hold office till the conclusion of the 10th Annual General Meeting. The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Pinakin Shah & Co., a firm of Company Secretaries in practice, to conduct the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report is annexed herewith as **"Annexure-1".** The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A of SEBI LODR Regulations, a Secretarial Compliance Report for the year ended March 31, 2021 is annexed as **"Annexure-1B"**

18. RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

19. RISK MANAGEMENT

The Company has a risk management framework and Board members are periodically informed about the proceedings of the Risk Management Committee to ensure management controls risk by means of a properly designed framework. The Board is kept apprised of the proceedings of the meetings of the Risk Management Committee. The Company, as it advances towards its business objectives and goals, is often subjected to various risks.

Risk Management is at the core of our business and ensuring we have the right risk-return trade-off in line with our risk appetite is the essence of our Risk Management while looking to optimize the returns that go with that risk.

20. INTERNAL CONTROL SYSTEM

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter information technology controls. Internal audits of the Company are regularly carried out to review the internal control systems. The Audit Reports of Internal Auditor along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

21. INTERNAL FINANCIAL CONTROLS

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

22. INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations. The audit plan is approved by the Audit Committee, which regularly reviews compliance to the plan.

23. CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the website of the Company at https://namrafinance.com/corporategovernance.aspx → Corporate Social Responsibility Policy.

Further, the details including Composition of the CSR Committee, the CSR Policy and the CSR Report are given at **"Annexure-2"**

24. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act, the Annual Return in form MGT-7 for the Company for the financial year 2020-21 is available on the website of the Company at https://namrafinance.com/QuaterlyAnnualReports.aspx →Annual Return 2020-21

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

A. Conservation of energy and Technology absorption:

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

B. Foreign exchange earnings and outgo:

The details of foreign exchange earnings and outgo during the year under review given below:

Expenditure in foreign currency: ₹262.02 Lakhs

Earnings in foreign currency: Nil

26. SHARES & SHARE CAPITAL

- **Authorized Share Capital:**

  The authorised share capital of the Company is ₹30,00,00,000/- divided into 3,00,00,000 ordinary equity shares of ₹10/- each.

- **Buy Back of Securities:**

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

- **Sweat Equity:**

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

- **Bonus Shares:**

  No Bonus Shares were issued during the year under review.

- **Equity Share**

  The Company has not issued any shares during the year under review. However, the Company has allotted 28,25,000 equity shares of ₹10/- each at a premium of ₹34.40 on right basis on July 13, 2021. Subsequent to said allotment, the paid-up share capital of the Company has increased to ₹30,00,00,000/-.

27. DETAILS OF FRAUDS REPORTED BY THE AUDITORS

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor have reported to the Audit Committee under Section 143(12) of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees.

28. ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS

There is no significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

29. GRATITUDE & ACKNOWLEDGEMENT

The Board expresses its sincere thanks to all the employees, customers, suppliers, investors, lenders, and regulatory / government authorities for their co-operation and support and look forward to their continued support in future.

For, and on behalf of the Board
Jayendra Patel
Chairman & Managing Director
DIN: 00011814

Date: August 12, 2021
Place: Ahmedabad

ANNEXURE-1

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Namra Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2021 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable to the Company;**
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- **Not Applicable to the Company;**
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- **Not Applicable to the Company;**
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- **Not Applicable to the Company;**
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company;**
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **Not Applicable to the Company;**
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not Applicable to the Company;**
   i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – **Not applicable to the Company;** and
   j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:

i. The Reserve Bank of India Act, 1934,

ii. Prevention of Money Laundering Act, 2002,

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

i. Provident Fund Act, 1952;

ii. Employees State Insurance Act, 1948;

iii. Profession Tax Act, 1975;

iv. The Payment of Gratuity Act, 1972

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

a) Secretarial Standards issued by the Institute of Company Secretaries of India;

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory auditor and other designated professionals.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that:

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the MD/CEO and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

We further report that:

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc. referred above.

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562C000731642

Date: August 03, 2021
Place: Ahmedabad

Note: This report is to be read with our letter of even date which is annexed as **Annexure-1A** and forms an integral part of this report.

ANNEXURE-1A

To,
The Members,
Namra Finance Limited

Our report of even date is to be read along with this letter.

Management Responsibility:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditors Responsibility:

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562C000733589

Date: August 03, 2021
Place: Ahmedabad

ANNEXURE-1B

SECRETARIAL COMPLIANCE REPORT OF NAMRA FINANCE LIMITED

FOR THE YEAR ENDED ON MARCH 31, 2021

We, Pinakin Shah & Co., Practicing Company Secretary have examined:

a) all the documents and records made available to us and explanation provided by Namra Finance Limited ("the material subsidiary of Arman Financial Services Limited"),

b) the filings / submissions made by the material subsidiary to the stock exchanges,

c) website of the material subsidiary,

d) any other document / filing, as may be relevant, which has been relied upon to make this certification for the year ended on March 31, 2021 ("Review Period") in respect of compliance with the provisions of:

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars / guidelines issued thereunder, have been examined, include:

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder.

and based on the above examination, we hereby report that, during the Review Period:

a) The material subsidiary has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
------Nil------			

b) The material subsidiary has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder insofar as it appears from my/our examination of those records,

c) The following are the details of actions taken against the material subsidiary / its promoters / directors either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
------Nil------			

d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended March 31, 2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
------Nil------				

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562C000472570

Date: June 16, 2021
Place: Ahmedabad

ANNEXURE-2

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013

1. **Brief outline of Companies CSR Policy:**

   Namra Finance Limited believes in making a difference to the lives of thousands of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure. Your Company's CSR activities are implemented in aligned with requirements of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2. **Composition of CSR Committee:**

   The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives. The members of the CSR Committee are:

   a. Mr. Jayendra Patel, Chairperson

   b. Mr. Aalok Patel, Member

   c. Mr. Ramakant Nagpal, Member

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.namrafinance.com**

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable.**

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable**

6. **Average net profit of the Company as per section 135(5): ₹21,38,74,540/-**

7. **(a) Two percent of average net profit of the company as per section 135(5): ₹42,77,491/-**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

   (c) Amount required to be set off for the financial year, if any: Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹42,77,491/-

8. **(a) Details of CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
-	-	-	-	-	-

(b) Details of CSR amount spent against Ongoing Projects for the financial year:

SRN	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation- Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Healthcare Programme	Promoting Health Care Including Preventive Health Care	No	Gujarat, Maharashtra, Rajasthan, U.P., M.P., Haryana, Uttrakhand	Rural Locations of these states	3 Years	₹35.62 lakhs	Nil	₹35.62 lakhs	No	Arman Foundation	N.A.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SRN	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Providing support for treating the people suffering from various decease	Promoting health care services	Yes	Gujarat	Ahmedabad	₹1,00,000/-	No	K J Patel Memorial Foundation Charitable Trust	N.A.
2	Providing support to the blind people	Promoting health care services	Yes	Gujarat	Ahmedabad	₹15,000/-	No	Andh Kalyan Kendra	N.A.
3	Providing support to the orphan children	Promoting health care services	Yes	Gujarat	Junagadh	₹1,00,000/-	No	Shishu Mangal Trust	N.A.
4	Sponsoring one year education fees for one gifted girl child	Promoting Education	Yes	Gujarat	Ahmedabad	₹1,51,035/-	No	Riverside Education	N.A.
5	Providing support for treating the people suffering from various decease	Promoting health care services	Yes	Gujarat	Ahmedabad	₹3,50,000/-	No	Dardi Sahayak Trust - Civil Hospital	N.A.

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹7,16,035/-

(g) Excess amount for set off, if any: Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

SRN	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1	2019-20						
2	2018-19			Not Applicable			
3	2017-18						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SRN	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed / Ongoing
				Not Applicable				

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

(a) Date of creation or acquisition of capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):

The Company has been engaging in Microfinance operations with a mission to promote financial inclusion by providing income generating loans to the bottom of the pyramid women customers, thereby increasing their household income and their standard of living. Over and above our financial inclusion mission, it has been the Company's endeavor to provide support to the marginalized members of society by conducting activities related to health, hygiene, and educational support through CSR activities. During the financial year 2020-21, the Company has completed various CSR activities in healthcare, hygiene, and education sector as per Company's CSR policy.

As the Covid-19 continues to impact the globe, the Company and the Board considered it to be prudent to utilize the CSR funds towards healthcare, and to try and create the largest impact for affected people in the rural areas. As such, the company requires more time and a higher budget to help the greatest number of people and to create the largest long-term impact. Therefore, the company required more time to spend the entire CSR budget, as per the provisions of the Companies Act, 2013, in the most meaningful manner possible.

Independent Auditors' Report

To,
The Members of
NAMRA FINANCE LIMITED
Ahmedabad

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of **NAMRA FINANCE LIMITED** (the 'Company') which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Statement of Cash Flow 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 of the Company as at March 31, 2021 and its profit 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.

Emphasis of Matter

4. As described in Note 46 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

   Our opinion is not modified in respect of the above matters.

Key Audit Matters

5. 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 in respect of **Provision for Expected Credit Losses on loans as follows:**

[Refer Para 3.6 for the accounting policy and Note 3 for the related disclosures] **:**

Key Audit Matter	How our audit addressed the key audit matter
As at March 31, 2021, the Company has financial assets (loans) amounting to ₹ 59,275.44 Lakhs. As per Ind AS 109- Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets. Under Ind-AS framework, the management had to estimate the provision for expected credit losses as at March 31, 2021. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic and moratorium granted by the company, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain. The management has recognised a provision of ₹2428.55 Lakhs in the Statement of Profit and Loss for the year ended March 31, 2021. Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the standalone financial statements were reasonable and the related disclosures in the standalone financial statements made by the management were adequate. These procedures included, but not limited, to the following: (a) obtaining an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated the expected credit losses and the appropriateness data on which the calculation is based; (b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used; (c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; (d) testing the arithmetical calculation of the expected credit losses; (e) verifying the adequacy of the related disclosures; and (f) Obtaining written representations from management whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

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

6. 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

7. 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, profit 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.

8. 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.

9. 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

10. 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.

11. 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.

12. 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.

13. 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.

14. 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

15. 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.

16. 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 March 31, 2021 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 March 31, 2021 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 31 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 required to be transferred to the Investor Education and Protection Fund by the Company.

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

J.J.Shah
Partner
[M. No. 45669]
UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

Annexure "A"
to the Independent Auditor's Report

Referred to in paragraph 15 of our report of even date to the Members of **NAMRA FINANCE LIMITED** for the year ended March 31, 2021.

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 loans to Companies covered in the registered maintained 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:**

   As per information and explanation given to us, the Company has complied with the provisions of Section 185 & 186 with to respect of loan given, investments made and guarantee and securities given.

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, goods and service 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 March 31, 2021 for a period of more than six months from the date they became payable.

   (b) According to the records of the Company, there are no statutory dues of Provident fund, income tax, goods and service tax, which have not been deposited on account of any dispute.

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

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

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

11. In our opinion and according to the information and explanations given to us, the Company 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.

13. In our opinion and according to the information and explanations given to us, the transactions entered by the Company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.

14. During the year, the Company has not issued any preferential allotment or private placement of shares or fully or partly convertible debentures.

15. The Company has not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies Act , 2013 and clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

16. In our opinion and according to the information and explanation given to us the Company is registered under section 45-IA of Reserve Bank of India Act, 1934, and registration certificate for the same has been obtained.

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

J.J.Shah
Partner
[M. No. 45669]
UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

Annexure "B"
to the Independent Auditor's Report

Referred to in paragraph 16 (f) of our Report of even date to the Members of **NAMRA FINANCE LIMITED** for the year ended March 31, 2021.

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

We have audited the internal financial controls over financial reporting of NAMRA FINANCE LIMITED as of March 31, 2021, 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, with reference to Standalone Financial Statements. 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 March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

J.J.Shah
Partner
[M. No. 45669]
UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

Balance Sheet of as at March 31, 2021

(₹ in Lakhs)

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	1	3,885.21	5,807.94
(b)	Bank Balance other than (a) above	2	6,267.18	3,280.31
(c)	Loans	3	59,275.44	55,816.63
(d)	Investments	4	317.73	325.90
(e)	Other Financial assets	5	618.49	485.75
(2)	**Non-financial Assets**			
(a)	Deferred tax Assets (Net)	6	898.27	372.20
(b)	Property, Plant and Equipment	7	250.15	270.63
(c)	Other Intangible assets	7	22.13	16.88
(d)	Right-of-Use Assets	7	59.15	73.93
(e)	Other non-financial assets	8	14.32	15.09
	Total Assets		**71,608.07**	**66,465.26**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	**(I) Other Payables**	9		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		76.09	78.00
(b)	Debt Securities	10	11,276.52	4,117.09
(c)	Borrowings (Other than Debt Securities)	11	44,657.86	47,838.14
(d)	Subordinated Liabilities	12	1,000.00	1,000.00
(e)	Other financial liabilities	13	1,942.96	1,834.59
(2)	**Non-Financial Liabilities**		447.97	80.32
(a)	Current tax Liability (Net)	14	50.35	44.77
(b)	Provisions	15	91.82	86.82
(c)	Other non-financial liabilities	16	-	-
	EQUITY			
(1)	Equity Share capital	17	2,717.50	2,717.50
(2)	Other Equity	18	9,347.00	8,668.03
	Total Liabilities and Equity		**71,608.07**	**66,465.26**

As per our report of even date attached herewith

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

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

UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Namra Finance Limited

Jayendra Patel
Chairman Managing Director
(DIN - 00011814)

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Profit & Loss for the year ended March 31, 2021

(₹ in Lakhs)

	Particulars	Note	for the year ended March 31, 2021	for the year ended March 31, 2020
(1)	**Interest Income**	19	12,727.87	13,646.22
	Gain on assignment of Financial Assets	20	-	276.66
	Fees and Commission Income	21	505.09	646.04
	Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	22	23.63	16.46
	Total Revenue from operations (1)		**13,256.59**	**14,585.38**
(2)	Other Income	23	140.98	256.45
(3)	**Total Income (1+2)**		**13,397.57**	**14,841.83**
(4)	**Expenses**			
	Finance Costs	24	5,944.20	6,702.63
	Impairment of Financial Assets	25	3,667.24	1,332.06
	Employee Benefits Expenses	26	2,390.26	2,322.55
	Depreciation and Amortization	27	70.85	68.69
	Others expenses	28	859.13	1,129.59
	Total Expenses (4)		**12,931.68**	**11,555.52**
(5)	**Profit / (loss) before exceptional items and tax (3-4)**		**465.89**	**3,286.31**
(6)	**Tax Expense:**			
	(1) Current Tax	29	564.00	907.30
	(2) Short/(excess) Provision of Income Tax of earlier years	29	-	(3.56)
	(3) Deferred Tax	29	(589.00)	(136.97)
(7)	**Profit/(loss) for the period (5-6)**		**490.89**	**2,519.54**
(8)	**Other Comprehensive Income**			
	(A)(i) Items that will not be classified to Profit or loss			
	- Remeasurement of Defined Benefit Obligations		14.35	(6.80)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.61)	1.71
	Subtotal (A)		**10.74**	**(5.09)**
	(B)(i) Items that will be reclassified to profit or loss			
	- Net change in value of loans measured at fair value through Other Comprehensive Income measured through OCI		235.68	39.64
	(ii) Income tax relating to items that will be reclassified to profit or loss		(59.32)	(11.48)
	Subtotal (B)		**176.36**	**28.16**
	Other Comprehensive Income (A + B)		**187.10**	**23.08**
(9)	**Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)**		**677.99**	**2,542.62**
(10)	**Earnings per equity share**			
	Basic (₹)	30	1.81	9.78
	Diluted (₹)	30	1.81	9.78

As per our report of even date attached herewith

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

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

UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Namra Finance Limited

Jayendra Patel
Chairman Managing Director
(DIN - 00011814)

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Change in Equity for the year ended March 31, 2021

(₹ in Lakhs)

(A) Equity share capital (Refer Note 17)

Particulars	Balance as at March 31, 2019	Changes during the year	Balance as at March 31, 2020	Changes during the year	Balance as at March 31, 2021
Ordinary Equity share capital of ₹10/ each	2,417.50	300.00	2,717.50	-	2,717.50

(B) Other equity (Refer note 18)

Particulars	Reserves and surplus					Other Comprehensive Income	Total
	General Reserve	Reserve u/s. 45-IC of RBI Act, 1934	Security premium	Retained earnings	Share Based Payment Reserve		
Balance as at March 31, 2019	**4.00**	**680.30**	**2,404.69**	**2,302.36**	**68.40**	**(27.43)**	**5,432.32**
Profit for the year	-	-	-	2,519.54	-	-	2,519.54
Other comprehensive income (net of taxes)	-	-	-	-	-	23.08	23.08
Total Comprehensive Income for the period	**-**	**-**	**-**	**2,519.54**	**-**	**23.08**	**2,542.62**
Transactions with Owners in the capacity as Owners							
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	504.00	-	(504.00)	-	-	-
Additions during the year in security premium	-	-	690.00	-	-	-	690.00
Share Issue Expense From Security Premium A/c	-	-	(5.81)	-	-	-	(5.81)
Addition on Holding company Share Based Payment to Employees	-	-	-	-	8.90	-	8.90
Transfer during the year in General Reserve	1.00	-	-	(1.00)	-	-	-
Balance as at March 31, 2020	**5.00**	**1,184.30**	**3,088.88**	**4,316.90**	**77.30**	**(4.35)**	**8,668.03**

Contd..

Particulars	Reserves and surplus					Other Comprehensive Income	Total
	General Reserve	Reserve u/s. 45-IC of RBI Act, 1934	Security premium	Retained earnings	Share Based Payment Reserve		
Profit for the year	-	-	-	490.89	-	-	490.89
Other comprehensive income (net of taxes)	-	-	-	-	-	187.10	187.10
Total Comprehensive Income for the period	-	-	-	490.89	-	187.10	677.99
Transactions with Owners in the capacity as Owners							
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	98.00	-	(98.00)	-	-	-
Additions during the year in security premium	-	-	-	-	-	-	-
Share Issue Expense From Security Premium A/c	-	-	-	-	-	-	-
Addition on Holding company Share Based Payment to Employees	-	-	-	-	0.98	-	0.98
Transfer during the year in General Reserve	1.00	-	-	(1.00)	-	-	-
Balance as at March 31, 2021	**6.00**	**1,282.30**	**3,088.88**	**4,708.79**	**78.28**	**182.75**	**9,347.00**

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

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

UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Namra Finance Limited

Jayendra Patel
Vice Chairman Managing Director
(DIN - 00011814)

Vivek Modi
Chief Financial Officer

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

Statement of Cash Flow for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	for the year ended March 31, 2021		for the year ended March 31, 2020	
A: Cash from Operating Activities:				
Net profit before taxation		465.89		3,286.31
Adjustment For:				
Depreciation and amortisation	56.07		53.91	
Interest Income	(12,727.87)		(13,646.22)	
Net gain on equity instruments measured through profit and loss	(23.63)		(16.46)	
Finance cost	5,896.20		6,699.13	
Provision for impairment on financial assets	2,428.55		816.51	
Depreciation on Right of Use Assets	14.79		14.79	
Loss / (Profit) on sale of Current Investment	(138.94)		(252.45)	
Remeasurements of define benefit plan	14.35		(6.80)	
Employee Stock Option Plan Expense	0.98		8.90	
Interest on shortfall of advance Tax	48.00		3.50	
		(4,431.51)		(6,325.19)
Operating profit before working Capital changes :		**(3,965.61)**		**(3,038.88)**
Adjustment For Increase/(Decrease) in Operating Assets:				
Loans and Advances	(5,651.68)		(9,320.24)	
Other Financial Assets	215.32		(162.73)	
Other Non Financial Assets	0.77		22.90	
Bank Balance other than Cash and cash equivalents	(2,986.87)		(998.26)	
Adjustment For Increase/(Decrease) in Operating Liabilities:				
Trade Payables	(1.91)		(18.91)	
Provision	5.58		20.73	
Other Non Financial liability	5.00		25.65	
Other Financial Liabilities	127.79	**(8,286.00)**	631.99	**(9,798.87)**
Cash Generated From Operations				
Interest Income Received	12,379.81		13,631.40	
Finance Cost Paid	(5,814.31)		(6,621.41)	
Income tax paid	(244.35)		(1,167.86)	
		6,321.15		5,842.13
Net Cash From Operating Activities:		**(5,930.46)**		**(6,995.62)**
B: Cash Flow From Investment Activities:				
Purchase of Property, Plant & Equipment	(40.85)		(69.76)	
Purchase of Current investments	(25,925.00)		(55,290.00)	
Proceeds from Sale/redemption of investments	26,095.74		55,564.64	
Net Cash from Investment Activities:		**129.89**		**204.88**
C: Cash Flow From Financing Activities :				
Proceeds from issue of share capital (including Premium)	-		990.00	
Dividend paid	-		(5.81)	
Share Issue Expense	35,877.46		44,414.84	
Proceeds from long term borrowings	(33,732.05)		(35,850.58)	
Repayment of borrowings	1,744.02		(311.15)	
Net increase / (decrease) in working capital borrowings	(11.60)		(9.91)	
Net Cash from Financing Activities:		**3,877.83**		**9,227.39**
Net Increase in Cash & Cash Equivalents (A+B+C)		**(1,922.73)**		**2,436.65**
Cash & cash equivalents at the beginning		5,807.94		3,371.29
Cash & cash equivalents at the end		3,885.21		5,807.94

Notes :

1 **Cash and Cash Equivalent balance at the end of the year comprises:** (₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	105.26	71.40
Balance with Bank	3,779.95	5,736.54
Total	**3,885.21**	**5,807.94**
Bank deposit with original maturity of 3 months or less	-	-
Cash & cash equivalents as per Balance Sheet	**3,885.21**	**5,807.94**

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 **Change in liabilities arising from financing activities:** (₹ in Lakhs)

Particulars	March 31, 2020	Cash Flows (Net)	Non Cash Changes	March 31, 2021
Debt Securities	4,117.09	7,225.00	(65.56)	11,276.52
Borrowing other than debt Securities	47,838.14	(3,335.56)	155.28	44,657.86
Total	**51,955.23**	**3,889.44**	**89.72**	**55,934.38**

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

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

UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Namra Finance Limited

Jayendra Patel
Chairman Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

Forming Part of the Standalone Financial Statements

for the year ended March 31, 2021

1. CORPORATE INFORMATION

NAMRA Finance Limited (the "Company") is a wholly owned subsidiary of Arman Financial Services Limited, a public Company, domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a Non deposit taking non-banking finance Company – Micro Finance Institution("NBFC-MFI") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Micro Finance loans ("MFL") to Joint Liability Groups ("JLG"), to create the underlying assets of MFL.

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest Lakhs, except when otherwise indicated.

2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 39.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in para 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 38.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business

ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. Effective Interest Rate ("EIR") method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company records interest and processing fees income by applying EIR to the gross carrying amount of financial assets. When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer para 3.3(A)). Financial instruments are initially measured at their fair value (as defined in para 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial Assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investment in subsidiaries

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31st March 2021 and 31st March 2020.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest LGD Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of 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 measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Other Charges in Respect of Loans

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

3.9 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with specified in schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Vehicles - 8 years

iii) Office equipment - 3 to 10 years

iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

Effective from 1st April, 2019, the Company has adopted Ind AS-116 "Lease" retrospectively with the cumulative effect of applying this standard recognise at the date initial application.

Due to the same, the associated right-of-use assets are measured either at the carrying amounts as if the Standard has been applied since the commencement date or at the amount equal to the lease liability are included in and presented as "Right to use Asset" and "Other financial liabilities" respectively on the financial statements.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease term includes periods of an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Short-term leases for the underlying asset is of low value apply exemption rules of the standards, and recognize the lease payments associated with those leases as an expense mainly on straight-line basis over the lease term.

The cumulative effects due to the application of this standard were recognized on the commencement date of adoption in accordance with the transitional arrangements, the retrospective restatement of prior periods have not been applied.

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance Lease

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability. The Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term

Operating leases

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

3.15 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

3.18 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The ministry of corporate affairs vide notification no. G.S.R. 419(E) dated 18th June 2021 has notified amendment that will be effective from the beginning of the next financial year, that is, 1st April 2021, except for amendments to Ind AS 116, Leases, extending the practical expedient for recognising any lease rent concessions due to COVID-19 till 30th June 2022 as variable lease payments which may be applied for the current financial year ended on 31st March 2021. These amendments can be broadly categorised into the following:

a. Amendments related to changing reference to new conceptual framework for financial reporting from the old framework for the preparation and presentation of financial statements both issued by The Institute of Chartered Accountants of India.

   These amendments do not have impact on the financial position, performance or cash flows of the company.

b. Amendments to Ind AS 116, Leases, related to lease rent concessions due to COVID-19 where the practical expedient for recognising any lease rent concessions due to COVID-19 till 30th June, 2022 as variable lease payments.

   The company is in the process of collecting the required information and therefore will apply the amendment in the next financial year.

c. Amendments related to interest rate benchmark reform.

   The term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The company is evaluating the impact of such amendments. Based on current understanding, the amendments may increase the disclosures related to the reform and as such are less likely to have any material impact on the financial position and performance of the company.

(₹ in Lakhs)

1. Cash and Cash Equivalent	As at March 31, 2021	As at March 31, 2020
Cash on hand	105.26	71.40
Balance with banks	3,779.95	5,736.54
Total	**3885.21**	**5807.94**

(₹ in Lakhs)

2. Bank Balance	As at March 31, 2021	As at March 31, 2020
In fixed deposit accounts:		
Deposits With Banks	6,465.57	3,304.75
Less: Interest Accrued but not due on Bank Deposits (Disclosed in Note 5)	(198.38)	(24.44)
Total	**6,267.18**	**3,280.31**

2.1 Deposits includes deposits given as cash collateral security against bank loans.

(₹ in Lakhs)

3. Loans	As at March 31, 2021	As at March 31, 2020
Unsecured Loans (At FVOCI)	59,941.80	55,882.33
Less : Interest Due but not received on loans (Disclosed in Note 5)	(666.35)	(65.70)
	59,275.44	**55,816.63**
(1) Loans In India	59,275.44	55,816.63
(2) Loans Outside India	-	-
Total	**59,275.44**	**55,816.63**

3.1 Refer Note No. 35 for loans to Company in which directors are interested.

3.2. An analysis of changes in the gross carrying amount and the corresponding ECL Allowances: (₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2019	**47,362.12**	**155.20**	**262.68**	**47,780.00**
New Assets originated*	52,199.98	308.93	182.84	52,691.75
Net transfer between stages				
Transfer from stage 1	(1,025.64)	336.13	689.51	-
Transfer from stage 2	5.68	(110.48)	104.80	-
Transfer from stage 3	0.94	0.49	(1.43)	-
Assets derecognised or collected	42,504.98	146.84	155.59	42,807.41
Write - offs	-	-	537.93	537.93
Gross carrying amount as at March 31, 2020	**56,038.10**	**543.43**	**544.88**	**57,126.41**

Contd..

Particulars	Stage 1	Stage 2	Stage 3	Total
New Assets originated*	39,058.49	2.06	-	39,060.55
Net transfer between stages				
Transfer from stage 1	(5,787.56)	2,514.92	3,272.64	-
Transfer from stage 2	8.57	(310.28)	301.72	-
Transfer from stage 3	2.06	1.16	(3.22)	-
Assets derecognised or collected	31,857.22	218.32	272.18	32,347.72
Write - offs	-	-	1,252.00	1,252.00
Gross carrying amount as at March 31, 2021	**57,462.44**	**2,532.97**	**2,591.82**	**62,587.24**

***Note:** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

3.3. Reconciliation of ECL balance is given below: (₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2019	**247.11**	**42.31**	**201.88**	**491.30**
Addition During The Year	468.12	247.15	555.19	1,270.47
Reduction During The Year	(199.20)	(40.59)	(212.19)	(451.98)
Gross carrying amount as at March 31, 2020	**516.03**	**248.87**	**544.88**	**1,309.78**
Addition During The Year	195.95	638.56	2,490.96	3,325.48
Reduction During The Year	(303.83)	(169.43)	(850.21)	(1,323.47)
Gross carrying amount as at March 31, 2021	**408.15**	**718.01**	**2,185.63**	**3,311.79**

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

(₹ in Lakhs)

4 Investments (At Fair Value Through Profit & Loss)	As at March 31, 2021	As at March 31, 2020
In Mutual Funds		
9,27,603.39 Units (As at 31.03.20: 9,27,603.39 Unit) of SBI Credit Risk Fund -Regular -Growth	317.73	294.10
Nil Units (As at 31.03.20: 3,00,000 Unit) of SBI Dual Advantage Fund - Series XXII -Regular -Growth	-	31.80
Total	**317.73**	**325.90**
(1) Investment In India	317.73	325.90
(2) Investment outside India	-	-
Total	**317.73**	**325.90**

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

(₹ in Lakhs)

5 Other Financial Assets	As at March 31, 2021	As at March 31, 2020
Deposits	198.92	335.09
Other Advances	11.44	90.59
Interest Due but not received on loans (Refer Note 3)	666.35	65.70
Interest accrued but not due on Bank Deposits(Refer Note 2)	198.38	24.44
Less : Provision on Interest Receivable on Credit Impaired Loans and Advances	(456.60)	(30.07)
Total	**618.49**	**485.75**

Note :

5.1 Deposits include security deposits of ₹ 182.82 Lakhs (As at 31-03-2020, ₹ 318.57 Lakhs) given as collateral security against term loans and working capital loans. .

5.2 Reconciliation of ECL balance is given below:

(₹ in Lakhs)

Pariculars	As at March 31, 2021	As at March 31, 2020
Gross carrying amount at beginning of the year	**30.06**	**32.03**
Addition During The Year	456.42	30.02
Reduction During The Year	(29.87)	(31.99)
Gross carrying amount at Closing of the year	**456.60**	**30.06**

(₹ in Lakhs)

6 Deferred Tax	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets on account of:		
Provision for employee benefits	12.67	11.27
Financial assets measured at amortised cost	123.37	144.52
Share Issue Expense	0.88	1.55
Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	43.24
Impairment loss allowance	948.43	337.21
Total Deferred Tax Assets	**1,085.35**	**537.79**
Deferred Tax Liabilities on account of:		
Difference in written down value as per Companies Act and Income Tax Act	(5.98)	(8.07)
Financial liabilities measured at amortised cost	(100.29)	(122.88)
Fair valuation of Derivative Contract measured Through Profit & Loss Account	(1.52)	-
Fair valuation of financial instruments through OCI	(59.74)	(0.43)
Income Taxable on Realised Basis	-	(20.16)
Fair valuation of Investment in Mutual Fund	(19.55)	(14.06)
Total Deferred Tax Liabilities	(187.08)	(165.59)
At the end of year DTA / (DTL) (net)	**898.27**	**372.20**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ in Lakhs)

Particulars	As at March 31, 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2021
Assets				
Provision for employee benefits	11.27	5.02	(3.61)	12.67
Financial assets measured at amortised cost	144.52	(21.15)	-	123.37
Share Issue Expense	1.55	(0.67)	-	0.88
Fair valuation of Derivative Contract measured Through Profit & Loss Account	43.24	(43.24)	-	-
Impairment loss allowance	337.21	611.22	-	948.43
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	(8.07)	2.09	-	(5.98)
Financial liabilities measured at amortised cost	(122.88)	22.58	-	(100.29)
Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	(1.52)	-	(1.52)
Fair valuation of financial instruments through OCI	(0.43)	-	(59.32)	(59.74)
Income Taxable on Realised Basis	(20.16)	20.16	-	-
Fair valuation of Investment in Mutual Fund	(14.06)	(5.49)	-	(19.55)
Total (Net)	**372.20**	**589.00**	**(62.93)**	**898.27**

(₹ in Lakhs)

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets				
Provision for employee benefits	7.00	2.56	1.71	11.27
Financial assets measured at amortised cost	159.02	(14.50)	-	144.52
Share Issue Expense	1.20	0.35	-	1.55
Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	43.24	-	43.24
Fair valuation of financial Assets through OCI	11.05	-	(11.05)	-
Impairment loss allowance	152.40	184.82	-	337.21
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	(7.56)	(0.51)	-	(8.07)
Financial liabilities measured at amortised cost	(60.20)	(62.68)	-	(122.88)
Fair valuation of financial instruments through OCI	-	-	(0.43)	(0.43)
Income Taxable on Realised Basis	-	(20.16)	-	(20.16)
Fair valuation of Investment in Mutual Fund	(17.90)	3.85	-	(14.06)
Total (Net)	**245.00**	**136.97**	**(9.77)**	**372.20**

(₹ in Lakhs)

7. Property, Plant & Equipment

Carrying Value	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets	Right of Use Assets
As at March 31, 2019	72.32	78.23	13.12	79.39	80.76	323.82	36.67	360.49	-
Addition	15.23	5.94	13.30	38.68	-	73.15	-	73.15	88.72
Disposal	-	-	-	-	-	-	-	-	-
Other Adjustment	3.39	-	-	-	-	3.39	-	3.39	-
As at March 31, 2020	84.16	84.17	26.42	118.07	80.76	393.58	36.67	430.25	88.72
Addition	13.10	-	0.32	15.34	-	28.75	12.10	40.85	-
Disposal	-	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-	-	-
As at March 31, 2021	97.26	84.17	26.74	133.41	80.76	422.33	48.77	471.10	88.72
Accumulated Depreciation	**Furniture & Fixtures**	**Buildings**	**Office Equipments**	**Computers**	**Vehicles**	**Total Property, Plant & Equipment**	**Intangible Assets**	**Total Assets**	**Right of Use Assets**
As at March 31, 2019	10.59	0.53	1.94	42.61	20.25	75.92	12.92	88.84	-
Change for the year	7.69	1.33	5.67	22.23	10.12	47.04	6.87	53.90	14.79
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2020	18.28	1.86	7.61	64.84	30.37	122.95	19.79	142.74	14.79
Change for the year	8.50	1.33	6.60	22.70	10.09	49.22	6.85	56.07	14.79
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2021	26.78	3.19	14.22	87.54	40.46	172.18	26.64	198.81	29.57
Net Carrying Value									
As at March 31, 2020	65.89	82.31	18.81	53.23	50.39	270.63	16.88	287.51	73.93
As at March 31, 2021	70.48	80.98	12.52	45.87	40.30	250.15	22.13	272.29	59.15

(₹ in Lakhs)

8 Other Non - Financial Assets	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	6.49	5.42
Balance with Government Authorities	-	6.51
Advances to staff	7.83	3.15
Total	**14.32**	**15.09**

(₹ in Lakhs)

9 Other Payables	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of other than micro enterprises and small enterprises	76.09	78.00
Total	**76.09**	**78.00**

9.1 Refer Note No. 37 for disclosure requied under Section 22 of MSMED Act.

(₹ in Lakhs)

10 Debt Securities (At Amortised Cost)	As at March 31, 2021	As at March 31, 2020
13.10% Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh each (4150 Unit as at 31.03.21, 4150 Unit as at 31.03.20)	4,150.00	4,150.00
12.39% Secured, Redeemable, Non Convertible Debenture of ₹10000 each (48,750 Unit as at 31.03.21, Nil as at 31.03.20)	4,875.00	-
Market Linked Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh each (2,350 Unit as at 31.03.21, Nil as at 31.03.20)	2,350.00	-
Less: Unamortised borrowing costs	(98.48)	(32.91)
Total	**11,276.52**	**4,117.09**
i) Debt Securities In India	2,341.93	-
ii) Debt Securities Outside India	8,934.59	4,117.09
Total	**11,276.52**	**4,117.09**

10.1 Details of terms of Redemption/ Repayment and security provided in respect of debt securities (₹ in Lakhs)

Particular	As at March 31, 2021	As at March 31, 2020	Terms of Redemption / Repayment	Security
4150, 13.10% Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each	4,150.00	4,150.00	Bullet Payment at the end of 24 Months From 21st May 2019	Secured Under Hypothecation of Specific Asset Portfolio
48,750, 12.39% Secured, Redeemable, Non Convertible Debenture of ₹10,000 Each	4,875.00	-	99.99% on 12th November 2023 and Remaining Bullet Payment at the end of 60 Months From 12th November 2020	Secured Under Hypothecation of Specific Asset Portfolio
2,350, Market Linked Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each	2,350.00	-	Bullet Payment at the end of 18 Months From 27th March 2021	Secured Under Hypothecation of Specific Asset Portfolio
Total Debt Securities	**11,375.00**	**4,150.00**		

(₹ in Lakhs)

11	Borrowings	As at March 31, 2021	As at March 31, 2020
	Term Loans - Secured		
	(i) From Banks	21,022.89	28,299.91
	(ii) From Financial Institutions	21,895.62	19,574.72
	Less: Unamortised borrowing costs	(300.03)	(455.31)
		42,618.48	**47,419.32**
	Loans Repayable On Demand From Banks - Secured	1,911.36	167.34
	Short Term Loans - Unsecured		
	From Related Parties	128.02	251.48
	Total	**44,657.86**	**47,838.14**
	i) Borrowings in India	40,562.41	43,760.66
	ii) Borrowings Outside India	4,095.44	4,077.48
	Total	**44,657.86**	**47,838.14**

Security

11.1 Term Loans & Working Capital 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". Also some of the loans are guaranteed by Holding Company.

Interest

11.2 Term loan carries an interest rate ranging from 6.43% to 14.75% p.a.
Short Term Loans from Related Parties carries an interest rate of 12.00% p.a.
The Company has not defaulted in repayment of borrowings and interest.

11.3 Details of terms of Redemption/ Repayment and security provided in respect of debt securities, borrowings:

(₹ in Lakhs)

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Borrowings (Other than Debt Securities)				
Term Loan From Banks - 1	-	333.33	Repayable in 24 Months Monthly installments starting From 15th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 2	43.04	216.39	Repayable in 36 Months Monthly installments starting From 06th August, 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 3	1,250.00	1,875.00	Repayable in 36 Months quarterly installments starting From 16th April, 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 4	500.00	1,500.00	Repayable in 36 Months quarterly installments starting From 30th April, 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 5	-	238.64	Repayable in 24 Months Monthly installments starting From 30th March, 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

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Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Banks - 6	-	90.91	Repayable in 36 Months quarterly installments starting From 27th March, 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 7	-	95.24	Repayable in 24 Months Monthly installments starting From 29th May, 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 8	-	1,166.10	Repayable in 30 Months Monthly installments starting From 31st August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 9	-	121.26	Repayable in 36 Months Monthly installments starting From 31st March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 10	241.36	642.30	Repayable in 36 Months Monthly installments starting From 30th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 11	-	81.03	Repayable in 30 Months quarterly installments starting From 30th December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 12	9.68	14.13	Repayable in 36 Months Monthly installments starting From 15th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 13	-	505.23	Repayable in 24 Months Monthly installments starting From 14th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 14	-	290.16	Repayable in 14 Months Monthly installments starting From 27th May 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 15	-	137.81	Repayable in 14 Months Monthly installments starting From 14th April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 16	-	92.96	Repayable in 14 Months Monthly installments starting From 27th April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 17	187.50	937.50	Repayable in 24 Months Monthly installments starting From 29th July 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 18	649.83	951.97	Repayable in 36 Months Monthly installments starting From 02nd February 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 19	272.73	818.18	Repayable in 24 Months Monthly installments starting From 30th December 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 20	178.00	526.00	Repayable in 24 Months Monthly installments starting From 30th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 21	-	775.49	Repayable in 24 Months Monthly installments starting From 26th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

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Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Banks - 22	-	1,909.09	Repayable in 22 Months Monthly installments starting From 10th March 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 23	4,130.00	4,130.00	Repayable in 36 Months starting From 17th March 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 24	264.81	504.89	Repayable in 24 Months Monthly installments starting From 30th April 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 25	831.24	1,514.67	Repayable in 24 Months Monthly installments starting From 31st May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 26	2,708.10	5,045.38	Repayable in 27 Months Monthly installments starting From 31st May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 27	361.10	500.00	Repayable in 36 Months Monthly installments starting From 31st May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 28	-	966.92	Repayable in 14 Months Monthly installments starting From 17th October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 29	-	1,662.27	Repayable in 13 Monthly installments Starting From 12th October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 30	-	657.06	Repayable in 13 Monthly installments Stating From 28th November 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 31	2,500.00	-	Repayable in 21 Monthly installments Starting From 30th June 2021	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 32	1,243.02	-	Repayable in 35 Monthly installments Starting From 31st October 2020	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 33	1,000.00	-	Repayable in 11 Quarterly installments Starting From 30th September 2020	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 34	2,493.43	-	Repayable in 18 Monthly installments Starting From 17th April 2021	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 35	2,159.03	-	Repayable in 18 Monthly installments Starting From 9th May 2021	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Total Loan From Banks	**21,022.89**	**28,299.91**		

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Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 1	647.31	1,514.09	Repayable in 36 Months Monthly installments Starting From 27th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 2	-	243.34	Repayable in 36 Months Monthly installments Starting From 22th March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 3	-	500.00	Repayable in 36 Months Monthly installments Starting From 27th June 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 4	500.06	1,333.36	Repayable in 36 Months Monthly installments Starting From 29th June 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 5	-	710.28	Repayable in 36 Months Monthly installments Starting From 30th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 6	33.33	166.67	Repayable in 36 Months Monthly installments Starting From 25th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 7	35.06	166.67	Repayable in 36 Months Monthly installments Starting From 25th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 8	88.89	222.22	Repayable in 36 Months Monthly installments Starting From 25th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 9	-	277.78	Repayable in 36 Months Monthly installments Starting From 25th December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 10	-	277.78	Repayable in 36 Months Monthly installments Starting From 25th December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 11	-	175.00	Repayable in 36 Months Monthly installments Starting From 25th January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 12	-	200.00	Repayable in 36 Months Monthly installments Starting From 25th January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 13	-	166.67	Repayable in 36 Months Monthly installments Starting From 25th April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 14	-	166.67	Repayable in 36 Months Monthly installments Starting From 25th April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 15	33.33	166.67	Repayable in 36 Months Monthly installments Starting From 25th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 16	33.33	166.67	Repayable in 36 Months Monthly installments Starting From 25th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

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Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 17	875.00	1,925.00	Repayable in 60 Months Half Yearly installments Starting From 31st January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 18	250.13	785.91	Repayable in 36 Months Monthly installments Starting From 27th September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 19	52.49	121.52	Repayable in 36 Months Monthly installments Starting From 27th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 20	115.72	214.25	Repayable in 36 Months Monthly installments Starting From 29th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 21	69.50	174.83	Repayable in 36 Months Monthly installments Starting From 27th November 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 22	78.69	182.36	Repayable in 36 Months Monthly installments Starting From 27th December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 23	98.86	274.29	Repayable in 36 Months Monthly installments Starting From 29th October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 24	146.44	316.56	Repayable in 36 Months Monthly installments Starting From 28th January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 25	161.26	329.19	Repayable in 36 Months Monthly installments Starting From 27th February 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 26	176.87	343.29	Repayable in 36 Months Monthly installments Starting From 27th March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 27	157.01	288.07	Repayable in 36 Months Monthly installments Starting From 29th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 28	-	32.10	Repayable in 24 Months Monthly installments Starting From 01st May 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 29	87.16	141.80	Repayable in 36 months Monthly installments Starting From 15th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 30	113.91	563.92	Repayable in 24 Months Monthly installments Starting From 03rd November 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 31	693.40	1,136.52	Repayable in 36 Months Monthly installments Starting From 22nd August 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 32	83.33	250.00	Repayable in 36 Months Monthly installments Starting From 25th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Contd..

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 33	83.33	250.06	Repayable in 36 Months Monthly installments Starting From 25th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 34	83.33	249.94	Repayable in 36 Months Monthly installments Starting From 25th April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 35	48.61	131.94	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 36	48.61	131.94	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 37	118.06	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 38	118.06	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 39	118.06	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 40	118.06	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 41	118.06	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 42	-	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 43	-	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 44	-	201.39	Repayable in 36 Months Monthly installments Starting From 25th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 45	-	208.33	Repayable in 36 Months Monthly installments Starting From 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 46	125.00	208.33	Repayable in 36 Months Monthly installments Starting From 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 47	1,500.00	2,500.00	Repayable in 24 Months Monthly installments Starting From 10th June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 48	-	208.33	Repayable in 36 Months Monthly installments Starting From 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Contd..

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 49	125.00	208.33	Repayable in 36 Months Monthly installments Starting From 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 50	100.00	166.67	Repayable in 36 Months Monthly installments Starting From 25th October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 51	114.53	166.28	Repayable in 36 Months Monthly installments Starting From 15th September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 52	350.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 53	150.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 54	350.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 55	150.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 56	350.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 57	150.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 58	350.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 59	150.00	-	Repayable in 36 Months Monthly installments Starting From 31st March 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 60	2,250.00	-	Repayable in 4 Half Yearly installments Starting From 31st October 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 61	5,000.00	-	Repayable in 2 installments of 35 Crore and 15 Crore on 31st December 2021 and 31st July 2022 respectively	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 62	388.00	-	Repayable in 9 Monthly installments Starting From 10th August 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 63	2,291.65	-	Repayable in 36 Monthly installments Starting From 31st January 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 64	308.09	-	Repayable in 24 Monthly installments Starting From 15th June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Contd..

Particular	March 31, 2021	March 31, 2020	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 65	308.09	-	Repayable in 24 Monthly installments Starting From 15th June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 66	500.00	-	Repayable in 21 Monthly installments Starting From 10th July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 67	500.00	-	Repayable in 21 Monthly installments Starting From 10th July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 68	500.00	-	Repayable in 21 Monthly installments Starting From 10th July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 69	500.00	-	Repayable in 21 Monthly installments Starting From 10th July 2021	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loan From Financial Institution	**21,895.62**	**19,574.72**		
Loans repayable on demand from banks				
Cash Credit Facility From Bank 1	97.84	79.93	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit.
Cash Credit Facility From Bank 2	207.30	87.42	-	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and lien on investment in Mutual Funds.
Over Draft Facility From Bank 1	1,606.22	-	-	Secured by a first and exclusive charge on Bank Deposits
Total Loans repayable on demand from banks	**1,911.36**	**167.34**		

(₹ in Lakhs)

12 Subordinated Liabilities (At Cost)	As at March 31, 2021	As at March 31, 2020
15% Unsecured Subordinated Term Loan in India	1,000.00	1,000.00
Unsecured Subordinated Term Loan outside India	-	-
Total	**1,000.00**	**1,000.00**

12.1 Details of terms of Redemption/ Repayment in respect of Subordinated Liabilities: (₹ in Lakhs)

Particular	As at March 31, 2021	As at March 31, 2020	Terms of Redemption / Repayment	Security
Subordinated Term Loan From Bank 1	1,000.00	1,000.00	Single Bullet Payment at the end of 84 Months from 23rd June, 2017	Unsecured

(₹ in Lakhs)

13 Other Financial Liabilities	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on Borrowings	503.41	333.42
Salary & wages payable	329.36	83.81
Micro Insurance Payable	720.60	705.77
Unpaid expenses	27.25	23.79
Payable towards assignment transactions	301.15	437.20
Fair valuation of Derivative Instrument measured through Profit & Loss Account	(6.02)	171.80
Lease Liability - Right of Use Assets	67.20	78.80
Total	**1,942.96**	**1,834.59**

(₹ in Lakhs)

14 Current Tax Liabilities / (Assets) (Net)	As at March 31, 2021	As at March 31, 2020
Provision for Tax	2,240.80	1,628.80
Less: Advance Tax and TDS	(1,792.83)	(1,548.48)
Total	**447.97**	**80.32**

(₹ in Lakhs)

15 Provisions	As at March 31, 2021	As at March 31, 2020
Provision for employee benefit- gratuity	50.35	44.77
Total	**50.35**	**44.77**

(₹ in Lakhs)

16 Other Non Financial Liabilities	As at March 31, 2021	As at March 31, 2020
Other statutory dues	33.29	26.94
TDS payable	58.53	59.88
Total	**91.82**	**86.82**

(₹ in Lakhs)

17 Equity Share Capital	As at March 31, 2021	As at March 31, 2020
Authorized Shares		
3,00,00,000 (As at 31.3.20, 3,00,00,000) Equity Shares of ₹ 10/- each fully paid up	3,000.00	3,000.00
Total	**3,000.00**	**3,000.00**
Issued, subscribed and fully paid-up shares:		
2,71,75,000 (As at 31.3.20, 2,71,75,000) Equity Shares of ₹ 10/- each fully paid up	2,717.50	2,717.50
Total	**2,717.50**	**2,717.50**

17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at March 31, 2021 & March 31, 2020 is set out below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Ordinary Equity Shares:				
Outstanding at the beginning of the year	2,71,75,000	2,717.50	2,41,75,000	2,417.50
Shares Issued during the year	-	-	30,00,000	300.00
Reduction during the year	-	-	-	-
Outstanding at the end of the year	**2,71,75,000**	**2,717.50**	**2,71,75,000**	**2,717.50**

17.2 The Company having shares referred to as equity shares having face value of ₹10/- each. Each holder of equity share is entitled to 1 vote per share.

17.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

17.4 The Company is 100% subsidiary of Arman Financial Services Limited (CIN:.L55910GJ1992PLC018623).

17.5 Details of equity shareholders holding more than 5 % equity shares of the Company are as follows:

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Arman Financial Services Limited	2,71,75,000	100.00	2,71,75,000	100.00

(₹ in Lakhs)

18 Other Equity (Refer Note 18.1)	As at March 31, 2021	As at March 31, 2020
A. Reserves and Surplus		
i. General Reserve		
Balance as per last financial statement	5.00	4.00
Add: Transfer from statement of profit and loss	1.00	1.00
Closing Balance	**6.00**	**5.00**
ii. Special Reserve u/s 45-IC of the RBI Act,1934		
Balance as per last financial statement	1,184.30	680.30
Add: Transfer from statement of profit and loss	98.00	504.00
Closing Balance	**1,282.30**	**1,184.30**
iii. Security Premium		
Balance as per last financial statement	3,088.88	2,404.69
Add: Share Premium on shares issued during the year	-	690.00
Less : Share issue Expenses	-	5.81
Closing Balance	**3,088.88**	**3,088.88**
iv. Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	4,316.90	2,302.36
Add : Profit for the year	490.89	2,519.54
Less: Appropriations		
Amount transferred to General Reserve	1.00	1.00
Amount transferred to Special Reserve u/s 45-IC of RBI Act, 1934	98.00	504.00
Closing Balance	**4,708.79**	**4,316.90**
B. Other Comprehensive Income		
Balance as per last financial statement	(4.35)	(27.43)
Additions during the year	187.10	23.08
Closing Balance	**182.75**	**(4.35)**
C. Capital Contribution from Holding Company		
Balance as per last financial statement	77.30	68.40
Additions during the year	0.98	8.90
Closing Balance	**78.28**	**77.30**
Total	**9,347.00**	**8,668.03**

18.1 NATURE AND PURPOSE OF RESERVE

1 **Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")**

Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Security premium**

Security premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of Section 52 of the Act.

3 **Surplus in the statement of profit and loss**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 **FVOCI - loans and advances**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 **FVOCI - Remeasurement of the defined benefit liabilities**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

6 **General reserve**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 **Capital Contribution from Holding Company**

The holding Company Arman Financial Services Limited has allotted shares under employee stock option scheme to the eligible employees of the company at an exercise price of ₹ 50/- per option. The reserve is used to recognise the fair value of the options issued to employees of the Company under Company's employee stock option plan.

19. Interest Income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost
Interest on Loans	12,390.95	-	13,302.18	-
Interest on Deposits as Security	-	326.04	-	206.16
Interest on Others	-	10.89	-	137.89
Total	**12,390.95**	**336.93**	**13,302.18**	**344.04**
Total Interest		**12,727.87**		**13,646.22**

20. Gain on Assignment of Financial Assets

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gain On Assignment of Assets (Net of Expense)	-	276.66
Total	-	276.66

21. Fees and Commission Income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Processing fees Income	505.09	646.04
Total	**505.09**	**646.04**

22. Income from Investment in Mutual Fund (At Fair value through Profit & Loss)

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income from Investment in Mutual Fund	23.63	16.46
Total	**23.63**	**16.46**

23. Other Income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on Sale of Investment	138.94	252.45
Others	2.05	4.00
Total	**140.98**	**256.45**

24. Finance Costs (on financial liabilities measured at amortized cost) (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense on Borrowings	4,541.44	5,390.15
Interest Expense on Debt Securities	752.46	774.66
Interest Expense on Subordinated Debt	150.25	150.00
Interest Expense on Others	251.53	11.97
Net loss on fair value of derivative contracts mandatorily measured at fair value through profit or loss	(177.82)	171.80
Other Borrowing Costs	426.35	204.06
Total	**5,944.20**	**6,702.63**

25 Impairment of Loan Assets (On Financial Assets measured at FVOCI) (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Bad debts written off (Net)	1,238.69	515.55
Expected Credit Loss (Net)	2,428.55	816.51
Total	**3,667.24**	**1,332.06**

25.1 Details of Expected Credit Loss in respect of Loans and interest Receivable on Credit Impaired Loans refer Note No 3.3 and Note No 5.2:

26. Employee Benefit Expenses (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	2,147.96	2,118.80
Contribution to provident and other funds	147.42	129.24
Gratuity Expense	21.96	17.48
Staff welfare expenses	72.92	57.04
Total	**2,390.26**	**2,322.55**

26.1 Employee Benefit Plan:

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

a) Defined contribution plan:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹129.59 Lakhs (31st March 2020: ₹113.61 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

b) Defined benefit plan:

Financial assets not measured at fair value:

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under: (₹in Lakhs)

I)	Reconciliation of opening and closing balances of defined benefit obligation	Year ended March 31, 2021	Year ended March 31, 2020
	Opening Defined Benefit Obligation	**48.01**	**24.60**
	Transfer in / (out) obligation	-	-
	Current service cost	19.90	16.28
	Interest cost	2.89	1.62
	Components of actuarial gain/losses on obligations:		
	Due to Change in financial assumptions	0.54	1.83
	Due to change in demographic assumption	-	0.56
	Due to experience adjustments	(19.59)	4.10
	Past service cost	-	-
	Loss (gain) on curtailments	-	-
	Liabilities extinguished on settlements	-	-
	Liabilities assumed in an amalgamation in the nature of purchase	-	-
	Exchange differences on foreign plans	-	-
	Benefits paid	(0.73)	(0.98)
	Closing Defined Benefit Obligation	**51.03**	**48.01**

(₹in Lakhs)

II) Reconciliation of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
Opening value of plan assets	3.25	0.56
Transfer in/(out) plan assets	-	-
Expense deducted from the fund	-	-
Interest Income	0.84	0.43
Return on plan assets excluding amounts included in interest income	(4.70)	(0.30)
Assets Distributed on settlements	-	-
Contribution by the company	2.03	3.54
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange difference on foreign plans	-	-
Benefits paid	(0.73)	(0.98)
Fair value of plan assets at the end of the year	**0.69**	**3.25**

(₹in Lakhs)

III) Reconciliation of net defined benefit liability	Year ended March 31, 2021	Year ended March 31, 2020
Net opening provision in books of accounts	44.78	24.04
Transfer in / (out) obligation	-	-
Transfer (in) / out plan assets	-	-
Employee Benefit Expense as per note 26	21.96	17.48
Amounts recognized in Other Comprehensive Income	(14.35)	6.80
	52.39	**48.32**
Benefits paid by the Company		
Contributions to plan assets	(2.04)	(3.54)
Closing provision in books of accounts	**50.35**	**44.78**

IV) Composition of plan assets	Year ended March 31, 2021	Year ended March 31, 2020
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%
Total	100%	100%

(₹in Lakhs)

V) Expense recognised during the year	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	19.90	16.28
Interest cost	2.06	1.20
Past service cost	-	-
Expense recognised in the statement of profit and loss	**21.96**	**17.48**

(₹in Lakhs)

VI) Other comprehensive income	Year ended March 31, 2021	Year ended March 31, 2020
Components of actuarial gains/losses on obligations:		
Due to change in financial assumptions	0.54	1.83
Due to change in Demographic assumptions	-	0.56
Due to experience adjustments	(19.59)	4.10
Return of plan assets excluding amounts included in interest income	4.70	0.30
components of defined benefits cost recognised in other comprehensive income	**(14.35)**	**6.79**

(₹in Lakhs)

VII) Principal actuarial assumptions	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate (per annum)	6.05%	6.25%
Rate of return on plan assets (per annum)	6.00%	6.25%
Annual increase in salary cost	6.00%	6.00%
Withdrawal rates per annum		
25 and below	25%	25%
26 to 35	25%	25%
36 to 45	20%	20%
46 to 55	10%	10%
56 and above	5%	5%

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations.

VIII) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

(₹in Lakhs)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +0.5%)	52.43	49.70	49.41	46.69
% change compared to base due to sensitivity	2.75%	-2.61%	2.91%	-2.76%
Salary growth rate (- / + 0.5%)	49.69	52.42	46.68	49.40
% change compared to base due to sensitivity	-2.62%	2.74%	-2.78%	2.90%
Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%)	53.15	49.03	50.60	45.57
% change compared to base due to sensitivity	4.15%	-3.91%	5.40%	-5.08%

IX) Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year. The projected liability statements is obtained from the actuarial valuer.

X) Effect of plan on the company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity analysis of defined benefit obligation

The Weighted Average Duration (Years) as at valuation date is 4.74 years.

	Cash flows (₹in Lakhs)	Distributions(%)
1st Following year	5.56	7.40%
2nd Following year	5.98	8.00%
3rd Following year	7.17	9.50%
4th Following year	8.05	10.70%
5th Following year	7.51	10.00%
Sum of years 6 to 10	21.78	29.00%

The future accrual is not considered in arriving at the above cash-flows

The Expected contribution for the next year is ₹ 20.80 Lakhs

27. Depreciation and Amortisation (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, Plant & Equipment	49.22	47.04
Amortization of Right of use Asset	14.79	14.79
Amortisation of Intangible Asset	6.85	6.87
Total	**70.85**	**68.69**

28. Other Expenses (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Electricity & fuel charges	24.93	25.89
Repairs to Building	22.92	6.65
Insurance	15.53	24.81
Rent (refer Note 33)	203.36	200.94
Rates & taxes	3.05	13.25
Bank Charges	28.48	49.70
Stationery & printing	36.81	61.21
Communication	55.92	63.90
Traveling & conveyance expenses	382.37	403.30
Professional fees	76.33	101.35
Auditor's Remuneration		
Audit fees	4.90	4.90
For tax audit	0.75	0.75
For certification	0.82	0.57
For income tax consultancy fee and Other	1.02	0.55
	7.48	**6.77**
Corporate Social Responsibility Expenditure (refer Note 32)	7.16	1.69
Director sitting fees	0.80	0.90
Marketing & incentive expenses	0.07	0.46
Loss/(Gain) due to moratorium recognised at effective interest rate method	(66.66)	106.39
General charges (including security charges & membership fees etc.)	60.59	62.40
Total	**859.13**	**1,129.59**

29. Tax Expenses

The Components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are::

(₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	564.00	907.30
Adjustment in respect of current tax of prior years	-	(3.56)
Deferred tax	(589.00)	(136.97)
Total Tax Expense	**(25.00)**	**766.77**
Total tax charge		
Current Tax	564.00	903.74
Deferred Tax	(589.00)	(136.97)

29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2021 and 31st March, 2020 is, as follows:

(₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax expense	465.89	3,286.31
Income tax rate %	25.168%	25.168%
Expected tax expense	**117.26**	**827.10**
Tax effect of :		
Tax effect of Permanent differences	(107.21)	23.73
Tax effect of deductible expenses	(35.19)	(47.82)
Tax effect of Income taxes at different rate	(0.42)	(33.25)
Tax Effect on other adjustments	0.57	(2.99)
Tax expense Recognised in the Statement of Profit and Loss	**(25.00)**	**766.77**

30. Earning Per Share:

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
Numerator used for calculating Basic Earning per share (PAT)	₹ In Lakhs	490.89	2,519.54
Numerator used for calculating Diluted Earning per share (PAT)	₹ In Lakhs	490.89	2,519.54
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	2,71,75,000	2,57,53,562
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	2,71,75,000	2,57,53,562
Nominal value per Share	In ₹	10.00	10.00
Basic earnings per share	In ₹	1.81	9.78
Diluted earnings per share	In ₹	1.81	9.78

31. Contingent liabilities not provided for: - (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contingent liabilities		
Disputed Demand of Tax		
i) Income Tax Act	-	0.04
ii) TDS	0.74	0.14

32. Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Company during the year towards CSR is ₹42.78 Lakhs (31st March 2020: 24.54 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below: (₹in Lakhs)

Sr. No.	Particulars	In Cash	Transferred to unspent CSR a/c U/s 135(6)	Yet to be paid in Cash	Total
1	Construction / acquisition of assets	-	-	-	-
2	other purpose (Other than 1 above)	7.16	35.62	-	42.78

33. Leasing Arrangements:

The Company has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

I. Amount Recognized in Profit & loss Account During the year (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
i) Expenses related to Short Term Lease	203.36	200.94
ii) Lease Expenses	5.89	6.74
Total	**209.25**	**207.68**

II Amounts recognized in statement of cash flows (including Interest Component) (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total cash outflow for leases	17.48	16.65

III Maturity analysis of lease liabilities (₹in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Maturity Analysis of contractual undiscounted cash flows:		
Within one year	18.36	17.49
After one year but not more than five years	60.77	79.13
More than five years	-	-
Total undiscounted lease liabilities as at March 31, 2021	79.13	96.62
Balances of Lease Liabilities		
Non-Current	53.73	67.20
Current	13.47	11.60
Total Lease Liability	**67.20**	**78.80**

34. Segment Reporting:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments"

35. Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:

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

A) Holding Company

Arman Financial Services Limited

B) **Key Managerial Personnel (KMP)**

Mr. Jayendra Patel

Mr. Aalok Patel

C) **Non-Executive Directors and Rrelatives of Key Managerial Personnel (KMP)**

Name of Party	Related party Relationship
Mr. Ramakant Nagpal	Independent Director
Mrs. Ritaben Patel	Non-Executive Director
Mrs. Sajni Patel	Relative of KMP
Aakash Patel - HUF	Karta is Relative of KMP

D) **Details of transactions with related parties carried out in the ordinary course of business:** (₹in Lakhs)

Particulars	Year ended March 31, 2021			
	Holding Company	Key Managerial Personnel	Non-Executive Directors and Relatives of KMP	Total
Expenses				
Interest Expense	197.25	-	-	197.25
Remuneration & perquisites paid	-	47.54	-	47.54
Sitting fees	-	-	0.80	0.80
Rent paid	-	-	19.92	19.92
Unsecured Loans				
Unsecured Loan Taken	63,964.55	-	-	63,964.55
Unsecured Loan Repaid (Including Interest)	64,285.26	-	-	64,285.26

Particulars	Year ended March 31, 2020			
	Holding Company	Key Managerial Personnel	Non-Executive Directors and Relatives of KMP	Total
Income				
Interest Income	137.89	-	-	137.89
Expenses				
Interest Expense	8.11	-	-	8.11
Remuneration & perquisites paid	-	47.54	-	47.54
Sitting fees	-	-	0.90	0.90
Rent paid	-	-	18.98	18.98
Unsecured Loan				
Unsecured Loan Granted	82,676.51	-	-	82,676.51
Unsecured Loan Received (Including Interest)	83,068.68	-	-	83,068.68

E) **Details of Balances Outstanding from Related Parties:** (₹in Lakhs)

Particulars	Year ended March 31, 2021			
	Holding Company	Key Managerial Personnel	Non-Executive Directors and Relatives of KMP	Total
Loan Taken Outstanding Balance	128.02	-	-	128.02
Issuance of equity shares of holding to the employees of company at discount	78.27	-	-	78.27
Corporate Guarantee Given for loan taken by subsidiary company	23,250.00	-	-	23,250.00
O/s Loan against Corporate Guarantee	13,187.81	-	-	13,187.81

Particulars	Year ended March 31, 2020			
	Holding Company	Key Managerial Personnel	Non-Executive Directors and Relatives of KMP	Total
Loan Taken Outstanding Balance	251.48	-	-	251.48
Issuance of equity shares of holding to the employees of company at discount	77.30	-	-	77.30
Corporate Guarantee Given for loan taken by subsidiary company	25,200.00	-	-	25,200.00
O/s Loan against Corporate Guarantee	13,950.03	-	-	13,950.03

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

(₹in Lakhs)

Nature of Payments	Related Party	As at March 31, 2021	As at March 31, 2020
Interest Expense	Arman Financial Services Limited	197.25	8.11
Interest Income	Arman Financial Services Limited	-	137.89
Loan granted during the year	Arman Financial Services Limited	-	82,676.51
Loan and interest received during the year	Arman Financial Services Limited	-	83,068.68
Loan Taken during the year	Arman Financial Services Limited	63,964.55	-
Loan and interest repaid during the year	Arman Financial Services Limited	64,285.26	-
Equity contribution	Arman Financial Services Limited	-	990.00
Remuneration	Aalok Patel	21.04	21.04
	Jayendra Patel	26.50	26.50
Rent	Ritaben J. Patel	15.99	15.22
Sitting Fees	Ritaben J. Patel	0.40	0.50
	Ramakant Nagpal	0.40	0.40
Corporate Guarantee given by the Holding Company in respect of loan taken by the company	Arman Financial Services Limited	23,250.00	25,200.00
O/s Loan against Corporate Guarantee		13,187.81	13,950.03

36. Revenue from contracts with customers

Refer Para 3.1 of significant accounting policies to the financial statements

37. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below: (₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount payable to suppliers as at year end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates.	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Note: Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

38. The Amount expected to be Recovered or Setteled within or after 12 months from reporting date:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. (₹ in Lakhs)

Particulars	Note	As at March 31, 2021			As at March 31, 2020		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS							
Financial Assets							
Cash and cash equivalents	1	3,885.21	-	**3,885.21**	5,807.94	-	**5,807.94**
Bank Balance other than above	2	4,193.18	2,074.00	**6,267.18**	2,405.27	875.04	**3,280.31**
Loans	3	39,181.73	20,093.71	**59,275.44**	35,285.41	20,531.22	**55,816.63**
Investments	4	317.73	-	**317.73**	325.90	-	**325.90**
Other Financial assets	5	524.71	93.78	**618.49**	369.66	116.09	**485.75**
Non-financial Assets							
Deferred tax Assets (Net)	6	898.27	-	**898.27**	372.20	-	**372.20**
Property, Plant and Equipment	7	-	250.15	**250.15**	-	270.63	**270.63**
Other Intangible assets	7	-	22.13	**22.13**	-	16.88	**16.88**
Right-of-Use Assets	7	-	59.15	**59.15**	-	73.93	**73.93**
Other non-financial assets	8	14.32	-	**14.32**	15.09	-	**15.09**
Total Assets		**49,015.15**	**22,592.92**	**71,608.07**	**44,581.48**	**21,883.79**	**66,465.26**

Contd..

Particulars	Note	As at March 31, 2021			As at March 31, 2020		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
(I) Other Payables	9						
(i) total outstanding dues of micro enterprises and small enterprises		-	-	**-**	-	-	**-**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		76.09	-	**76.09**	78.00	-	**78.00**
Debt Securities	10	4,146.03	7,130.49	**11,276.52**	-	4,117.09	**4,117.09**
Borrowings (Other than Debt Securities)	11	26,789.56	17,868.30	**44,657.86**	24,241.85	23,596.29	**47,838.14**
Subordinated Liabilities	12	-	1,000.00	**1,000.00**	-	1,000.00	**1,000.00**
Other financial liabilities	13	1,884.48	58.48	**1,942.96**	1,767.39	67.20	**1,834.59**
Non-Financial Liabilities							
Current tax Liability (Net)	14	447.97	-	**447.97**	80.32	-	**80.32**
Provisions	15	20.80	29.55	**50.35**	23.78	20.99	**44.77**
Other non-financial liabilities	16	91.83	-	**91.83**	86.82	-	**86.82**
EQUITY							
Equity Share capital	17	-	2,717.50	**2,717.50**	-	2,717.50	**2,717.50**
Other Equity	18	-	9,347.00	**9,347.00**	-	8,668.03	**8,668.03**
Total Liabilities and Equity		**33,456.76**	**38,151.31**	**71,608.07**	**26,278.16**	**40,187.10**	**66,465.26**

39. Fair Value Measurements:

A. Financial instrument by category and their fair value (₹ in lakhs)

As at March 31, 2021	Note	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	-	59,275.44	-	59,275.44	-	59,275.44
Investment in Mutual Funds	4	317.73	-	317.73	-	-	317.73
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	3,885.21	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	6,267.18	-	-	-	-	-
Security Deposits	5	198.92	-	-	-	-	-
Other Loans	5	11.44	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	666.35	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	198.38	-	-	-	-	-
Total		11,545.21	59,275.44	317.73	59,275.44	-	59,593.18

Contd..

Financial Liabilities Not Measured at Fair value							
Other Payables	9	76.09	-	-	-	76.09	76.09
Debt Securities	10	11,276.52	-	-	-	11,276.52	11,276.52
Borrowings (Other than Debt Securities)	11	44,657.86	-	-	-	44,657.86	44,657.86
Subordinated Liabilities	12	1,000.00	-	-	-	1,000.00	1,000.00
Other financial liabilities	13	1,942.96	-	-	-	1,942.96	1,942.96
Total Financial Liabilities		**58,953.43**	**-**	**-**	**-**	**58,953.43**	**58,953.43**

(₹ in Lakhs)

As at March 31, 2020	Note	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	-	55,816.63	-	55,816.63	-	55,816.63
Investment in Mutual Funds	4	325.90	-	325.90	-	-	325.90
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	3,885.21	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	6,267.18	-	-	-	-	-
Security Deposits	5	335.09	-	-	-	-	-
Other Loans	5	90.59	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	65.70	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	24.44	-	-	-	-	-
Total		**10,994.11**	**55,816.63**	**325.90**	**55,816.63**	**-**	**56,142.53**
Financial Liabilities Not Measured at Fair value							
Other Payables	9	78.00	-	-	-	78.00	78.00
Debt Securities	10	4,117.09	-	-	-	4,117.09	4,117.09
Borrowings (Other than Debt Securities)	11	47,838.14	-	-	-	47,838.14	47,838.14
Subordinated Liabilities	12	1,000.00	-	-	-	1,000.00	1,000.00
Other financial liabilities	13	1,834.59	-	-	-	1,834.59	1,834.59
Total Financial Liabilities		**54,867.82**	**-**	**-**	**-**	**54,867.82**	**54,867.82**

The Company has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, Other Loans, interest due but not Received on loans and advances and Interest Accrued but not due on Bank Deposits, Other payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

B Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

II. Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

III. Transfers between levels I and II

There has been no transfer in between level I and level II.

IV. Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

C Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

C.2 Regulatory capital (₹ in Lakhs)

Particulars	As At 31st March, 2021	As At 31st March, 2020
Tier 1 Capital	11,084.96	10,922.52
Tier 2 Capital	1,726.16	1,278.51
Risk Weighted Assets	**63,031.65**	**57,806.19**
Tier 1 Capital Ratio (%)	17.59%	18.90%
Total Capital Ratio (%)	**20.32%**	**21.11%**

Tier 1 capital consists of shareholders' equity and retained earnings. Tier 2 capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

40. Financial Risk Management Objectives And Policies:

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ in Lakhs)

Particulars	Carrying amount	
	As at March 31, 2021	As at March 31, 2020
Retail assets	59,275.44	55,816.63
Loans to NBFC-to Create the underlying assets of SME, TW)	-	-
Total	**59,275.44**	**55,816.63**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios but the company has only one portfolio group i.e. Micro Finance to JLG group.

Staging:

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio

Days past dues status	Stage	Provisions
Current	Stage 1	12 months provision
1-30 days	Stage 1	12 months provision
31-60 days	Stage 2	Lifetime Provision
61-90 days	Stage 2	Lifetime Provision
90+ days	Stage 3	Lifetime Provision

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets. The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EXPECTED CREDIT LOSS FOR LOANS:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. 'The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
   a) Outstanding balance (POS).
   b) Recovery amount (discounted yearly) by initial contractual rate.
   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
   d) Collateral (security) amount.

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening provision of ECL	1,309.78	491.30
Addition during the year	3,325.48	1,270.47
Utilization / reversal during the year	(1,323.47)	(451.98)
Closing provision of ECL	3,311.79	1,309.78

The Company has taken expert advise from Actuary Valuer for making provision for ECL and accounted ECL provision based on Valuation report provided by Kapadia Actuaries and Consultants.

II Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31st March 2021 is 20.32% against regulatory norms of 15%. Tier I capital is 17.59% as against requirement of 10%. Tier II capital is 2.74% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹ 454 Lakhs spread across 3 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

Namra Finance Ltd.

The table below summarizes the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date

(₹ in Lakhs)

Particulars	1 Day to 30/31 Days (One Month)	Over One Month to 2 Months	Over 2 Months up to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Year to 5 Years	Over 5 Years	Total
As at March 31, 2021									
Debt Securities (Refer Note 10)	-	4,146.03	-	-	-	7,130.49	-	-	**11,276.52**
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	4,917.64	1,498.55	1,673.62	5,888.66	12,811.09	17,813.13	1,055.17	-	**45,657.86**
Trade Payables	-	-	-	-	-	-	-	-	-
As at March 31, 2020									
Debt Securities (Refer Note 10)	-	-	-	-	-	4,117.09	-	-	**4,117.09**
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	1,788.62	1,624.13	3,394.53	7,371.03	10,063.53	16,951.43	7,644.87	-	**48,838.14**
Trade Payables	-	-	-	-	-	-	-	-	-

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ in Lakhs)

Change in interest rates	For the year ended on March 31, 2021	
	50 bp increase	**50 bp decrease**
Bank Deposits (Refer Note 2)	6,267.18	6,267.18
Impact on profit for the year	31.34	(31.34)
Variable Rate Borrowings (Refer Note 11)	44,529.84	44,529.84
Impact on profit for the year	(222.65)	222.65

V Foreign currency risk:

As at March 31, 2021, the company has outstanding foreign currency borrowings of Euro 5 million (March 31, 2020: Euro 5 million). The Company has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

VI Foreign currency risk exposure

The Company exposure to foreign currency risk at the end of the reporting period expressed In Indian Rupees, are as follows:

(₹ in Lakhs)

Particulars	Currency	March 31, 2021	March 31, 2020
Financial liabilities			
External commercial borrowings (Refer Note 11) (including interest accrued)	Euro	4,151.80	4,150.37
(Gain) / loss: Derivative contract		(6.02)	171.80

Sensitivity*

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Euro Sensitivity		
INR / Euro-increase by 5%	(207.59)	(207.52)
INR / Euro-decrease by 5%	207.59	207.52

* Holding all other variables constant

41. Disclosures required in terms of **Annexure XIV** of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 (updated as on 22nd February 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below **(Regulatory (Non-IND AS) Information)**:

A. Capital to risk assets ratio (CRAR) (₹in Lakhs)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
(i)	CRAR (%)	20.32%	21.11%
(ii)	CRAR Tier I Capital (%)	17.59%	18.90%
(iii)	CRAR Tier II Capital (%)	2.74%	2.21%
(iv)	Amount of subordinated debt raised as Tier-II Capital	1,000	1,000
(v)	Amount raised by issue of perpetual debt instruments	-	-

B. Investments (₹in Lakhs)

Particulars			March 31, 2021	March 31, 2020
(1)	Value of investments		317.73	325.90
	(i) Gross value of investments			
	(A)	In India	317.73	325.90
	(B)	Outside India	-	-
	(ii) Provision for deprecation			
	(A)	In India	-	-
	(B)	Outside India	-	-
	(iii) Net value of investments			
	(A)	In India	317.73	325.90
	(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

Forward Rate Agreement / Cross Currency Swaps: (₹in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Notional Principal of swap agreements	4,130.00	4,130.00
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreements	(6.02)	171.81
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swaps	-	-
Fair value of the swap book	(6.02)	171.81

D. Disclosure relating to securitization:

The Company has entered into transactions of Securitization (Sales) of ₹ 4,652.46 Lakhs during the year ended March 31, 2021 and previous years (Sales) of 5,897.86 Lakhs. (₹in Lakhs)

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
1)	No of SPVs sponsored by the company for securitization transactions	2	6
2)	Total amount of securitized assets as per books of the SPVs sponsored by the Company	4652.46	4,642.06
3)	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	596.10	883.17
	• Others	-	-
4)	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-

E. Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction

The Company has not sold financial assets to securitization/reconstruction Company for asset reconstruction during the year (Previous Year:

F. Details of assignment transactions undertaken by NBFC: (₹in Lakhs)

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
i)	No. of Accounts	-	29,805
ii)	Book value of loans assets assigned during the year	-	5,786.99
iii)	Sale consideration received during the year	-	5,786.99
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Interest spread recognized in the statement of profit and loss during the year (including amortization of unamortized interest spread)	-	276.65

G. Details of non-performing assets purchase / sold

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

H. Assets Liability Management

Maturity pattern of certain Assets and Liability as at March 31, 2021 (₹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	-	15.62	12.50	25.80	53.49	83.14	8.35	-	198.92
Advances	4,593.57	4,695.23	4,618.38	10,638.01	14,636.53	20,093.71	-	-	59,275.44
Investments	-	-	-	-	317.73	-	-	-	317.73
Cash & bank balance	3,952.21	40.00	-	2,300.00	1,783.18	2,074.00	-	-	10,152.39
Borrowings	4,917.64	5,644.58	1,673.62	5,888.66	12,811.09	20,848.18	1,055.17	-	52,838.94
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	4,095.44	-	-	4,095.44

I. Exposure To Capital Market

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

J. Exposure to Real Estate Sector

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

K. Details of financing of parent Company products:

not applicable

L. Details of Single Borrower Limit ("SGL") / Group Borrower Limit ("GBL") exceeded by the NBFC

i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC: -

ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC: -

M. Unsecured Advances

a) Refer note 3 to the financial statements.

b) The Company has not granted any advances against intangible securities.

N. 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

O. Disclosure of penalties imposed by RBI and other regulators.

No penalties imposed by RBI and other regulator during current year and previous year.

P. Rating assigned by credit rating agencies and migration of ratings during the year

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	12-10-2020	CARE BBB+; Stable (Triple B Plus Outlook: stable)	11-10-2021	190.84 Crore
Non-Convertible Debenture	CARE	12-10-2020	CARE BBB+; Stable (Triple B Plus Outlook: stable)	11-10-2021	41.50 Crore
Non-Convertible Debenture	CARE	12-10-2020	CARE BBB+; Stable (Triple B Plus Outlook: stable)	11-10-2021	48.75 Crore

Q. Remuneration of Directors

Refer note 35 of Financial Statements

R. Management

The annual report has a detailed chapter on Management Discussion and Analysis.

S. Net Profit / Loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to account in terms of the relevant Ind AS.

T. Revenue Recognition

Refer para 3.1 of significant accounting policies to the financial statements.

U. Ind AS 110 - consolidated financial statements (CFS)

Not Applicable.

V. Provisions and Contingencies :

The information on all provisions and contingencies is as under: (₹in Lakhs)

Break up of provisions and contingencies' showed under the head expenditure in the statement of profit and loss.	As at March 31, 2021	As at March 31, 2020
Provision towards impaired assets (Stage3)	1,640.75	310.96
Provision made towards income tax	564.00	903.74
Provision towards impaired assets (Stage1 and 2)	361.25	507.53
Provision towards Interest on credit impaired assets	426.54	(1.97)
Provision for employee benefits	21.96	17.48

W. Drawn down from Reserves:

There is no draw down from reserves during the year.

X. Concentration of deposits (for deposit taking NBFCs)

Not applicable, Non-Deposit Taking NBFC

Y. Concentration of advances

The Company is in Retail Advance Segment hence there is no such substantial Concentration of advances.

Z. Concentration of exposure

The Company is in Retail Advance Segment hence there is no such substantial Concentration.

AA. Concentration of Stage 3 assets

The Company is in Retail Advance Segment hence there is no such substantial Concentration.

BB. Sector-wise Stage 3 assets (Gross) :

Sector	% Of Stage 3 assets to Total Advances in that sector as at March 31, 2021	% Of Stage 3 assets to Total Advances in that sector as at March 31, 2020
Micro Finance	4.13%	0.95%

CC. Movement of Stage 3 Assets: (₹in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net stage 3 assets to net advances (%)	0.70%	0.07%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	552.23	265.88
(b) Additions during the year	3,574.35	981.30
(c) Reductions during the year	(1,524.33)	(694.95)
(d) Closing balance	2,602.25	552.23
(iii) Movement of net stage 3 assets		
(a) Opening balance	7.35	31.97
(b) Additions during the year	1,083.39	458.16
(c) Reductions during the year	(674.12)	(482.77)
(d) Closing balance	416.62	7.36
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	544.88	201.88
(b) Additions during the year	2,490.96	555.19
(c) Reductions during the year	(850.21)	(212.19)
(d) Closing balance	2,185.63	544.87

DD. Disclosure of Overseas assets (for those with joint ventures and subsidiaries abroad) and Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

Nil

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

Particulars	Rate of Interest in %
Average interest rate on borrowings	13.55%
Average interest rate on Loans given to JLGs	23.50%

FF. Disclosure Of Customer Complaints:

SRN	Particulars	As at March 31, 2021	As at March 31, 2020
a)	No. of complaints pending at the beginning of the year	-	-
b)	No. of complaints received during the year	-	-
c)	No. of complaints redressed during the year	-	-
d)	No. of complaints pending at the end of the year	-	-

42. Disclosures required as per Circular DOR (NBFC) CC.PD. No. 109/22.10.106/2019-20- Implementation of Indian Accounting Standard (Regulatory (Non-IND AS) Information):

(₹in Lakhs)

Asset Classification as per RBI Norms	Assets Classification AS per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowance (Provisions) as required under Ind AS 109	Net Carrying Amounts	Provisions required as per IRACP Norms	Difference between IND AS 109 Provision and IRAC Norms
A. Performing Assets						
Standard	Stage- 1	57,462.44	408.15	57,054.30	-	408.15
	Stage- 2	2,532.98	718.01	1,814.97	-	718.01
Subtotal		**59,995.42**	**1,126.16**	**58,869.26**	**-**	**1,126.16**
B. Non-Performing Assets						
Sub standards	Stage- 3	2,591.81	2,185.63	406.18	1,016.41	1,169.22
Doubtful upto 1 year	Stage- 3	-	-	-	-	-
1 to 3 years	Stage- 3	-	-	-	-	-
More than 3 years	Stage- 3	-	-	-	-	-
Subtotal for Doubtful Loss	Stage- 3	-	-	-	-	-
Subtotal for NPA	**Stage- 3**	**-**	**-**	**-**	**-**	**-**
Total	Stage 1	57,462.44	408.15	57,054.30	-	408.15
	Stage 2	2,532.98	718.01	1,814.97	-	718.01
	Stage 3	2,591.81	2,185.63	406.18	1,016.41	1,169.22
Total		**62,587.24**	**3,311.79**	**59,275.44**	**1,016.41**	**2,295.38**

*As per Master Circular - 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-directions dated July'1,2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, provisioning for the Non-AP portfolio would be as per the December 02, 2011 directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

43. Information as required in terms of Paragraph 13 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below (Regulatory (Non-IND AS) Information)::

Liabilities Side:

A. Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid:

(₹in Lakhs)

Sr No.	Particulars	Year ended March 31, 2021	
		Amount outstanding	Amount Overdue
a)	Debentures:		
	Secured	-	-
	Unsecured (Other Than falling within the meaning of public deposits*)	11,671.13	-
b)	Deferred Credits	-	-
c)	Term Loans	43,727.28	-
d)	Inter-Corporate Loans and borrowings	128.02	-
e)	Commercial Paper	-	-
f)	Other loans:		
	- From Banks	1,911.36	-
	- From a Company	-	-
	- Security Deposits	-	-
	- Advances Received against loan agreements	-	-

B. Break-up of (A)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):

(₹in Lakhs)

Sr No.	Particulars	Year ended March 31, 2021	
		Amount outstanding	Amount Overdue
a)	In the form of unsecured debentures	-	-
b)	In the secured Debentures i.e., debenture where there is shortfall in the value of security	-	-
c)	Other public deposits	-	-

Asset Side:

C. Break-up of loans and advances including bills receivables (other than those included in (D) below)

(₹in Lakhs)

Sr. No.	Particulars	Amount Outstanding
a)	Secured	-
b)	Unsecured	59,738.00

D. Break up of leased assets and stock on hire and other assets counting towards AFC activities

(₹in Lakhs)

Sr. No.	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors:	
	a) Financial Lease	-
	b) Operating Lease	-
(ii)	Stock on hire including hire charges under sundry debtors:	
	a) Assets on hire	-
	b) Repossessed assets	-
iii)	Other loans counting towards AFC activities	
	a) Loans where assets have been repossessed	-
	b) Loans other than a) above	-

E. Break-up of Investments

Refer Not 41.B Above

F. Borrower group-wise classification of assets financed as in (C) and (D) above:

(₹in Lakhs)

Sr. No.	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties**			
	a) Subsidiaries	-	-	-
	b) Companies with the same group	-	-	-
	c) Other related parties	-	-	-
2	Other than related parties	-	59,738.00	59,738.00
	Total	**-**	**59,738.00**	**59,738.00**

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

(₹in Lakhs)

Sr No.	Category	Market Value/ Breakup or Fair value of NAV	Book Value (Net of Provision)
1	Related parties**		
	a) Subsidiaries (Refer Note Below)	-	-
	b) Companies in the same group	-	-
	c) other related parties	-	-
2	Other than related parties	317.73	317.73
	Total	**317.73**	**317.73**

** As per Ind AS issued by MCA (refer note 3 below)

H. Other Information:

Sr No	Particulars	₹in Lakhs
(i)	Gross non-performing Assets	
	a) Related parties	-
	b) Other than related parties	2,602.25
(ii)	Net non-performing assets	
	a) Related parties	-
	b) Other than related parties	416.62
(iii)	Assets acquired in satisfaction of debt	-

Notes:

1) As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
2) Provisioning norms are applicable as prescribed in Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3) All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in E above.

44. There have been no events after the reporting date that require disclosure in these financial statements.

45. 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.

46. With the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. In order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the RBI through its circulars dated March 27, 2020 and April 17, 2020, permitted lenders including NBFCs to grant moratorium, on the payment of all instalments and/ or interest, falling due between March 01, 2020 and May 31, 2020 to their borrowers. This period was extended by RBI till August 31, 2020 through its circular dated May 23, 2020. The Company accordingly extended the moratorium option to its borrowers in accordance with its Board approved policies. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in economic activities, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The slowdown during the year has led to a decrease in loan originations and in collection efforts' efficiency. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the company's operations and financial results will depend on ongoing as well as future developments, which are highly uncertain. The relaxations announced in the lockdowns / restrictions by state governments, that imposed during the "second wave", since last week of May 2021 has helped the company's employees to contact the borrowers and resume business activities.

47. 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 "47"

As per our report of even date attached

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

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

UDIN: 21045669AAAADF5016

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
Namra Finance Limited

Jayendra Patel
Chairman Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

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