



Arman Financial Services Limited

Ahmedabad, Gujarat, August 13, 2025:

Arman Financial Services Limited (NSE: ARMANFIN, BSE: 531179), a Gujarat-Based Non-Banking Financial Company (NBFC), with interests in microfinance, micro-enterprise (MSME) loans, two-wheelers loans and Loan Against Property (LAP) announced its unaudited financial results for the quarter ended 30th June 2025. The financial numbers are based on Ind-AS.

Consolidated Business Performance:

Particulars (INR Crore)	Q1FY26	Q1FY25	Y-o-Y
Assets Under Management (AUM)	2,156.1	2,594.2	-16.9%
Gross Total Income	151.0	184.4	-18.1%
Pre-Provisioning Operating Profit	55.4	84.9	-34.8%
Profit/(Loss) After Tax	(14.6)	31.3	-

- Company's consolidated Asset Under Management (AUM) stood at ~INR 2,156.1 Crore
- Consolidated disbursements stood at ~INR 386.6 Crore, as compared to ~INR 458.7 Crore, a de-growth of 15.7% year-on-year, led by industry challenges in microfinance sector, the company has deliberately prioritized collections and focus on portfolio quality over rapid expansion.
- Net total income stood at ~INR 98.8 Crore, as compared to ~INR 119.1 Crore, a de-growth of 17.0% year-on-year.
- Pre-Provision Operating Profit (PPoP) at ~INR 55.4 Crore, as compared to ~INR 84.9 Crore, a de-growth of 34.8% year-on-year.
- Shareholders' Equity as of June 30, 2025, stood at ~INR 861.2 Crore

Shareholders' Funds	As on 30 th June 2025		As on 31 st March 2025	
	Amount (INR Crore)	No of shares	Amount (INR Crore)	No of shares*
Shareholders fund	861.2	1,04,91,688	874.4	1,04,90,538

*On fully diluted basis



Borrowing & Liquidity Profile:

- Total borrowings stood at ~INR 1,621 Crore (Including off balance sheet direct assignment (DA) liability)
- Of the total borrowings, 32.8% is through banks, 26.1% is through direct assignments (off-balance-sheet liabilities), 18.1% is through NCDs, 13.0% is through NBFCs & FIs, 5.4% is through PTCs. The rest is borrowed from other institutions.
- ALM continues to remain positive, and the company continue to have access to new sources of funds via DA and NCDs
- As on 30th June 2025, the Company has healthy Liquidity position with ~INR 216 Crore in cash/bank balance, liquid investments, and undrawn CC limits
- Additionally, the company has ~INR 257 Crore undrawn sanctions from existing lenders

Collection Efficiency:

- Collection efficiency for the month of June 2025 stood at 95.5%.
- Segment-wise collection efficiency for June 2025 stood at:
 - Microfinance segment – 95.3%
 - MSME segment – 96.1%
 - 2W segment – 95.3%

Asset Quality:

- GNPA stood at 3.45%; NNPA stood at 0.51%
- Cumulative Provisions stood at INR 111.33 Crore as on 30th June 2025 (covering 5.16% of the consolidated AUM, 6.29% on book)

Two-Wheeler, MSME Segment, Loan Against Property:

Particulars (INR Crore)	Q1FY26	Q1FY25	Y-o-Y
Assets Under Management (AUM)	602.2	465.0	+29.5%
Gross Total Income	50.8	42.4	+19.6%
Pre-Provisioning Operating Profit	23.2	21.5	+8.1%
Profit After Tax	12.4	12.6	-1.0%

- Assets under Management for the MSME, Two-Wheeler, LAP stood at ~INR 602.2 Crore



- AUM for MSME - ~INR 460.1 Crore.
- AUM for Two-Wheeler - ~INR 75.1 Crore.
- AUM for LAP - ~INR 36.5 Crore.
- AUM for ICD - ~INR 30.5 Crore.
- Total Disbursement for the MSME, Two-Wheeler and LAP stood at ~INR 116.5 Crore in Q1FY26.
- Net total income for Q1FY26 amounted to ~INR 38.8 Crore, registering a 17.5% year-on-year growth.
- Pre-Provision Operating Profit (PPOP) for Q1FY26 registered a 8.1% year-on-year growth to ~INR 23.2 Crore.
- Profit After Tax for Q1FY26 stood at ~INR 12.4 Crore, remained flat on year-on-year basis.
- GNPA for MSME stood at 3.80%; while NNPA stood at 1.05%.
- GNPA for Two-Wheeler stood at 4.71%; while NNPA stood at 1.87%.
- The company has a strong capital base with a capital adequacy ratio of 38.24% as on 30th June 2025.

Microfinance Segment (Namra)

Particulars (INR Crore)	Q1FY26	Q1FY25	Y-o-Y
Assets Under Management (AUM)	1,553.9	2,129.2	-27.0%
Gross Total Income	101.8	143.1	-28.9%
Pre-Provisioning Operating Profit	31.5	63.7	50.5%
Profit/(Loss) After Tax	(27.7)	19.0	-

- As of June 30, 2025, Namra's AUM stands at ~INR 1,553.9 Crore
- Disbursements for Q1FY26 amounted to ~INR 270.1 Crore
- During Q1FY26, Gross Total Income stood at ~INR 101.8 Crore and Net Total Income reached ~INR 60.5 Crore
- In Q1FY26 Reported loss of ~INR 27.7 Lakhs
- Provisions increased by 1.67% YoY to INR 82.74 Crore
- The write-off (net of recovery) during the quarter at INR 66.38 Crore as an aggressive write-off and provisioning policy was followed
- Active MFI Customers stood at ~5.62 lakh.
- GNPA stood at 3.43%; NNPA stood at 0.23% as on 30th June 2025.
- As on 30th June 2025; the capital adequacy ratio for Namra stood at 50.14%.



Commenting on the Company's performance, Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services said,

"Our Q1 FY26 results reflect both the progress we have made and the areas where work is still required. Our standalone businesses continued to grow, demonstrating resilience, while our microfinance subsidiary is navigating a more challenging phase. Asset quality has yet to reach the levels we are targeting, underscoring the importance of the structural changes initiated last year. We believe these measures will strengthen the business and lay the foundation for more sustainable performance going forward.

As of 30 June 2025, our standalone AUM stood at INR 602 crore, up 29.5% from INR 465 crore last year, supported by quarterly disbursements of INR 117 crore, a 15% year-on-year increase. Net Interest Income rose 17% to INR 39 crore, while Pre-Provision Operating Profit improved to INR 23 crore from INR 21 crore last year. Asset quality for the standalone book remained stable, with GNPA for the MSME business stood at 3.80%, 2W business stood at 4.71%. Collection efficiency averaged 95.4% during the quarter, reflecting steady repayment behaviour in these product lines.

In our microfinance subsidiary, Namra Finance, AUM as of 30 June 2025 was INR 1,554 crore, down 8% from INR 1,686 crore last year. Quarterly disbursements stood at INR 270 crore, a 27% decline year-on-year. Net Interest Income for the quarter was INR 61 crore, while PPOP came in at INR 32 crore. Namra posted a loss after tax of INR 28 crore versus a profit of INR 19 crore in Q1 FY25. Asset quality remains under pressure, with GNPA at 3.43% and NNPA at 0.23%. Overall MFI collection efficiency for the month of June 2025 averaged at 95.3%, with the zero-bucket improving to 98.8% in June — an early but positive sign in certain branches. Total impairment costs for Namra were the lowest in the last three quarters (Q3 FY25: 68; Q4 FY25: 82; Q1 FY26: INR 59 crore). However, the AUM decline has weighed on interest income in the MFI segment, which we expect to recover as the sector stabilises and growth resumes.

Over recent months, we have been rebuilding our operational foundations. A key initiative has been the separation of credit and recovery functions from branch operations — a governance and risk management reform aimed at strengthening controls, reducing conflicts, and improving accountability. This new structure is already in place across 160 of our 391 branches, with rollout to be completed in H2 FY26. Early results, particularly in collection discipline at pilot branches, are encouraging.

To further safeguard the MFI portfolio, since November 2024 all disbursements have been covered under the Credit Guarantee Fund for Micro Units (CGFMU) scheme. As of June 2025, 50% of our MFI AUM is covered, providing a meaningful cushion against potential credit losses should conditions fail to improve.

Our capital position remains strong, with a capital adequacy ratio of 38.24% for Arman (standalone) and 50.14% for Namra, along with INR crore in surplus liquidity. This gives us the financial flexibility to continue investing in operational changes while absorbing near-term pressures. We also maintain ample cash liquidity, with quarter-end cash at INR 215.75 crore.

We acknowledge that the microfinance sector's recovery is taking longer than anticipated. However, the building blocks are in place, and with rural sentiment expected to improve on the back of a favourable monsoon and better agricultural output, we believe the second half of FY26 will provide a clearer demonstration of the benefits from our corrective actions, setting us on a path to stronger, more sustainable performance."



About Arman Financial Services Limited

Incorporated in 1992, Arman Financial Services Ltd. is an Ahmedabad based, Non-Banking Finance Company (NBFC-ICC), which provides lending services primarily in the Two-Wheeler, Micro-Enterprise (MSME), Microfinance and LAP segments. The Microfinance division is operated through its wholly owned subsidiary, Namra Finance Ltd, an NBFC-MFI.

Arman is one of the market leaders in the NBFC space across the underpenetrated low-income parts of the country providing livelihood promotion services such as microcredit to socio-economically backward people, who have no or little access to the formal banking system or regular NBFC services. The group mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, Rajasthan, Haryana, Bihar, Jharkhand, Karnataka and Telangana through a strong distribution network of 492 branches, 50+ two-wheeler dealerships spread across 164 districts in 11 states serving ~6.8 lakh customers.

Company focuses on small ticket retail loans to the large underserved informal segment customers in rural & semi urban geographies. The Company has completely in-house operations with bottom-up driven credit appraisal models and rigorous collections practices tailored for the areas of operations.

Safe Harbor

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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