



ARMAN FINANCIAL SERVICES LIMITED

Reg. off: 502-503, SAKAR III, OPP. OLD HIGH COURT, AHMEDABAD-380014

CIN:L55910GJ1992PLC018623 Ph-079-40507000; E-mail: finance@armanindia.com; Website: www.armanindia.com

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED ON MARCH 31, 2021

(Rs. In Lakhs except per share data)

Sr.No.	Particulars.	Quarter Ended			Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	Income from operations					
	a. Revenue from Operations					
	i. Interest Income	4,265.36	4,594.98	4,825.27	18,564.13	20,037.87
	ii. Gain on assignment of financial assets	-	-	450.33	-	450.33
	iii. Fees and Commission income	133.46	127.95	200.45	506.40	646.04
	iv. Net Gain on Fair-Value Changes of Investment Marked To Market	(8.07)	(2.53)	5.45	23.63	16.46
	Total revenue from Operations (a)	4,390.75	4,720.40	5,481.50	19,094.16	21,150.70
	b. Other Income	40.00	67.23	73.19	231.91	364.00
	Total Income (a + b)	4,430.75	4,787.63	5,554.69	19,326.07	21,514.70
2	Expenses					
	a. Finance cost	1,924.89	1,721.22	2,488.61	7,744.68	8,759.37
	b. Impairment losses on financial assets	1,101.16	1,468.11	1,193.14	5,459.22	2,000.85
	c. Employees benefits expense	918.19	898.90	1,062.74	3,556.60	3,645.68
	d. Depreciation and amortisation expense	20.18	19.84	21.02	80.98	79.84
	e. Other expenses	481.68	346.82	493.64	1,308.24	1,651.35
	Total Expenses	4,446.10	4,454.89	5,259.14	18,149.72	16,137.08
3	Profit / (Loss) before an Exceptional and Tax (1-2)	(15.35)	332.74	295.55	1,176.35	5,377.62
4	Exceptional Items	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	(15.35)	332.74	295.55	1,176.35	5,377.62
6	Tax Expense (net)					
	- Current tax	65.40	260.40	80.98	1,089.70	1,423.40
	- Short / (excess) Provision of Income Tax of earlier years	6.36	-	(2.78)	6.36	(2.78)
	- Deferred tax liability / (asset)	(174.09)	(220.04)	(163.20)	(981.31)	(195.00)
	Net Tax Expenses	(102.33)	40.36	(85.00)	114.75	1,225.61
7	Profit for the period / year from continuing operations (5-6)	86.99	292.38	380.55	1,061.61	4,152.00
8	Profit / (loss) from discontinued operations	-	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-	-
10	Profit / (loss) from discontinued operations (after tax) (8-9)	-	-	-	-	-
11	Profit for the period / year (7+10)	86.99	292.38	380.55	1,061.61	4,152.00
12	Other comprehensive income / (loss)					
	(a) (i) Items that will not be reclassified to profit and loss					
	- Remeasurement of Defined Benefit Obligations	30.37	(2.92)	(6.61)	21.62	(11.67)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	(7.64)	0.73	1.64	(5.44)	2.94
	Sub Total (a)	22.73	(2.19)	(4.97)	16.18	(8.73)
	(b) (i) Items that will be reclassified to profit and loss					
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	185.95	(14.28)	70.14	468.05	85.68
	(ii) Income tax relating to items that will be reclassified to profit and loss	(46.80)	4.54	(20.30)	(117.80)	(24.29)
	Sub Total (b)	139.15	(9.74)	49.84	350.25	61.40
	Net Other comprehensive income / (loss) (a)+(b)	161.88	(11.93)	44.87	366.43	52.67
13	Total Comprehensive Income	248.86	280.45	425.42	1,428.03	4,204.67
	Paid up Equity Share capital (face value of Rs. 10/-)	848.84	848.76	845.09	848.84	845.09
14	Earnings per share (of Rs. 10/- Each)(Not Annualised)					
	(a) Basic EPS	1.02	3.44	5.11	12.53	55.80
	(b) Diluted EPS	1.02	3.44	5.09	12.53	55.54



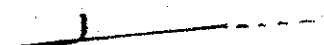
Notes

- 1 The audited consolidated financial results of the Company and its subsidiary (collectively referred to as the 'Group') have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act 2013 [the 'Act'] read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- 2 The audited consolidated financial results for the quarter and year ended March 31, 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Holding Company at its meeting held on June 24, 2021.
- 3 The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The financial results, includes the potential impact of the COVID-19 pandemic on the Group's financial results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the second wave of COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Group and its subsequent impact on the recoverability of the Group's assets. The Group has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic.
- Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Group will continue to closely monitor any material changes to future economic conditions.
- 4 The Holding Company, during the quarter ended March 31, 2021 has allotted 750 equity shares, on exercise of options by employees, in accordance with the Holding company's Employee Stock Option Scheme.
- The Indian Parliament has approved the Code on Social Security, 2020 (the "Code") which would impact the contributions by the Group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 5 Figures for the quarter ended 31st March, 2021 and 31st March, 2020 are the balancing figures between audited figures for the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years.
- 6 Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.
- 7 The Group operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Group operates in a single geographical segment i.e. domestic.
- 8

Date: 24.06.2021
Place: Ahmedabad



For and on behalf of the Board,
ARMAN FINANCIAL SERVICES LIMITED


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814



ARMAN FINANCIAL SERVICES LIMITED

Consolidated Balance Sheet as at 31st March, 2021

(Rs. in Lakhs)

Particulars	31st March, 2021	31st March, 2020
ASSETS		
(1) Financial Assets		
(a) Cash and cash equivalents	8,791.77	5,828.95
(b) Bank Balance other than (a) above	8,045.65	3,854.74
(c) Loans	74,322.03	77,889.65
(d) Investments	317.73	325.90
(e) Other Financial assets	760.65	708.14
(2) Non-financial Assets		
(a) Current tax assets (Net)	-	50.30
(b) Deferred tax Assets (Net)	1,336.75	478.68
(c) Property, Plant and Equipment	326.02	352.93
(d) Other Intangible assets	22.54	17.69
(e) Right of Use Assets	59.15	73.93
(f) Other non-financial assets	25.13	35.52
Total Assets	94,007.42	89,616.46
LIABILITIES AND EQUITY		
LIABILITIES		
(1) Financial Liabilities		
(a) Other Payables		
(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	17,760.55	10,570.98
(c) Borrowings (Other than Debt Securities)	52,881.55	57,705.63
(d) Subordinated Liabilities	1,500.00	1,500.00
(e) Other financial liabilities	2,421.07	2,332.66
(2) Non-Financial Liabilities		
(a) Provisions	89.55	79.98
(b) Current Tax Liabilities (Net)	486.78	-
(c) Other non-financial liabilities	115.88	126.68
EQUITY		
(1) Equity Share capital	848.84	845.09
(2) Other Equity	17,827.12	16,377.44
Total Liabilities and Equity	94,007.42	89,616.46



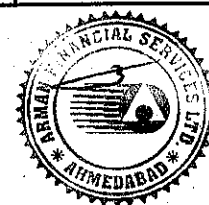


ARMAN FINANCIAL SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in Lakhs)

PARTICULARS	31-Mar-21	31-Mar-20
A: Cash from Operating Activities:		
Net profit before taxation	1,176.35	5,377.61
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 define benefit plan	21.62	(11.67)
Employee Stock Option Plan Expense	6.65	25.46
Interest on shortfall of advance Tax	78.00	10.80
	(7,085.95)	(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	33.10
	(3,453.55)	(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)	(1,775.28)
	9,954.29	9,633.64
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)
Proceeds from Sale/redemption of investments	33,171.09	55,564.64
Net Cash from Investment Activities:	151.98	189.87
C: Cash Flow From Financing Activities :		
Proceeds from issue of share capital	18.75	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 In Cash & Cash Equivalents	2,962.82	1,996.93
Cash & cash equivalents at the beginning	5,828.95	3,832.02
Cash & cash equivalents at the end	8,791.77	5,828.95



SAMIR M. SHAH & ASSOCIATES

Chartered Accountants

Admin Office :- B-516, Gopal Palace, Nr. Shiromani Flats, Opp. Ocean Park,
Satellite Road, Ahmedabad – 380 015.

Corporate Office: - "Heaven", 8, Western Park Society, Nr. Inductotherm,
Bopal, Ahmedabad – 380058

Phone : +7622012032

E-mail : samir@smshah.co.in

Independent Auditor's Report on Consolidated Financial Results of Arman Financial Services Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended.

**To the Board of Directors of
Arman Financial Services Limited
Ahmedabad.**

Opinion

1. We have audited the accompanying consolidated annual financial results of **Arman Financial Services Limited** (hereinafter referred to as the 'Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as the 'Group'), for the year ended March 31, 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'). In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate audited consolidated financial statements of the subsidiary, the aforesaid consolidated annual financial results:
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate audited financial statements of the subsidiary, the aforesaid consolidated annual financial results:
 - a. include the annual financial results of the following entities:

Namra Finance Limited (wholly owned subsidiary Company)
 - b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
 - c. gives a true and fair view in conformity with applicable Indian accounting standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the net profit and total comprehensive income and other financial information of the group for the year ended March 31, 2021.

Sneha Jethani



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 (the 'Act'). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated 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 obtained by us along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Emphasis of Matter

4. We draw attention to Note 3 to the Statement in which the Group describes the continuing uncertainties, particularly on the impairment provisions, arising from the COVID 19 pandemic which are dependent on future developments.

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

Management's Responsibilities for the Consolidated Financial Results

5. The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive loss and other financial information of the Group including in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 Statement 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 Statement by the Directors of the Holding Company, as aforesaid.

Ineha Jethwa



In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statement

6. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 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 Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions




Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

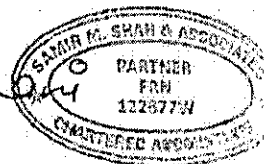
- 7.2. The Statement includes the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations

Place: Ahmedabad
Date: 24.06.2021

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

Sneha Jethani

(Sneha Jethani)
Partner
[M. No. 160932]



UDIN - 21160932-AAAA BB5999



ARMAN FINANCIAL SERVICES LIMITED

Reg. off: 502-503, SAKAR III, OPP. OLD HIGH COURT, AHMEDABAD-380014 GUJARAT
CIN:L55910GJ1992PLC018623 Ph-079-40507000; E-mail: finance@armanindia.com; Website: www.armanindia.com
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED ON MARCH 31, 2021

(Rs. In Lakhs except per share data)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	Income from operations					
	a. Revenue from Operations					
	i. Interest Income	1,312.57	1,461.21	1,472.90	6,033.51	6,537.65
	ii. Gain on Assignment of Financial Assets	-	-	173.66	-	173.66
	iii. Fees and Commission Income	1.31	-	-	1.31	-
	iv. Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	(7.25)	5.60	-	-	-
	Total revenue from Operations (a)	1,306.63	1,466.81	1,646.56	6,034.82	6,711.31
	b. Other Income	82.22	72.56	68.38	319.95	298.86
	Total Income (a + b)	1,388.85	1,539.37	1,714.94	6,354.77	7,010.17
2	Expenses					
	a. Finance cost	491.66	477.82	605.10	1,997.74	2,202.74
	b. Impairment on Financial Assets	332.56	327.77	408.96	1,791.98	668.79
	c. Employees benefits expense	317.39	299.05	362.03	1,166.34	1,323.12
	d. Depreciation and amortisation expense	2.36	2.39	2.83	10.12	11.15
	e. Other expenses	225.27	103.20	154.93	449.11	521.76
	Total Expenses	1,369.25	1,210.23	1,533.85	5,415.29	4,727.56
3	Profit / (Loss) before an Exceptional and Tax (1-2)	19.61	329.14	181.10	939.48	2,282.61
4	Exceptional Items	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	19.61	329.14	181.10	939.48	2,282.61
6	Tax Expense (net)					
	- Current tax	29.40	112.60	31.09	525.70	516.10
	- Short / (excess) Provision of Income Tax of earlier years	6.36	-	0.78	6.36	0.78
	- Deferred tax liability / (asset)	(65.29)	(38.44)	(66.12)	(392.31)	(58.04)
	Net Tax Expenses	(29.53)	74.16	(34.25)	139.75	458.85
7	Profit for the period / year from continuing operations (5-6)	49.14	254.98	215.35	799.73	1,823.77
8	Profit / (loss) from discontinued operations	-	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-	-
10	Profit / (loss) from discontinued operations (after tax) (8-9)	-	-	-	-	-
11	Profit for the period / year (7+10)	49.14	254.98	215.35	799.73	1,823.77
12	Other comprehensive income / (loss)					
	(a) (i) Items that will not be reclassified to profit and loss					
	- Remeasurement of Defined Benefit Obligations	10.93	(1.21)	(1.80)	7.27	(4.87)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	(2.75)	0.31	0.44	(1.83)	1.23
	Sub Total (a)	8.18	(0.90)	(1.36)	5.44	(3.64)
	(b) (i) Items that will be reclassified to profit and loss					
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	281.41	33.86	40.04	232.37	46.05
	(ii) Income tax relating to items that will be reclassified to profit and loss	(70.82)	(7.57)	(11.27)	(58.48)	(12.81)
	Sub Total (b)	210.59	26.29	28.77	173.89	33.24
	Net Other comprehensive Income / (loss) (a)+(b)	218.76	25.39	27.40	179.34	29.59
13	Total Comprehensive Income	267.90	280.37	242.75	979.07	1,853.36
14	Paid up Equity Share capital (face value of Rs. 10/-)	848.84	848.76	845.09	848.84	845.09
	Earnings per share (of Rs. 10/- Each) (Not Annualised)					
	(a) Basic EPS	0.58	3.00	2.89	9.44	24.51
	(b) Diluted EPS	0.58	3.00	2.88	9.44	24.39



Notes

- 1 The audited standalone financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act 2013 [the 'Act'] read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- 2 The audited standalone financial results for the quarter and year ended March 31, 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on June 24, 2021.

The COVID-19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The financial results, includes the potential impact of the COVID-19 pandemic on the Company's financial results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the second wave of COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets. The Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic.

Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- 4 The Company, during the quarter ended March 31, 2021 has allotted 750 equity shares, on exercise of options by employees, in accordance with the company's Employee Stock Option Scheme(s).

The Indian Parliament has approved the Code on Social Security, 2020 (the "Code") which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 6 Figures for the quarter ended 31st March, 2021 and 31st March, 2020 are the balancing figures between audited figures for the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years.
- 7 Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.
- 8 The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.

Date: June 24, 2021
Place: Ahmedabad



For and on behalf of the Board,
ARMAN FINANCIAL SERVICES LIMITED

Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814



ARMAN FINANCIAL SERVICES LIMITED

Standalone Balance Sheet as at 31st March, 2021

(Rs. In lakhs)

	Particulars	31st March, 2021	31st March, 2020
	ASSETS		
(1)	Financial Assets		
(a)	Cash and cash equivalents	4,906.56	21.01
(b)	Bank Balance other than (a) above	1,778.46	574.43
(c)	Loans	15,174.61	22,324.50
(d)	Investments	6,171.85	6,236.69
(e)	Other Financial assets	142.17	222.40
(2)	Non-financial Assets		
(a)	Current tax assets (Net)	-	130.63
(b)	Deferred tax Assets (Net)	438.49	106.49
(c)	Property, Plant and Equipment	75.86	82.31
(d)	Other Intangible assets	0.40	0.81
(e)	Other non-financial assets	10.81	20.44
	Total Assets	28,699.21	29,719.69
	LIABILITIES AND EQUITY		
	LIABILITIES		
(1)	Financial Liabilities		
(a)	Debt Securities	6,484.03	6,453.90
(b)	Borrowings (Other than Debt Securities)	8,351.71	10,118.97
(c)	Subordinated Liabilities	500.00	500.00
(d)	Other financial liabilities	478.11	498.07
(2)	Non-Financial Liabilities		
(a)	Provisions	39.20	35.21
(b)	Deferred Tax Liabilities (Net)	38.80	-
(c)	Other non-financial liabilities	24.05	39.86
	EQUITY		
(1)	Equity Share capital	848.84	845.09
(2)	Other Equity	11,934.47	11,228.60
	Total Liabilities and Equity	28,699.21	29,719.69





ARMAN FINANCIAL SERVICES LIMITED

STANDLAONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Rs. In Lakhs)

PARTICULARS	31-Mar-21	31-Mar-20
A: Cash from Operating Activities:		
Net profit before taxation	939.48	2,282.62
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 Gaurantee Income	(229.02)	(191.32)
	(2,883.47)	(4,168.25)
Operating profit before working Capital changes :	(1,943.99)	(1,885.63)
Adjustment For Increase/(Decrease) in Operating Assets:		
Loans and Advances	5,998.63	(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	30.44	37.74
Provision	3.99	12.37
	4,955.92	(2,719.88)
Cash Generated From Operations	3,011.93	(4,605.51)
Interest Income Received	5,980.67	6,535.76
Finance Cost Paid	(1,954.90)	(2,136.84)
Income tax paid	(392.63)	(607.41)
Net Cash From Operating Activities:	6,645.07	(814.01)
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 Property, Plant & Equipment	7,075.36	-
Net Cash from Investment Activities:	22.08	(1,005.00)
C: Cash Flow From Financing Activities :		
Proceeds from issue of share capital	18.75	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 in Cash & Cash Equivalents	4,885.55	(439.72)
Cash & cash equivalents at the beginning	21.01	460.73
Cash & cash equivalents at the end	4,906.56	21.01



SAMIR M. SHAH & ASSOCIATES

Chartered Accountants

Admin Office :- B-516, Gopal Palace, Nr. Shiromani Flats, Opp. Ocean Park,
Satellite Road, Ahmedabad – 380 015.

Corporate Office: - "Heaven", 8, Western Park Society, Nr. Inductotherm,
Bopal, Ahmedabad – 380058

Phone : +7622012032

E-mail : samir@smshah.co.in

Independent Auditor's Report on Standalone Financial Results of Arman Financial Services Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended.

To the Board of Directors of
Arman Financial Services Limited
Ahmedabad.

Opinion

1. We have audited the accompanying Statement of Standalone Financial Result of **Arman Financial Services Limited** (the 'Company') for the year ended March 31, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- b. gives a true and fair view in conformity with applicable Indian accounting standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the net profit and total comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ("SAs") 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 Standalone Financial Results 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

Sneha Jethani



that are relevant to our audit of the Standalone Financial Results 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 ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Results.

Emphasis of Matter

3. We draw attention to Note 3 to the Statement in which the Company describes the continuing uncertainties, particularly on the impairment provisions, arising from the COVID 19 pandemic which is dependent on future developments.

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

Management's Responsibilities for the Standalone Financial Results

4. This Statement which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Standalone Financial Results for the year ended March 31, 2021 has been compiled from the related audited standalone financial statements. This responsibility includes the preparation and presentation of the Standalone Financial Results for the quarter and year ended March 31, 2021 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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 Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Ineha Jethani



Auditor's Responsibilities for the Audit of the Standalone Financial Statement

5. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended March 31, 2021 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 this Standalone Financial Results.

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 Standalone Financial Statement, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 results 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

Neeta Jethani



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.

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

Other Matters

6. The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

Place: Ahmedabad
Date: 24.06.2021

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

Sneha Jethani

(Sneha Jethani)
Partner

[M. No. 160932]

UDIN - 21160932 AAAA B46878





Arman Financial Services Ltd.

Arman Financial Declares Q4 & FY21 Results Q4 Disbursements Grew 51% Sequentially Accelerated Provisioning to minimise Future Volatility

Ahmedabad, India, 25 June 2021: Arman Financial Services Ltd (Arman), a Gujarat based non-banking financial company (NBFC), with interests in microfinance, two-wheelers, and micro-enterprise (MSME) loans, announced its financial results for the quarter and year ended 31st March 2021.

Particulars (In ₹ Crores)	Q4 FY21	Q4 FY20	YoY%	FY21	FY20	YoY%
Assets Under Management (AUM)	814.4	859.1	-5%	814.4	859.1	-5%
Total Disbursement	275.2	229.2	20%	509.7	873.6	-42%
Gross Total Income	44.3	55.6	-20%	193.3	215.2	-10%
Pre-Provisioning Operating Profit	10.9	14.9	-27%	66.4	73.8	-10%
Total Provisioning & Write-Offs	11.0	11.9	-8%	54.6	20.0	173%
Profit After Tax	0.9	3.8	-77%	10.6	41.5	-74%
GNPA %				4.58%	1.05%	353bps
NNPA %				0.63%	0.20%	43bps
RoE %				5.91%	28.80%	-

Consolidated Financial Highlights – Q4 FY2021

- **Assets under management** as on 31st Mar'21 stood at ₹ 814 crores, lower by 5% YoY as higher repayment rates combined with lower disbursements led to a run-down in the loan book.
- **Disbursements picked-up the pace across all segments from Oct'20 onwards.** Loan Disbursements during Q4 FY21 stood at ₹ 275 crores, up 51% QoQ; the pace of disbursements is expected to reach pre-covid level as the second wave situations seems to normalize now.
 - In Microfinance segment, the company had primarily focused on renewing loans of existing customers in the previous quarters. During Q4, the company started servicing new customers as well. Monthly disbursement reached a peak of ₹ 90 crores in March 2021 as a result of new branch openings and economic recovery post Covid 1.0 lockdowns.
 - In the MSME & two-wheeler segments, the company continues to take a cautious approach while disbursing the fresh loans by increasing underwriting and reducing ticket sizes. The MSME segment has reached average disbursements of pre-covid levels in March, while two-wheeler segment has yet to reach pre-covid levels.
- **Shareholders Equity** stood at ₹ 186.8 crores as on 31st Mar'21.
- **Comfortable Leverage Position:** Debt-Equity Ratio as on 31st Mar'21 was 3.9x
- **Gross Total Income** declined by 20% YoY to ₹ 44.3 crores on account of lower booking of processing fees due to lower disbursements and a decline in the portfolio. Similarly, Net Total Income decreased by 18% YoY to ₹ 25.1 crores.
- **Finance cost came down by 23% YoY to ₹ 19.2 crores** as the average borrowings reduced on YoY basis, combined with raising of debt funds at relatively lower rates from NABARD, SIDBI & MUDRA.
- **Pre-Provisioning Operating Profit** decreased by 27% YoY to ₹ 10.9 crores due to lower net total income as a result of a decline in the average portfolio. The cost-to-income ratio stood at 56.7% in Q4 FY21 versus 51.4% in Q4 FY20.
- **Provisions & write-off (Impairment Losses)** Cumulative Total Provisions and write-off (Impairment Losses on Financial Assets) for the year was ₹ 54.6 Crore as on 31st Mar'21, The total provisions on the books stood at ₹ 51.54 cr as on 31st March 2021.



Arman Financial Services Ltd.

- Given the higher provisioning, Profit after tax stood lower at ₹ 0.9 crores for 3 months ended and ₹ 10.6 crores for 12 months ended 31-Mar-21. Adjusted for the higher provisioning on account of the Covid-induced disruption, Profit after tax would have been substantially higher.
- Consolidated GNPA stood at 4.6%; NNPA stood at 0.6% for March 21.
- Total operational branches as on 31st Mar'21 stood at 239 (198 in MFI, 35 in MSME and 6 in 2W). The company opened 27 new branches during Q4 in the microfinance segment in anticipation of higher growth in the coming fiscal year 2022.

Update on Collections Efficiency

Business Segment	Jan 2021	Feb 2021	Mar 2021
Microfinance	92%	94%	95%
MSME	95%	95%	94%
Two-Wheeler	96%	96%	94%
Total Collection Efficiency %	93%	95%	94%

- Collections continued to show sequential improvement since September 2020 to March 2021 across all segments. Collections were impacted due to Covid second wave in April and May 2021, which is now again coming back to normal with the easing of lockdown restrictions across geographies. Decline in repayment rate during April and May was primarily due to lack of access to the customers in many of the geographies with more stringent lockdowns. There is significant improvements in the MTD repayment figures during June 2021.

Update on Liquidity

- Healthy Liquidity position with ₹ 132.06 crore in cash/bank balance, liquid investments, and undrawn CC limits

The company has duly repaid all the debt obligations that were due in Q4 FY21 and had accelerated the debt repayment for higher coupon debts in Q3FY21. Company's liquidity position remains strong with ₹ 132.1 crore in cash/bank balance, liquid investments and undrawn CC limits. Our ALM continues to remain positive and we continue to have access to new sources of funds.

Commenting on the company's performance in Q4 FY21, Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services said, "Despite FY21 starting off on a challenging note for the micro finance industry as a whole, due to pandemic and subsequent lockdowns in H1FY21 company's performance has been more resilient in H2FY21. The company's collection efficiency saw a sequential improvement quarter on quarter with collections improving from 87% in Sep'20 to 94% in Mar'21. Consolidated AUM at the end of Q4 stood at ₹ 814 Crore marginally lower by 5% on a YoY basis. This was driven by a run-down in the loan book as there were virtually no disbursements during the Lock-Down and Moratorium period, coupled with higher collections efficiencies, and a cautious approach in disbursements.

In-keeping with the conservative approach, the company bolstered its provision coverage during the year by prudently creating provisions ₹ 38.1 crores during the year, and additionally also took an aggressive write-off of ₹ 16.5 crores. The cumulative total provisions stood at ₹ 51.4 Crore as on 31st Mar'21, covering 6.7% of the on-book AUM; this will help the company to deal with any possible impairments on account of Covid-19 in the future. Asset quality continues to remain steady with Net NPA at about 0.6%. The Company enjoys adequate liquidity and a strong balance sheet position which makes it well-positioned and agile to achieve growth over the medium to long term, while the demand remains strong. The company's liquidity position remains strong with ₹ 132.1 crore in cash/bank balance, liquid investments, and undrawn CC limits.

Most importantly, collections across all the 3 segments improved since October 2020 to March 21 before being marginally impacted during April 21 & May 21 due to second wave of Covid-19 which we are again seeing coming back on track with the normalizing situation in June 21. Repayment rates for March 2021 dues closed at 95% for the MFI segment and 94% for the MSME & 2-wheeler segment. Overall, the company has achieved ~94% blended collection efficiency in March 2021. The company's



Arman Financial Services Ltd.



**Arman Financial
Services Ltd.**

Q4 & FY21 - Investor Presentation
June 2021

from ACCESS to INCLUSION

DISCLAIMER

Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Arman Financial Services Ltd will not be in any way be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



CONTENTS

04 Performance Update - Q4 & FY21

13 Liability Overview

16 Company Overview

24 Product Overview

28 Annexures



Arman Financial Services Ltd.



Arman Financial Services Ltd.

Financial Performance Update - Q4 & FY21





Q4 & FY21 - Financial Performance Highlights



Total AUM declined by 5% YoY to INR 8,144 Mn in Q4FY21 vs INR 8591 Mn in Q4FY20 (Q3 FY21 AUM: INR 7,200 Mn)



Shareholders Equity Stood at INR 1,867 Mn in Q4 FY21
Consolidated Debt-Equity Ratio stood at 3.9x on 31 March'21 (exclude direct assignment)



Collection Efficiency Improved to ~94% in March 2021 vis-à-vis ~93% in December 2020



Operating expenses declined by 10% YoY to INR 142 Mn in Q4 FY21, and 8% YoY to INR 495 Mn in FY21
Cost-to-income ratio stood at 56.7% in Q4 FY21 and 42.7% in FY21



Pre-Provisioning Operating Profit declined by 27% YoY to INR 108.6 Mn in Q4 FY21, and 10% YoY to INR 664 Mn in FY21



Cumulative Provisions stood at INR 515.4 Mn as on 31st Mar 2021 (covering 6.33% of the total AUM)

Update on Collections

- ❑ Collections have improved significantly across all 3 segments since September 2020 to reach ~94% in March 2021. However, second wave restrictions led to decline in the collection in April and May 2021
 - ‘Microfinance’ collections picked-up strongly as the repayment rates reached 95% in March 2021
 - 2W and MSME collections continued to be well-north of 94% during March 2021
- ❑ Cumulative Provisions stood at INR 515 Mn as of 31st March 2021 covering 6.3% of the total AUM
 - **Namra:** Cumulative Provisions stood at INR 331.2 Mn as of 31st Mar 2021 covering 5.2% of the total AUM
 - **Standalone:** Cumulative Provisions stood at INR 184.3 Mn as of 31st Mar 2021 covering 10.8% of the total AUM
- ❑ The company has created sufficient provisions for Covid related losses. However, we continue to monitor the provision closely.

Collection Efficiency % (January 2021 – May 2021)

Business Segment	Collections Due (Jan'20)	Amount Collected (Jan'20)	Collection Efficiency % (Jan'20)	Collections Due (Feb'20)	Amount Collected (Feb'20)	Collection Efficiency % (Feb'20)	Collections Due (Mar'20)	Amount Collected (Mar'20)	Collection Efficiency % (Mar'20)	Collections Due (Apr'21)	Amount Collected (Apr'21)	Collection Efficiency % (Apr'21)	Collections Due (May'21)	Amount Collected (May'21)	Collection Efficiency % (May'21)
Total	725	675	93%	738	698	95%	733	692	94%	730	644	88%	733	574	78%
Microfinance	551	508	92%	556	525	94%	557	527	95%	555	486	87%	559	422	75%
MSME	128	123	95%	131	125	95%	133	124	94%	136	121	89%	134	116	87%
Two-wheeler	46	44	96%	50	48	96%	44	41	94%	39	37	94%	40	37	93%

Note: All the amounts are in INR Mn.

Update on Liquidity

- ❑ **Healthy Liquidity position with INR ~1,321 Mn in cash/bank balance, liquid investments, and undrawn CC limits**
- ❑ Successfully raised INR 2,080 Mn in Q4FY21 and 3,690 Mn in FY21
- ❑ Liquidity position has improved driven by the pick-up in collections and the incremental debt capital raised since the start of April. The company has **accelerated repayments of high-cost borrowings and replaced it with low-cost borrowings during the FY21.**

Update on Disbursements

- ❑ **Disbursements picked-up the pace across all segments in Q4FY21 after gradually starting from August 2020 onwards**
 - Loan Disbursements during Q4 FY21 stood at INR 2,752 Mn compared to INR 2,292 Mn in Q4 FY20 registering a YoY growth of 20%. Disbursements are expected to reach pre-covid level from Q2 FY22 onwards post Q1 FY22 disruptions due to the second wave related lockdowns.
 - The company has taken its footprint to Haryana with 10 branches in Q4FY21. Also added 11 more branches in Rajasthan and 6 more in other existing states during FY21.
 - In microfinance, the company primarily focused on renewing loans of existing customers who have already made their repayments and completed their tenure during Q4FY21.
 - In the MSME & 2-wheeler segments, the company has started disbursing with a more stringent underwriting process
- ❑ **Incremental measures taken by the company to further tighten its 2-Wheeler and MSME credit appraisal process. These measures are over & above the existing requirements.**
 - **2-Wheeler:** 1) Increased down payment and credit score requirements, 2) Currently, not making any fresh disbursements in areas witnessing higher default rates
 - **MSME:** 1) Tightened the positive cash flow requirement, 2) 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 disbursements

Q4 & FY21 - Consolidated Profit & Loss Statement



Particulars (INR Mn)	Q4 FY21	Q4 FY20	YoY (%)	FY21	FY20	YoY (%)
Assets Under Management (AUM)	8,144	8,591	-5%	8,144	8,591	-5%
Disbursements	2,752	2,292	20%	5,097	8,736	-42%
Shareholder's Equity *	1,868	1,722	8%	1,868	1,722	8%
Income from Operations	439.1	548.2	-20%	1,909.4	2,115.1	-10%
Other Income	4.0	7.3	-45%	23.2	36.4	-36%
Gross Total Income	443.1	555.5	-20%	1,932.6	2,151.5	-10%
Finance Costs	192.5	248.9	-23%	774.5	875.9	-12%
Net Total Income (NTI)	250.6	306.6	-18%	1,158.1	1,275.5	-9%
Employee Benefits Expenses	91.8	106.3	-14%	355.7	364.6	-2%
Depreciation and Amortisation	2.0	2.1	-4%	8.1	8.0	1%
Other Expenses	48.2	49.4	-2%	130.8	165.1	-21%
Pre-Provision Operating Profit	108.6	148.9	-27%	663.6	737.8	-10%
Total Provisions & Write-offs	110.1	119.3	-8%	545.9	200.1	173%
Profit Before Tax	(1.5)	29.6	-	117.6	537.8	-78%
Profit After tax	8.7	38.1	-77%	106.2	415.2	-74%
GNPA %	4.6%	1.0%	353 bps	4.6%	1.0%	353 bps
NNPA %	0.6%	0.2%	43 bps	0.6%	0.2%	43 bps
Return on Avg. AUM %	0.4%	1.8%	-140 bps	1.3%	5.4%	-411 bps
Return on Avg. Equity % *	1.9%	8.9%	-701 bps	5.9%	28.8%	-2288 bps

Note:

- * Fully-diluted equity base
- There may be minor variations between Namra + Standalone figures and the consolidated figures due to eliminations / knock-offs
- RoE = PAT / Avg. Fully Diluted Equity; GNPA % = GNPA / AUM (On + Off-Book); NNPA % = NNPA / AUM (On + Off-Book). RoE and Return on Avg. AUM figures are annualized.

Q4 & FY21 - Consolidated Balance Sheet



Particulars (in INR Mn)	Consolidated		Standalone	
ASSETS	Mar-21	Mar-20	Mar-21	Mar-20
<u>Financial Assets</u>				
Cash and cash equivalents	879	583	491	2
Bank Balance	805	385	178	57
Loans & Advances	7,432	7,789	1,517	2,232
Investments	32	33	617	624
Other Financial assets	76	71	14	22
Total Financial Assets	9,224	8,861	2,817	2,938
<u>Non-Financial Assets</u>				
Current tax assets (Net)	0	5	0	13
Deferred tax Assets (Net)	134	48	44	11
Property, Plant and Equipment	33	35	8	8
Other Intangible assets	2	2	0.04	0
Right To Use Asset	6	7	0	0
Other non-financial assets	3	4	1	2
Total Non-Financial Assets	177	101	53	34
Total Assets	9,401	8,962	2,870	2,972

Particulars (in INR Mn)	Consolidated		Standalone	
LIABILITIES & EQUITY	Mar-21	Mar-20	Mar-21	Mar-20
Equity Share capital	85	85	85	85
Reserves & Surplus	1,783	1,638	1,193	1,123
Total Shareholders Funds	1,868	1,722	1,278	1,207
<u>Financial Liabilities</u>				
Debt Securities	1,776	1,057	648	645
Subordinated Liabilities	150	150	50	50
Borrowings Other than Debt Securities	5,288	5,771	835	1,012
Other Financial Liabilities	250	241	48	50
Total Financial Liabilities	7,464	7,219	1,581	1,757
<u>Non-Financial Liabilities</u>				
Current tax liabilities (Net)	49	0	0	0
Deferred tax liabilities (Net)	0	0	4	0
Provisions	9	8	4	4
Other non-financial liabilities	12	13	2	4
Total Non-Financial Liabilities	69	21	10	8
Total Liabilities & Equity	9,401	8,962	2,870	2,972

Q4 FY21 - Microfinance “Namra” Performance Update



Particulars (INR Mn)	Q4 FY21	Q4 FY20	YoY (%)	FY21	FY20	YoY (%)
Asset Under Management	6,431	6,207	4%	6,431	6,207	4%
Disbursements	2,297	1,802	28%	4,176	6,531	36%
Income from Operations	317.8	385.5	-18%	1,325.7	1,458.5	-9%
Other Income	0.5	4.6	-89%	14.1	25.6	-45%
Gross Total Income	318.3	390.1	-18%	1,339.8	1,484.2	-10%
Finance Costs	152.7	190.4	-20%	594.4	670.3	-11%
Net Total Income (NTI)	165.6	199.8	-17%	745.3	813.9	-8%
Employee Benefits Expenses	60.1	70.1	-14%	239.0	232.3	3%
Depreciation and Amortisation	1.8	1.8	-2%	7.1	6.9	3%
Other Expenses	25.6	33.9	-24%	85.9	113.0	-24%
Pre-Provision Operating Profit	78.1	94.0	-17%	413.3	461.8	-11%
Total Provision & Write-offs *	76.9	78.2	-2%	366.7	133.2	175%
Profit After Tax	8.5	20.8	-59%	49.1	252.0	-81%
GNPA %	4.1%	0.9%	319 bps	4.1%	0.9%	319 bps
NNPA %	0.6%	0.0%	57 bps	0.6%	0.0%	57 bps
Return on Avg. AUM %	0.5%	1.4%	-84 bps	0.8%	4.6%	-379 bps
Return on Avg. Equity %	2.9%	7.4%	-446 bps	4.2%	26.2%	-2202 bps

Note:

- Income from Operations includes: Interest Income on loans and managed assets; processing fees, and other charges in respect of loans. Other Income includes capital gains on liquid funds
- NIM = NTI / Avg. AUM (On + Off-Book); Yields = Gross Interest Income / Avg. AUM (On + Off-Book); Cost-to-Income Ratio = Opex (excl. provisions) / Net Total Income; RoE = PAT / Avg. Equity; GNPA % = GNPA / AUM (On + Off-Book); NNPA % = NNPA / AUM (On + Off-Book); NIM %. RoE and Return on Avg. AUM figures are annualized

❖ Q4FY21 continued to witness growth in microfinance AUM.

- The Portfolio has grown from INR 5,487 Mn in Q3 FY21 to INR 6,431 in Q4 FY21.
- Active MFI Customer base stood at 3.1 Lakhs in Q4 FY21. Adding 63,705 new loans in Q4FY21.
- The disbursements have started picking up from Q3 reversing the fall in AUM seen in the Q1 & Q2FY21. The disbursements reached pre-covid levels in March 2021.

❖ Gradually begun disbursements have started picking up – renewing loans of customers that have already made their repayments and completed their tenure.

- Completed disbursements of INR 2,297 Mn in Q4 FY21 as compared to INR 1,473 Mn in Q3 FY21.

❖ Gross Total Income declined by 18% YoY to INR 318.3 Mn due to softer yields on post-covid disbursements in FY21 and lower booking of processing fees on account of lower disbursements.

❖ Similarly, Net Total Income de-grew by 17% YoY to INR 165.6 Mn led by a lower run-down in the loan book.

❖ Provisions for the quarter decreased marginally by 2% YoY to INR 76.9 Mn.

- Strengthening the provision coverage should hold the company in good stead in future to deal with potential asset quality risks on account of Covid.
- Cumulative Total Provisions as on 31st Mar’21 stood at INR 367 Mn. The total Provisions as on 31 Mar’21 was 331 Mn covering 5.15% of the total AUM. (Cumulative Covid provisions stood at INR 93 Mn)**

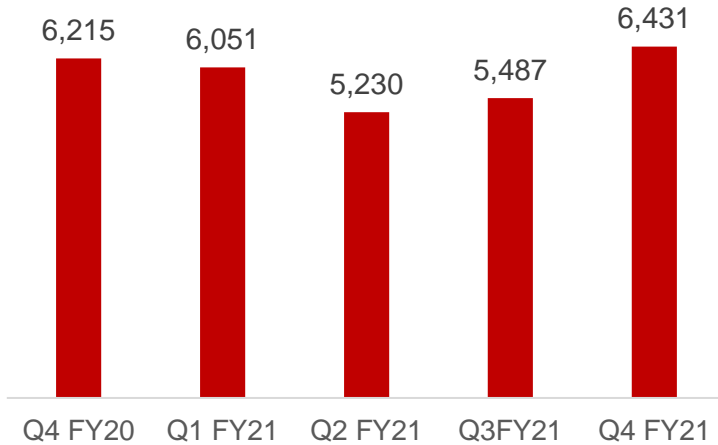
❖ Post ECL adjustment, NNPA % stood at 0.6%.

❖ Repayment rates picked-up significantly reaching 95% in Mar’21

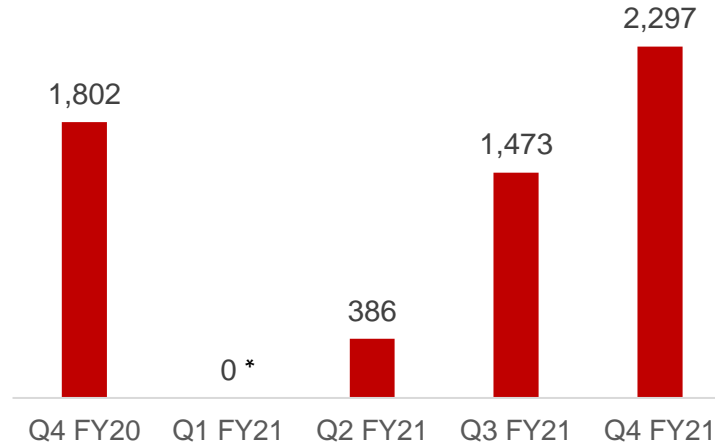
Q4 FY21 - Microfinance Performance Update



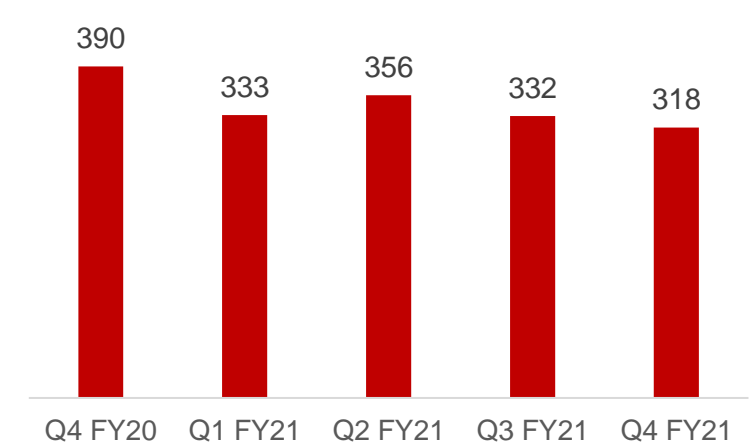
AUM (INR Mn)



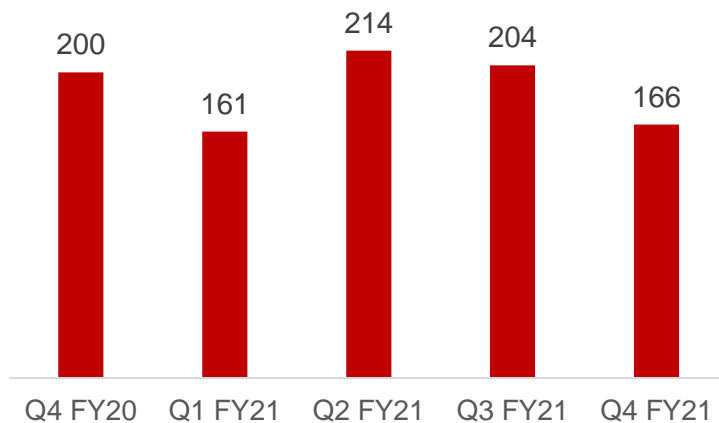
Disbursement (INR Mn)



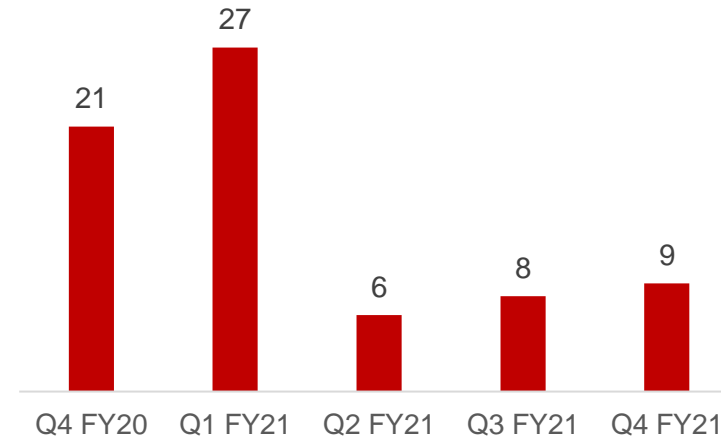
Gross Total Income (INR Mn)



Net Total Income (INR Mn)



PAT (INR Mn)



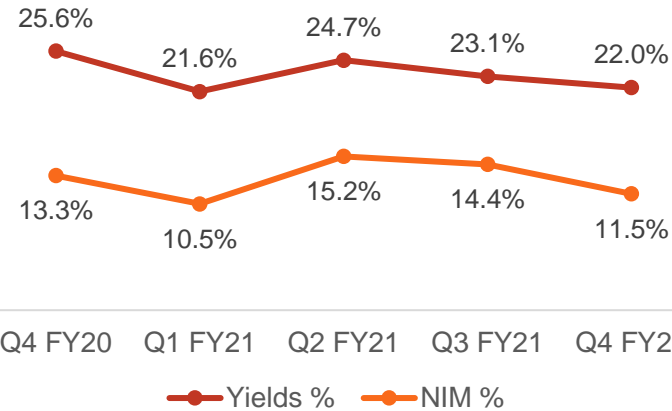
Note:

- * Nationwide Lockdown and the Covid-19 induced disruption led to the disbursements being halted. Company's priority was on improving the collection efficiency
- Net Total Income = Gross Total Income – Finance Cost

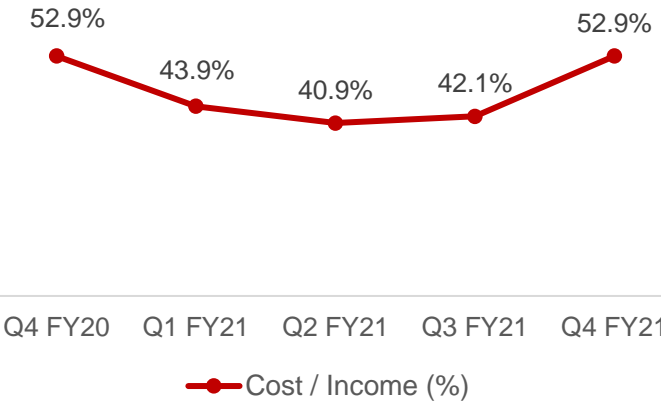
Q4 FY21 - Microfinance Performance Update



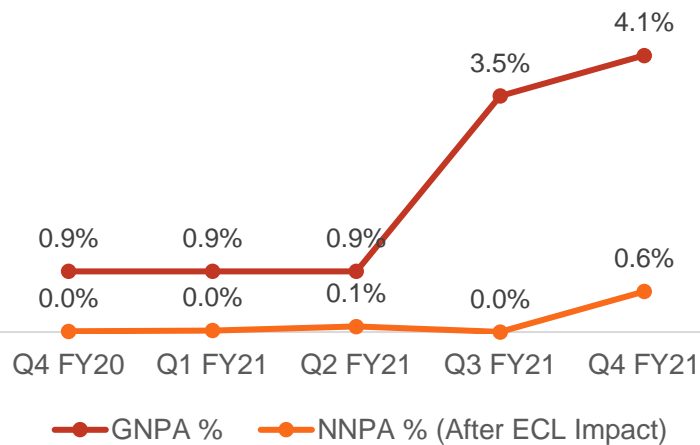
Yields % and NIM %



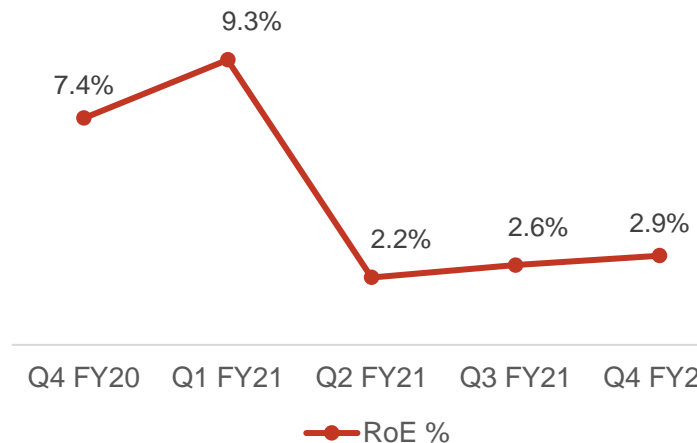
Cost-to-Income Ratio %



Asset Quality[#]



ROE %



Note:

- * Includes Covid specific provision in FY21
- NIM = $NTI / \text{Avg. AUM (On + Off-Book)}$; Yields = $\text{Gross Interest Income} / \text{Avg. AUM (On + Off-Book)}$; Cost-to-Income Ratio = $\text{Opex (excl. provisions)} / \text{Net Total Income}$; NNPA % = NNPA / AUM ; RoE = $\text{PAT} / \text{Avg. Equity}$.
RoE, Yields and NIM % figures are annualized

Q4 FY21 - Standalone Performance Update (2W & MSME)



Particulars (INR Mn)	Q4 FY21	Q4 FY20	YoY (%)	FY21	FY20	YoY (%)
Asset Under Management	1,713	2,384	-28%	1,713	2,384	-28%
Disbursements	455	490	-7%	921	2,205	-58%
Income from Operations	130.7	164.7	-21%	603.5	671.1	-10%
Other Income	8.2	6.8	20%	32.0	29.9	7%
Gross Total Income	138.9	171.5	-19%	635.5	701.0	-9%
Finance Costs	49.2	60.5	-19%	199.8	220.3	-9%
Net Total Income (NTI)	89.7	111.0	-19%	435.7	480.7	-9%
Employee Benefits Expenses	31.7	36.2	-12%	116.6	132.3	-12%
Depreciation and Amortisation	0.2	0.3	-17%	1.0	1.1	-9%
Other Expenses	22.5	15.5	45%	44.9	52.2	-14%
Pre-Provision Operating Profit	35.2	59.0	-40%	273.1	295.1	-7%
Total Provision & Write-offs	33.3	40.9	-19%	179.2	66.9	168%
Profit After Tax	4.9	21.5	-77%	80.0	182.4	-56%
GNPA %	6.6%	1.5%	511 bps	6.6%	1.5%	511 bps
NNPA %	0.9%	0.7%	16 bps	0.9%	0.7%	16 bps
Return on Avg. AUM %	1.1%	3.9%	-277 bps	3.9%	8.3%	-440 bps
Return on Avg. Equity %	3.2%	15.0%	-1187 bps	12.8%	35.4%	-2253 bps

Note:

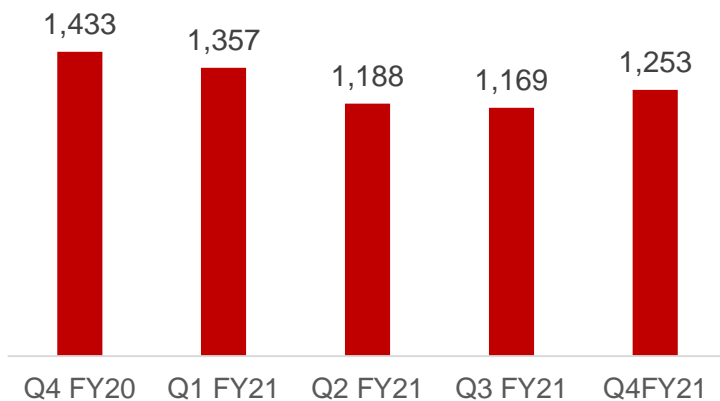
- Income from operations includes interest income on loans and managed assets, other Income includes processing fees, other charges in respect of loans, late payment charges, etc.
- Yields = Gross Interest Income / Avg. AUM (On + Off-Book); NIM = NTI / Avg. AUM (On + Off-Book); RoE = PAT / Avg. Equity; GNPA % = GNPA / AUM (On + Off-Book); NNPA % = NNPA / AUM (On + Off-Book).
- ROAE and ROAA figures are annualized

- ❖ **Standalone AUM stood at INR 1,713 Mn on Mar'21**
 - MSME AUM stood at INR 1,253.6 Mn
 - 2W AUM declined by 47% YoY to, INR 459.1 Mn, as the overall 2W sales have declined in the last one year.
 - Rural 2W Book stands at INR 101 Mn, marginally up from last year INR 96.9 mn. It has shown resilience and building up on a Q-o-Q basis.
- ❖ MSME disbursements reached the pre- COVID level in March 21. The total MSME Disbursement in Q4 were INR 378.7Mn ~20% higher than same quarter last year.
- ❖ Implemented cost rationalization measures which resulted in operating expenses coming down by 16% YoY to INR 40.5 Mn.
- ❖ **Cost-to-income ratio stood at 37.3% in FY21 compared to 38.6% in FY20.**
- ❖ Provisions & write-offs rose to INR 33.3 Mn in Q4 FY21 as the company prudently undertook aggressive wrote off COVID impacted loans.
- ❖ **Cumulative Provisions & write off for the year were INR 179.2 Mn . The total Provisions as on 31st March 21 stood at INR 184.3 mn covering 10.8% of total AUM. (Cumulative Covid provisions stood at INR 126.7Mn)**
- ❖ GNPA % and NNPA % stood at 6.6% and 0.9% respectively.
- ❖ **Repayment rates improved further in Q4 FY21-**
 - MSME:** Repayment rates improved to 94% in Mar'21
 - 2W:** Repayment rates were healthy and steady at 94% in Mar'21

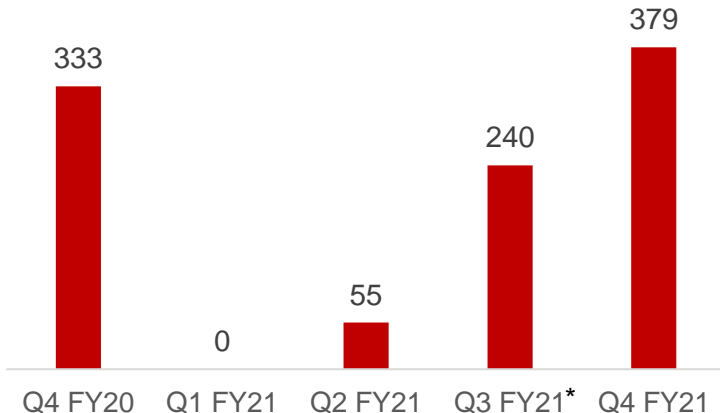
Q4 FY21 - MSME Performance Update



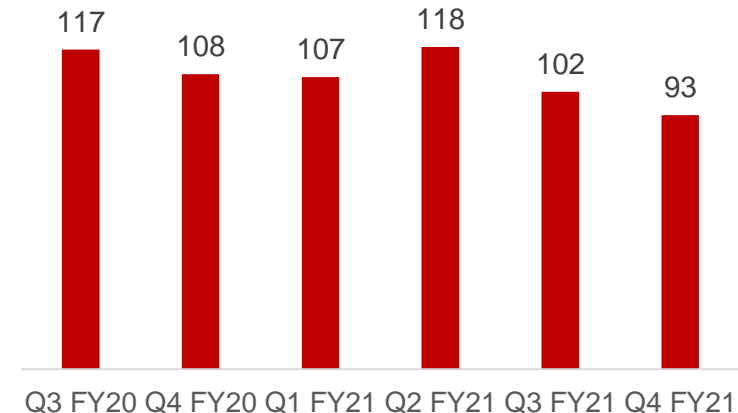
AUM (INR Mn)



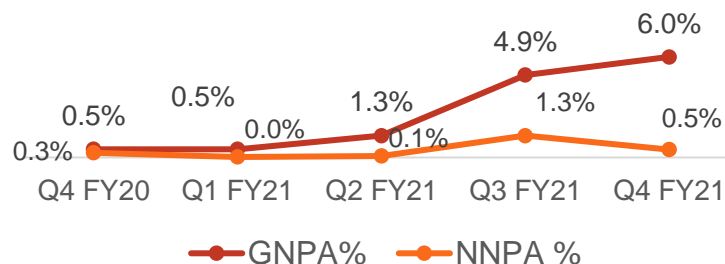
Disbursements (INR Mn)



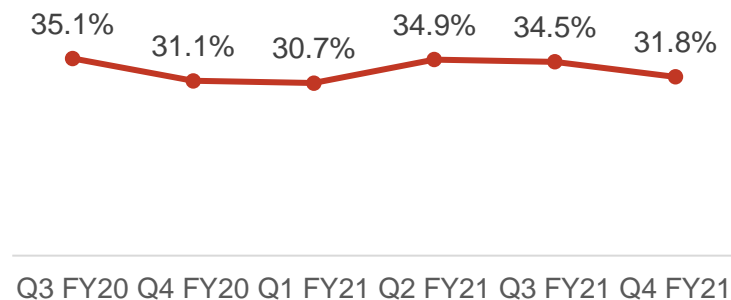
Gross Interest Income (INR Mn)



Asset Quality[#]



Yields %



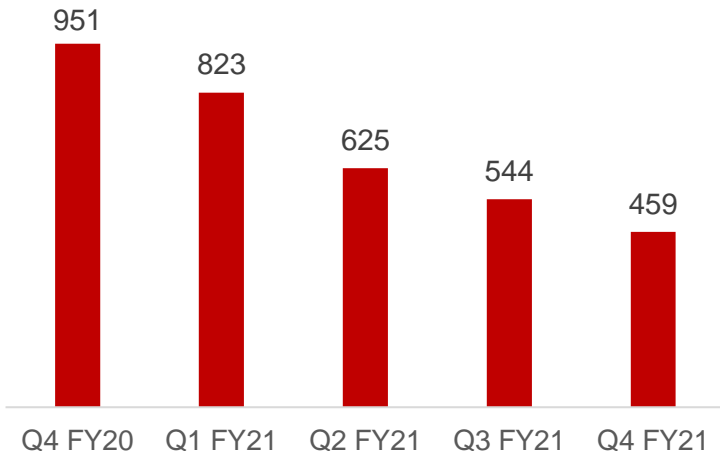
Note:

- * Nationwide Lockdown and the Covid-19 induced disruption led to the disbursements being halted. Company's priority was on improving the collection efficiency
- Gross Interest Income = Interest Income + processing fees / other charges, Yields = Gross Interest Income / Avg. AUM (On + Off-Book); NNPA % = NNPA / AUM. Yields % figures are annualized.

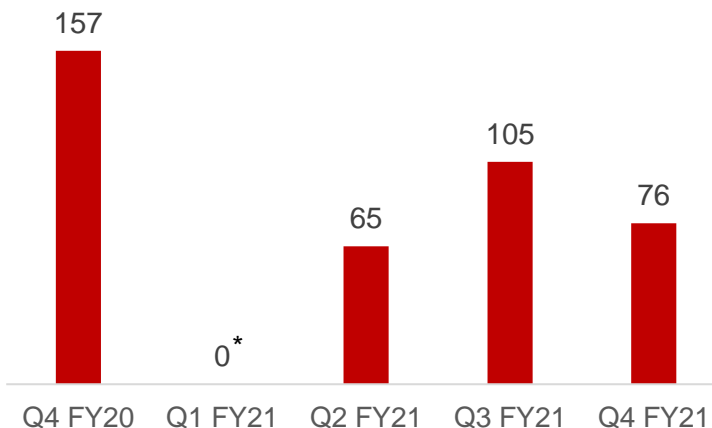
Q4 FY21 - 2W Performance Update



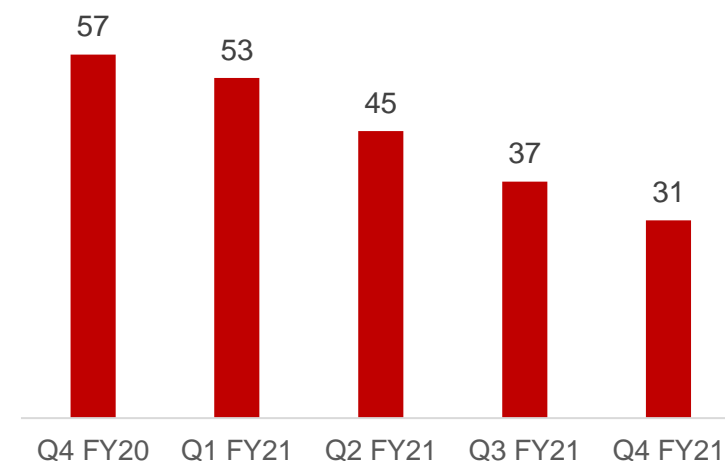
AUM (INR Mn)



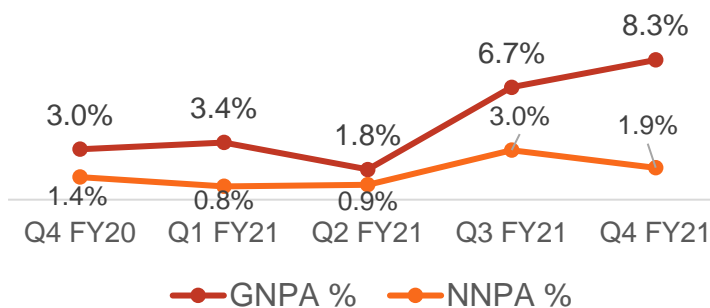
Disbursement (INR Mn)



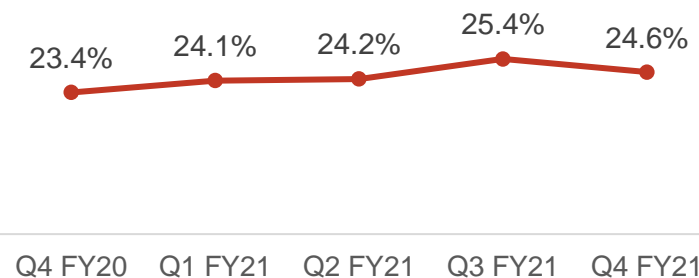
Gross Interest Income (INR Mn)



Asset Quality



Yields %



Note:

- * Nationwide Lockdown and the Covid-19 induced disruption led to the disbursements being halted. Company's priority was on improving the collection efficiency
- Gross Interest Income = Interest Income + processing fees / other charges, Yields = Gross Interest Income / Avg. AUM (On + Off-Book); NNPA % = NNPA / AUM. Yields % figures are annualized
- # GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order (Actual GNPA 8.4% and NNPA 2.9%)



Arman Financial Services Ltd.



Liability Overview

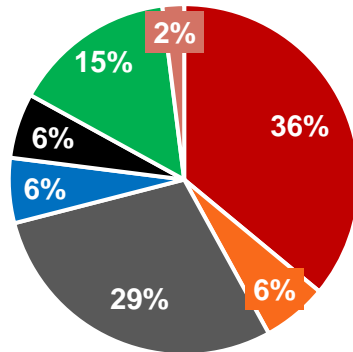
Efficient Liability Management



Funding profile is well diversified with increase in share of funds from NCDs & DFIs

Q4 FY20 - Borrowing Mix %

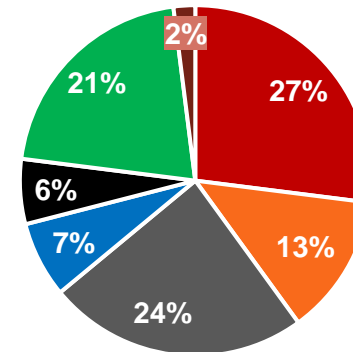
INR 7,665 Mn *



Note: * INR 7,665 Mn includes direct assignment of INR 581 Mn

Q4 FY21 - Borrowing Mix %

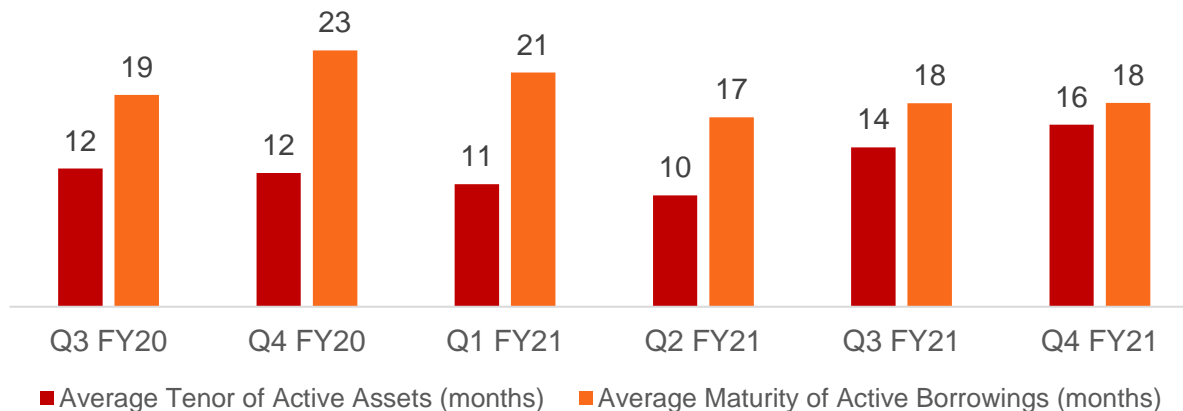
INR 7,450 Mn *



Note: # INR 7,450 Mn includes direct assignment of INR 169 Mn

- Banks & SFBs
- DFIs (NABARD, MUDRA & SIDBI)
- NBFC / FI
- Securitization
- ECB
- NCD
- DA

Positive ALM (in Months)

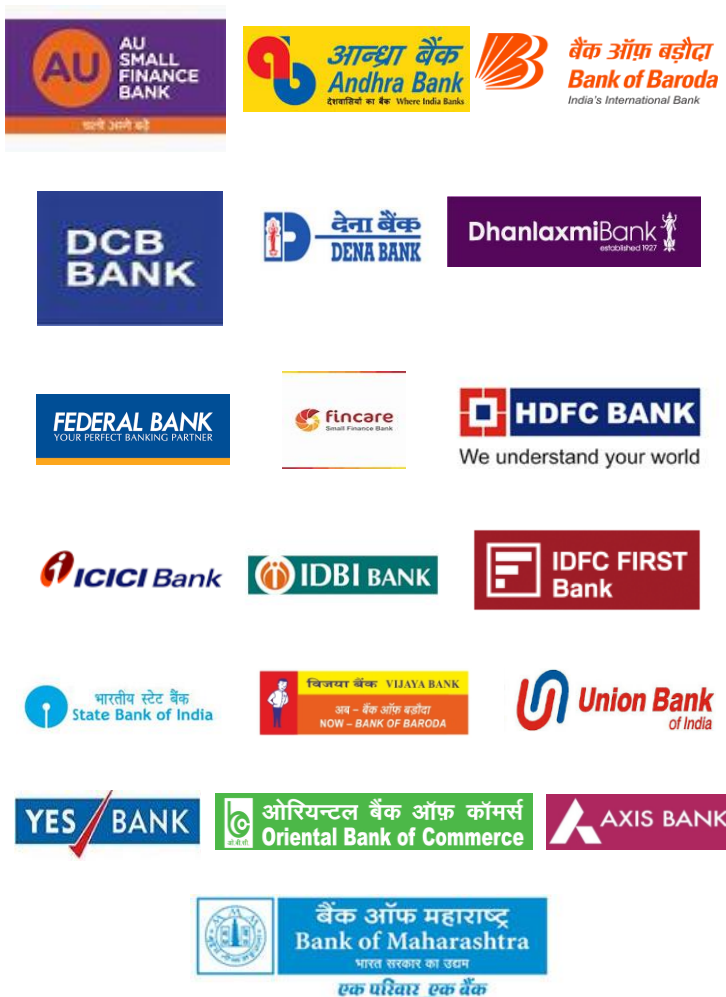


- Well-diversified borrowing mix with increasing share of NCD's, ECB's, DFIs (NABARD Refinance, MUDRA, SIDBI) and Securitization
 - Share of NCD's, ECB's, DFIs, and Securitization represented **~49% of borrowings in Q4 FY21**
- **Constant rating upgrades** have helped lower cost of funds in recent years
 - Credit rating was reaffirmed to **BBB+ with stable outlook in FY21 (CARE Ratings)** despite covid related disruptions.
 - Group has A2 rating by CARE Ratings for **short-term bank facilities**
- **Increasing share from DFI's has led to overall lower cost of borrowings**
- **Comfortable liquidity position with a potential to increase leverage.**

Lending partners



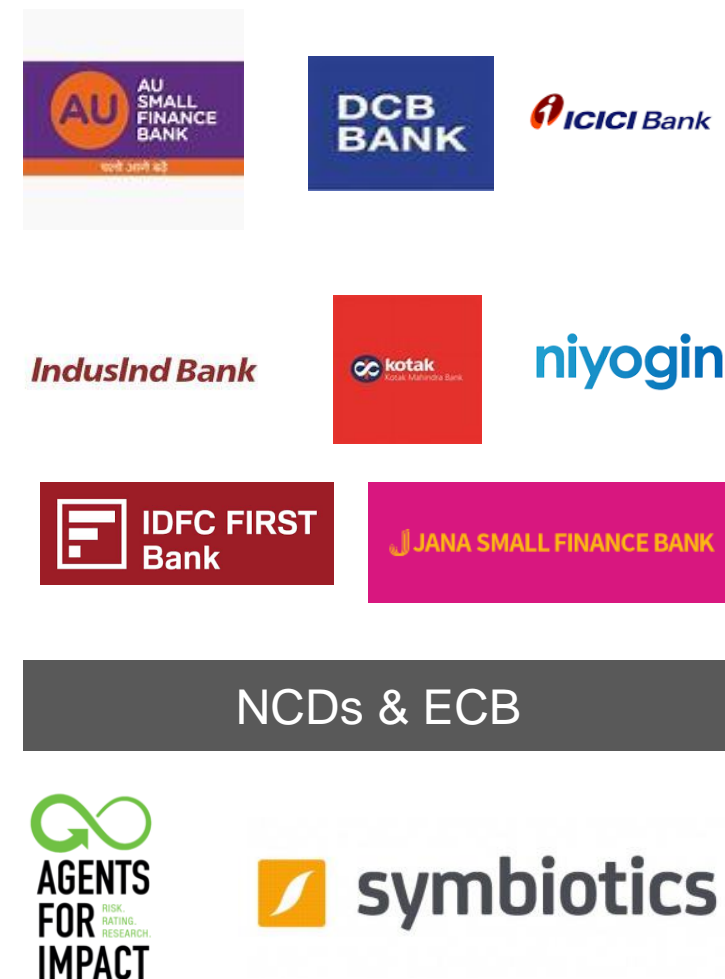
Bank Borrowings



Non-Bank Borrowings



Securitization Partners





Arman Financial Services Ltd.



Company Overview



Genesis

- Arman Financial Services (“Arman”) is a **diversified NBFC** focusing on large under-served rural & semi-urban retail markets
- Founded in 1992 by Mr. Jayendra Patel in Ahmedabad. Listed on BSE in 1995 and on NSE in 2016
- Strong Management Team led by Mr. Jayendra Patel having a combined experience of 100+ years in the Lending Business

Presence in Attractive Retail Lending

Segments

- Total Loan Assets of INR 8,144 Mn in Q4 FY21
- Microfinance – 79% of AUM (*via 100% owned subsidiary “Namra Finance”*)
- MSME Loans – 15% of AUM
- 2-Wheeler Loans – 6% of AUM



Arman Financial Services Ltd.

Strong Retail Presence & Wide Distribution Network

- 239 branches; 55+ 2 Wheeler dealerships
- 94 Districts, 7 states
- ~3.74 lakh live customers
- Undertaken contiguous expansion from Gujarat since 2014 to achieve geographic diversification

Robust Risk Management Framework

- **Consistent rating upgrades** backed by strong financial & operating performance – Currently rated **BBB+** by CARE Ratings
- **Track record of consistent profitability** - Never reported an annual loss
- **Completely in-house operations** with **bottoms up** driven credit appraisal models and rigorous collections practices – tailored for the areas of operations

Strong Financial Performance

- High-Growth Trajectory (FY2016-21 CAGR) :
 - AUM: 36%
 - 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 impacted for FY21 - ROE: 5.9%; ROAA: 1.3%

Efficient Liability Management

- **Comfortable Liquidity Position: Positive ALM**
 - Avg. lending tenor at origination: ~18 months; Avg. tenor of debt at origination: ~36 months
- Diversified Borrowing Profile with Relationship across 30+ Banks & other Financial Institutions

Note:

- $Yields = \text{Gross Interest Income} / \text{Avg. AUM (On + Off-Book)}$; $NIM = NTI / \text{Avg. AUM (On + Off-Book)}$; $RoE = PAT / \text{Avg. Equity}$; $GNPA \% = GNPA / \text{AUM (On + Off-Book)}$; $NNPA \% = NNPA / \text{AUM (On + Off-Book)}$. Yields, NIM, ROAA and ROE figures are annualized.

Business Progression



Company incorporated.
Started bill discounting & machine leasing

Launched 2W Loans

Raised PE funding from Incofin;
Disbursement crosses 50 Cr

Expanded to Maharashtra, MP, UP & Uttarakhand;
listing on NSE

Crosses 100 branches across 5 states & 3 products;
Disbursement crosses 500 Cr

Disbursement crosses 750 Cr;
100% Cashless disbursements;
Expanded into Rajasthan

Despite COVID-19 challenges, the company expanded its Footprint to Haryana

1992

1995

1998

2010

2011

2013

2014-16

2017

2017-18

2018

2019

2020

2021

Listing on BSE – Issue subscribed 22x

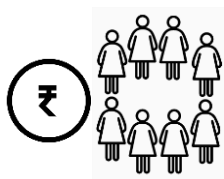
Launched Microfinance business

Demerged MFI operations into “**Namra Finance**”;
Disbursement crosses 100 Cr

Launched MSME Loans business

Raised PE funding from SAIF Partners

Disbursement Crosses 875 Cr



Product Snapshot



ARMA FINANCIAL SERVICES LTD.

- 28 years of existence
- Active customer base of 4.0 lakh
- Employee strength of 1,660 employees
- Completely in-house operations – Sourcing, Credit & Collections

Microfinance



MSME Loans



2-Wheeler Loans



Rural 2W Loans



% of Total AUM	79%	15%	6%	1% (in Pilot Stage)
LTV	Unsecured	Cash flow & FOIR based	65-85%	60-80%
Ticket size	Cycle 1 & 2 - INR 20-30k Cycle 3+ - INR 20-45k	INR 50-70k	INR 30-55k	INR 40-50k
Average Ticket size	INR 35,000	INR 70,000	INR 52,000	INR 45,000
Tenure	14-24 months	24 months	12-36 months	12-24 months
Yield (%)	22-25% (Spread capped by RBI guidelines)	30-32%	21-23%	26-28%
Disbursement	100% Cashless	100% Cashless	100% Cashless to dealer	100% Cashless to sub-dealer
Credit Check	CRIF / Equifax Score; JLG Model with Training, Home Visit, Life Style Appraisal	CIBIL & CRIF Score; Detailed Cash Flow Assessment; Home & Business Field Investigation	CIBIL / CRIF Score & Field Investigation	CIBIL / CRIF Score; Detailed Cash Flow Assessment; Field Investigation
Collections	Cash collection at centre meeting	Door step cash collection	NACH / Direct Debit	Door step cash collection



Differentiated Operations



KEY STRATEGIC DIFFERENTIATORS

Focus on **small-ticket retail loans** to the **large under-served informal** segment customer in **rural & semi-urban** geographies

Diversifying products, geographies, sources of funds and delivering **growth by increase in volumes** rather than ticket sizes

Conservative operations framework with focus on risk & asset quality

Completely in-house operations with bottoms up driven credit appraisal models and rigorous collections practices – tailored for the areas of operations

Business model centered around conservative approach to high yielding assets to deliver a sustainable ROA of 3-5%

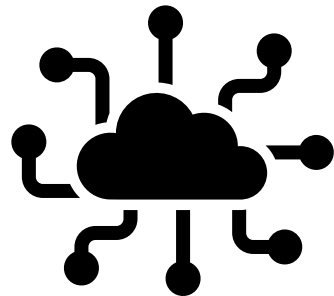


Technological Initiatives to Strengthen Operations

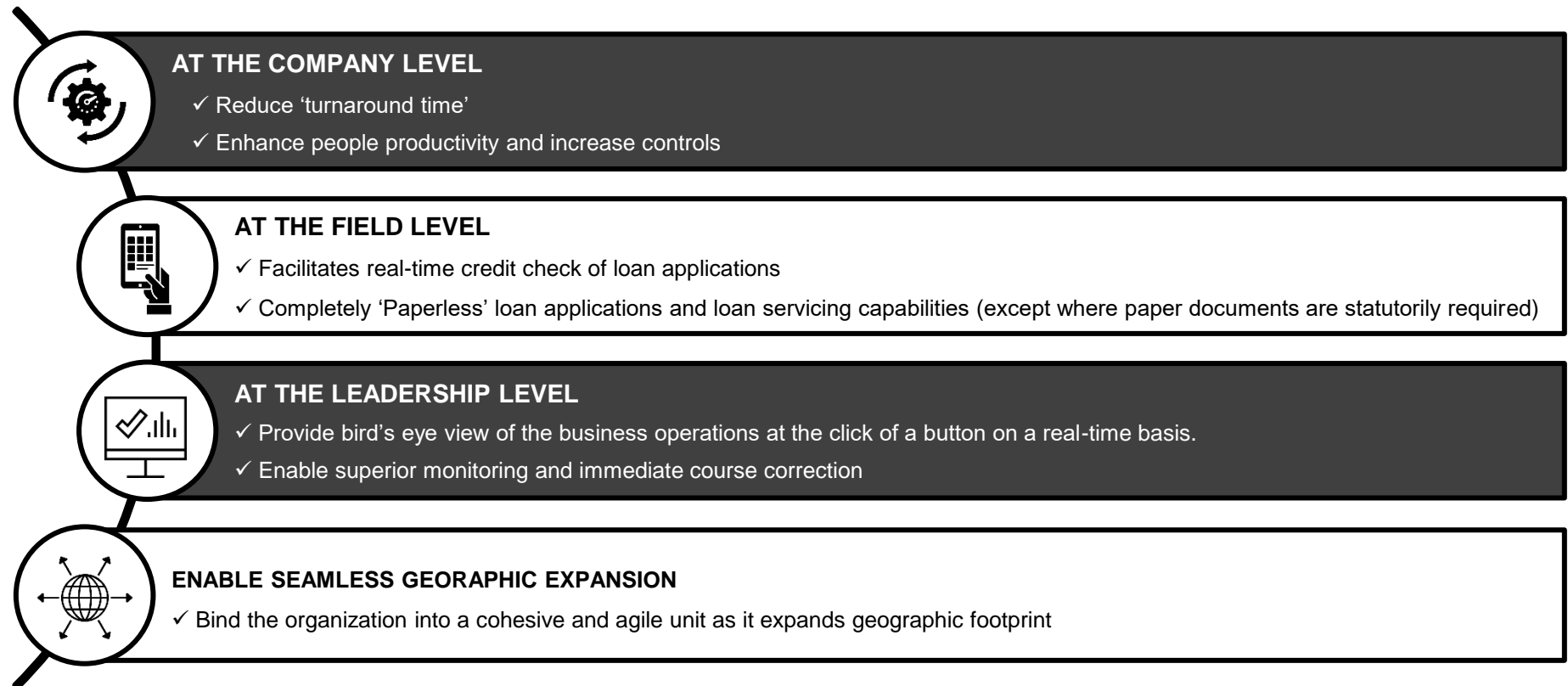


- ❖ In FY19, the company launched an integrated mobile interface for its MFI field staff to enable seamless on-boarding of MFI customers by digitizing & standardizing the loan origination and appraisal process. **‘This technology has been successfully implemented across all the MFI branches now.’**
- ❖ Rolled-out the **‘Jayam’ initiative** across the company’s MFI operations to transform business processes from physical to digital. **‘As a part of this initiative, the ‘integrated loan origination system (LOS) & loan management system (LMS)’ is hosted on the Cloud. This system manages and tracks originations and recoveries on a real-time basis.’**
- ❖ In the next phase, the company will be implementing these initiatives for its MSME & 2W operations as well. However, the next phase will a bit delayed due to the Covid disruption

ADVANTAGES OF IMPLEMENTING THE ‘JAYAM’ INITIATIVE & INTEGRATED MOBILE INTERFACE FOR FIELD OPERATIONS



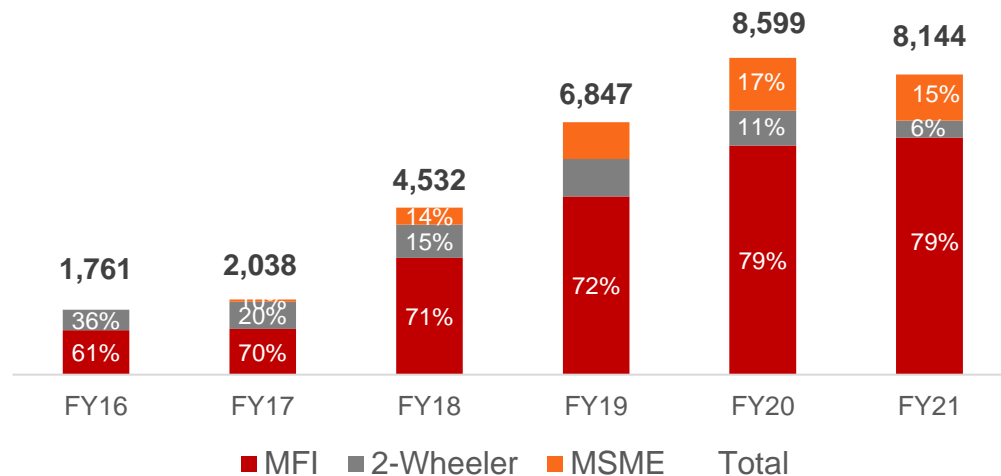
DRIVING DIGITAL TRANSFORMATION



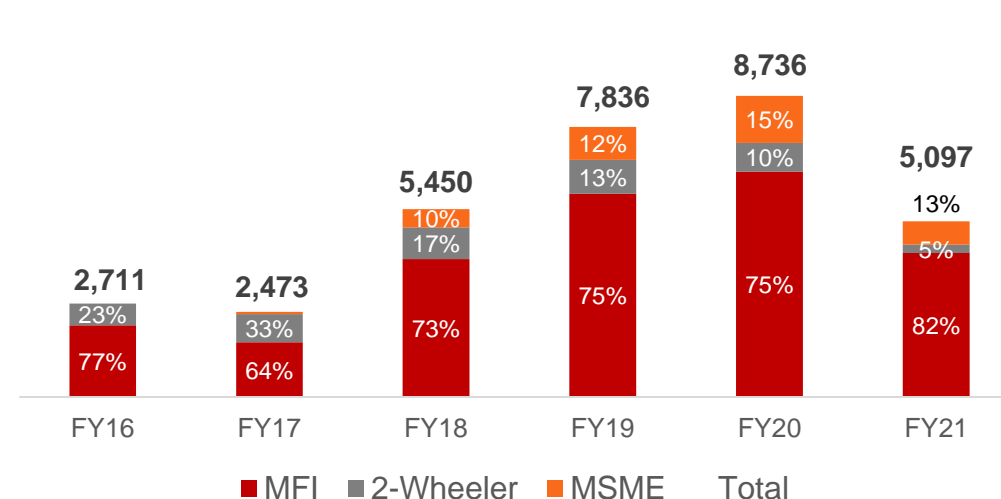
Strong Growth in AUM & Disbursements....



Total AUM (INR Mn)



Total Disbursements (INR Mn)



- Diversified portfolio of 8,144 Mn in Q4 FY21 split between –
 - Microfinance: INR 6,431 Mn (79.0%),
 - MSME Loans: INR 1,254 Mn (15.4%)
 - 2-Wheeler Loans: INR 459 Mn (5.6%)
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 1,254 Mn (15% of Total AUM) in the last 4 years
- Further, we recently launched a new product “*Rural 2-wheeler loans*”(currently in pilot stage) to effectively meet the under-served market.
 - Higher ROA business offering immense growth potential
- Plan to reduce share of MFI book in overall AUM to ~60% over time

Asset Strategy at Arman

Small ticket, granular loans - Ticket size INR 20,000 – 1,50,000

Self-employed / cash-income informal segment customers

High-yield rural focused products – 20%+ yields

Stringent underwriting

Rigorous collections practices – in-house, feet-on-street model

Aim to deliver 3-5% post-tax ROA

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

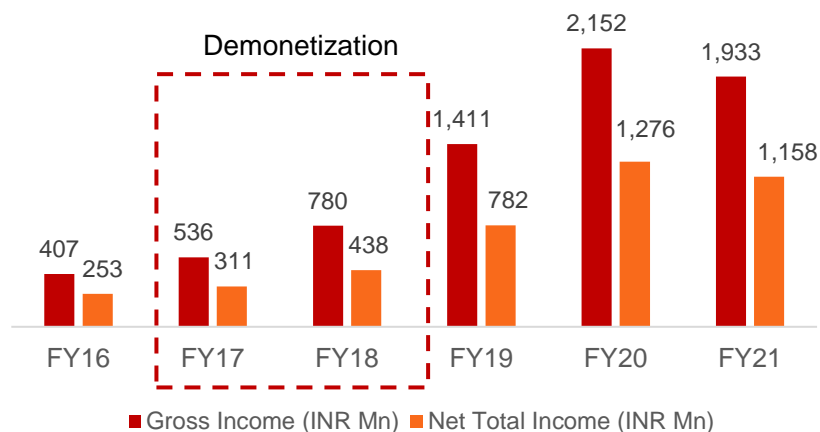
.....While Maintaining Superior Cost Efficiency & Asset Quality



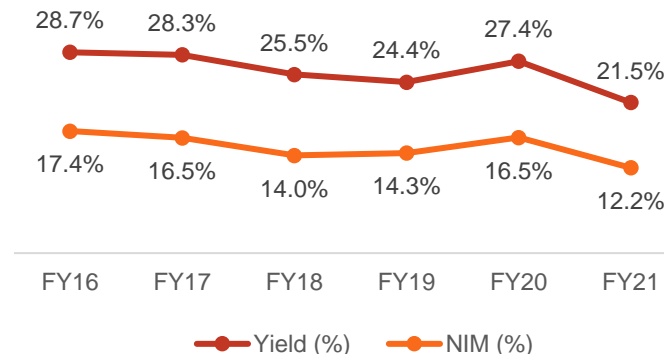
Gross Income and Net Total Income (INR Mn)

CAGR: 37%

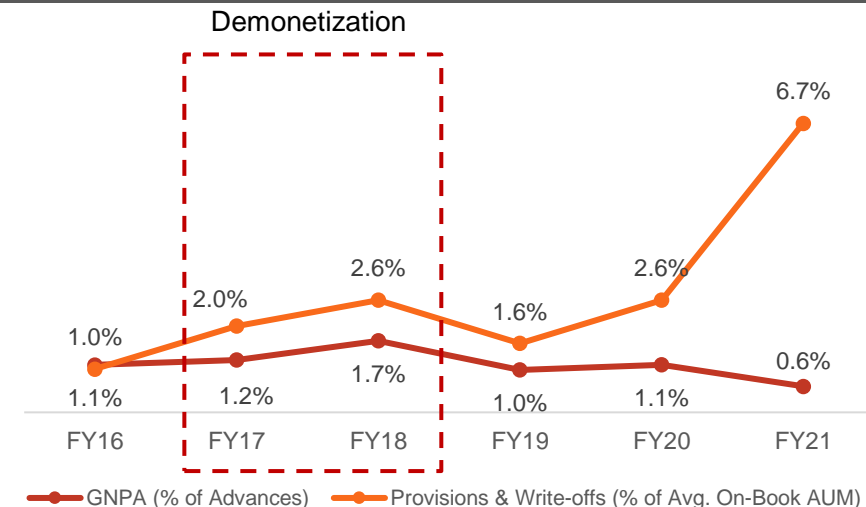
CAGR: 36%



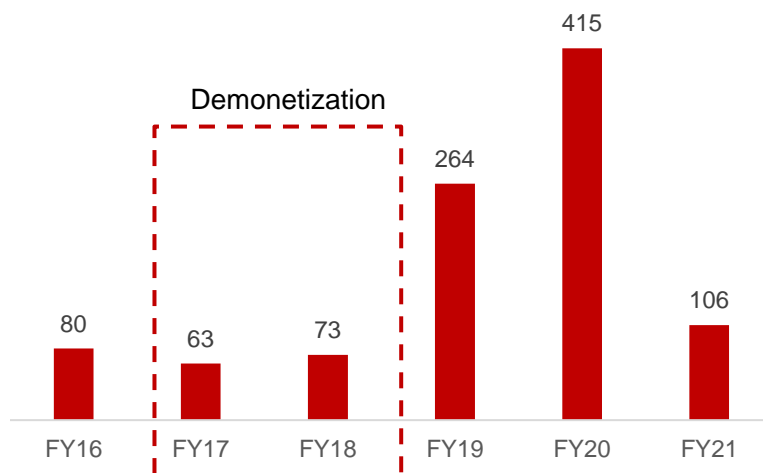
Yield % and NIM %



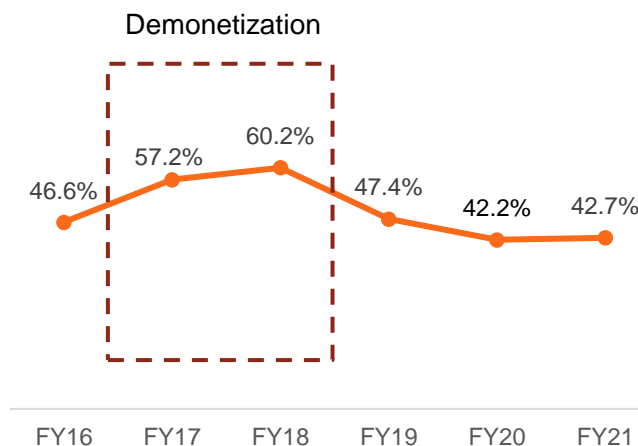
Focus on risk have led to immaculate through-cycle asset quality



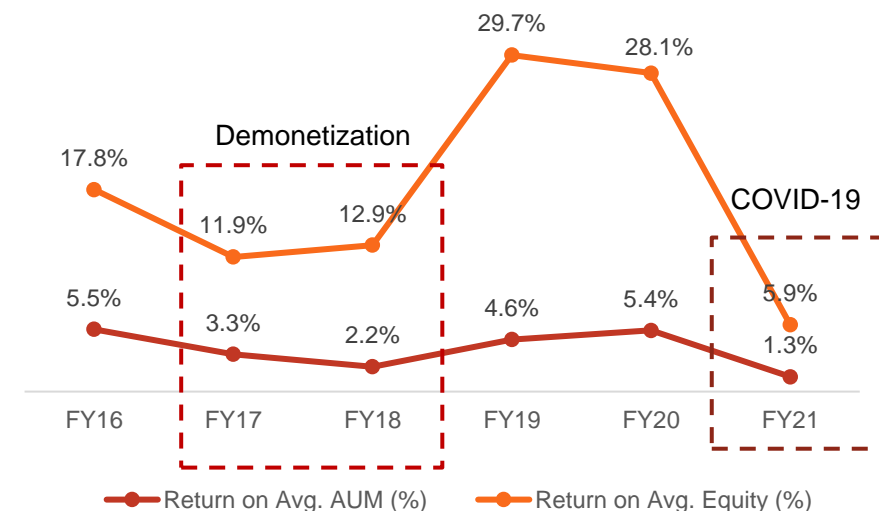
PAT (INR Mn)



Cost to Income Ratio %



Consistently high through cycle ROA / ROE



Note:

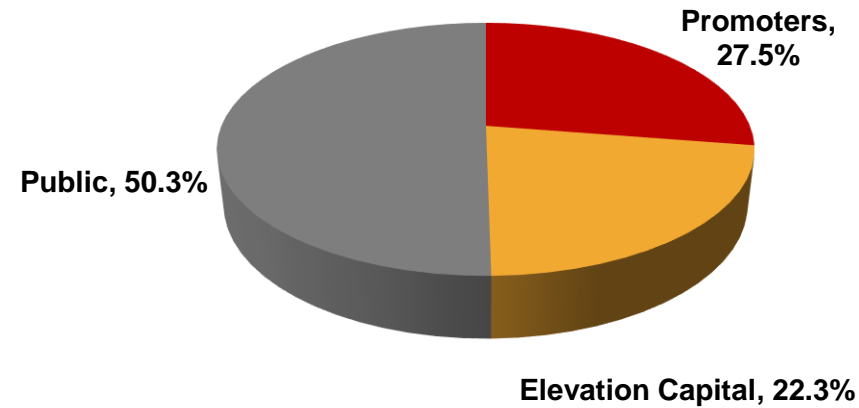
- FY21, FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM (On + Off-Book); Yields = Gross Income / Average AUM



Shareholding Pattern



SHAREHOLDING – 31st March 2021



Source – Company

- **Elevation Capital (Erstwhile SAIF Partners)** invested **INR 500 Mn** in CCDs in April 2018. Post conversion of CCD's, Elevation Capital stake in the company stands at 22.3%
- **Mr. Mridul Arora, MD at SAIF Partners** is a Nominee Director on the Arman Board



Arman Financial Services Ltd.



MSME LOANS



MICROFINANCE



TWO WHEELER LOANS

Product Overview



Product Overview

- **JLG model with small ticket loans** (Avg. Ticket Size – INR 35,000) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- Operations in **7 states; 198 MFI branches; 3.1 lakh live customers**
- Arman MFI operating model –
 - **High touch monthly collection model**
 - **Rural concentration:** ~85% rural & semi-urban portfolio (vs 43% for MFI industry)
 - **Conservative risk framework**
 - 100% Cashless disbursement
 - JLG groups formed by customers themselves
 - Loan utilization checks to ensure loan for income generating purpose
 - **Controlled growth targets** driven by bottom-up projections

FY21 – Key Metrics (Mn)

6,431	4,176	
AUM (INR Mn)	Disbursement (INR Mn)	
1,334	49	35,000
Total Income (INR Mn)	PAT (INR Mn)	Avg. Ticket Size (INR)

FY21 – Key Metrics (%)

23.0%	13.0%	0.8%
Yield	NIM	ROAA
4.1%	0.6%	4.2%
GNPA	NNPA	ROE

Product Overview: 2W & Rural 2W Loans



Product Overview

- Hypothecation (secured) loans given to self-employed / cash-salaried customer in the informal segment in semi-urban / rural areas for a 2W
- Currently operates only in Gujarat; across 55+ dealerships
- **Piloting new Rural 2W product:** Operating in Tier 3-4 & below locations for higher yields; higher ROA business; key growth driver going forward
- Growth levers –
 - Increase in finance penetration
 - Geographical & new product expansion
- Arman 2W & Rural 2W operating model –
 - Focus on **quick turn around time**
 - Excellent **relationships with dealers and OEMs**
 - **In-house feet-on-street** model for **rigorous collections**

FY21 – Key Metrics (Mn)

459

AUM (INR Mn)

246

Disbursement (INR Mn)

251

Total Income (INR Mn)

52,000

Avg. Ticket Size (INR)

FY21 – Key Metrics (%)

24.4%

Yield

14.0%

NIM

8.3%

GNPA

1.97%

NNPA

Product Overview: MSME Loans



Product Overview

- Individual enterprise / working capital loans for small rural businesses in low competition areas
- Currently operates across 3 states – Gujarat, MP & Maharashtra, with 35 branches
- Arman MSME operating model –
 - Dual credit bureau check** for both customer and spouse on CRIF (for MFI loans) and CIBIL (for non-MFI loans)
 - High-touch monthly cash collection model**
 - Cash Flow assessment** using tailored appraisal techniques
 - Locally drawn field force** with personal knowledge of the market
 - In-house teams** for pre-lending field investigations and appraisals, with **centralized final credit approval**
- Highest ROA product at Arman**; focus on growing this business over time
- Focus on quality underwriting & rigorous collections to ensure asset quality

FY21 – Key Metrics (%)

1,254

AUM (INR Mn)

419

Total Income (INR Mn)

674

Disbursement (INR Mn)

70,000

Avg. Ticket Size (INR)

FY21 – Key Metrics (%)

33.8%

Yield

6.0%

GNPA

23.4%

NIM

0.5%

NNPA

MSME Process Overview

Sourcing

- In-house sourcing team (No DSAs)
 - Feet-on-Street sales team model
 - Door-to-door knocking & cold calling
 - BTL activities such as pamphlet distribution, stalls at village level gatherings
 - Referrals from existing customers
- “Sales team logs-in the case & collects KYC docs”***

Underwriting

- “Trigger sent to independent credit team for FI”***
- Credit bureau check (CRIF & CIBIL)
 - Physical FI & PD by in-house credit manager at residence & workplace
 - Capacity to Pay** - Use of non-traditional income & expense estimation methodologies
 - Willingness to pay** – Reference checks
 - Final sanction by centralized credit team

Collections

- “Door-step cash collection”***
- X-bucket (current) collections to be handled by sales team
 - Door-to-door collection allows Company to maintain relations with customer and ensures high collection efficiency
 - Monthly collections – High touch, relationship driven model



Thank You



Arman Financial Services Ltd.

Vivek Modi
Group – CFO
Arman Financial Services Ltd
Tel : + 91 79 4050 7000 (Extn. 210)
Email : vivek@armanindia.com

DICKENSON

Pushpa Mani/Chintan Mehta
Dickenson World
Tel : +91 9911684123 / 9892183389
Email : armanfinancial@dickensonworld.com



from ACCESS to INCLUSION

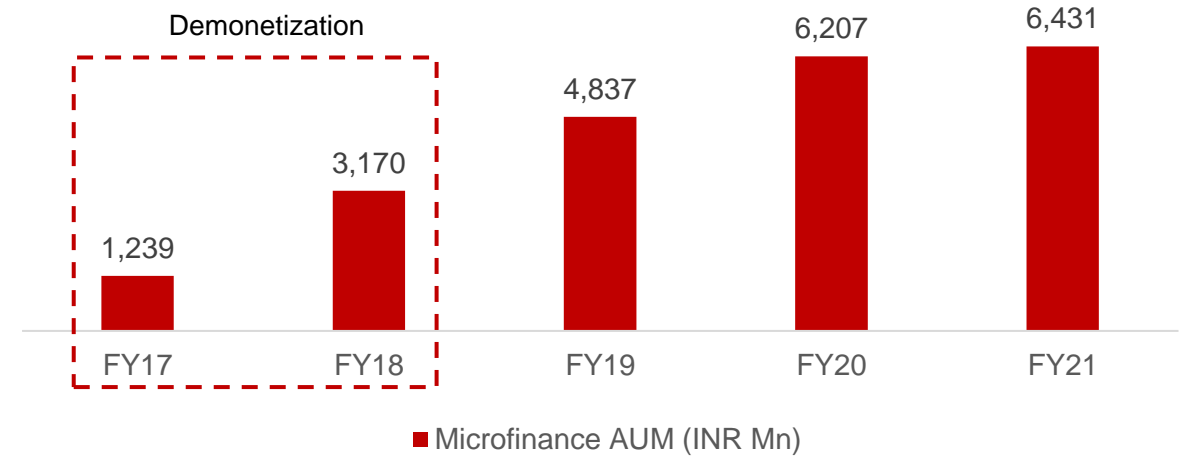
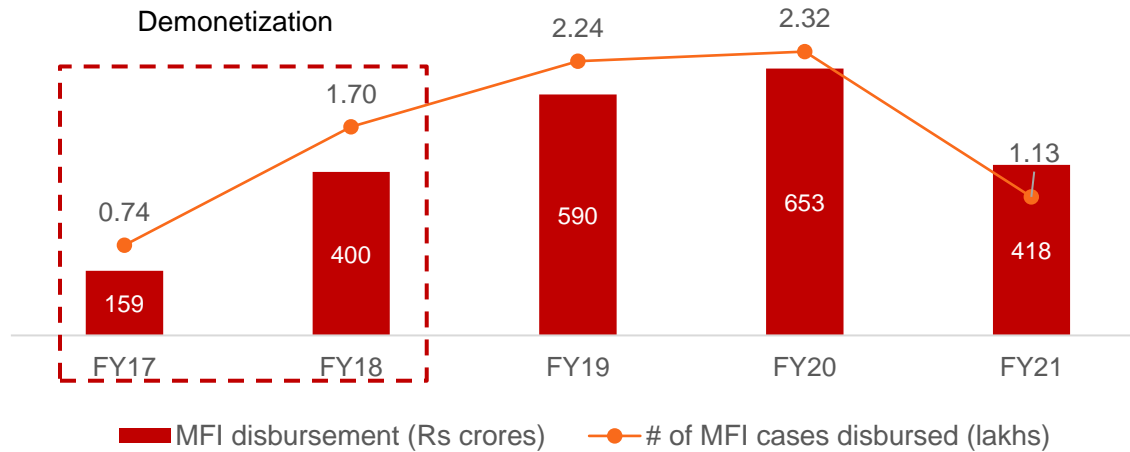
Annexures

Microfinance: 5-Year Performance

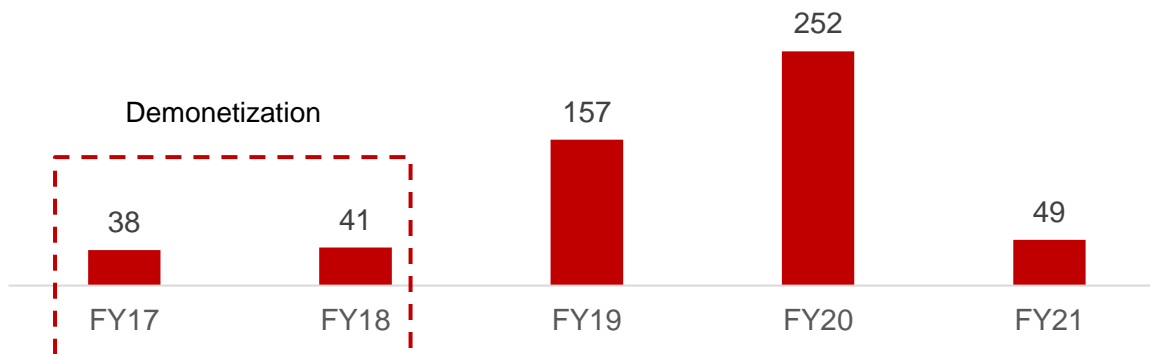


Disbursement growth is driven by customer & branch addition

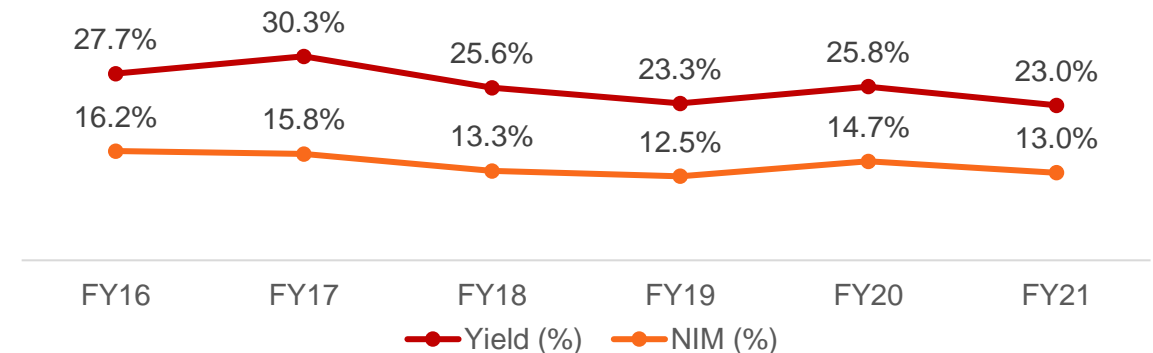
AUM growth exceeds MFI industry growth rates



PAT (INR Mn)



Yields (%) & NIM (%) Trend

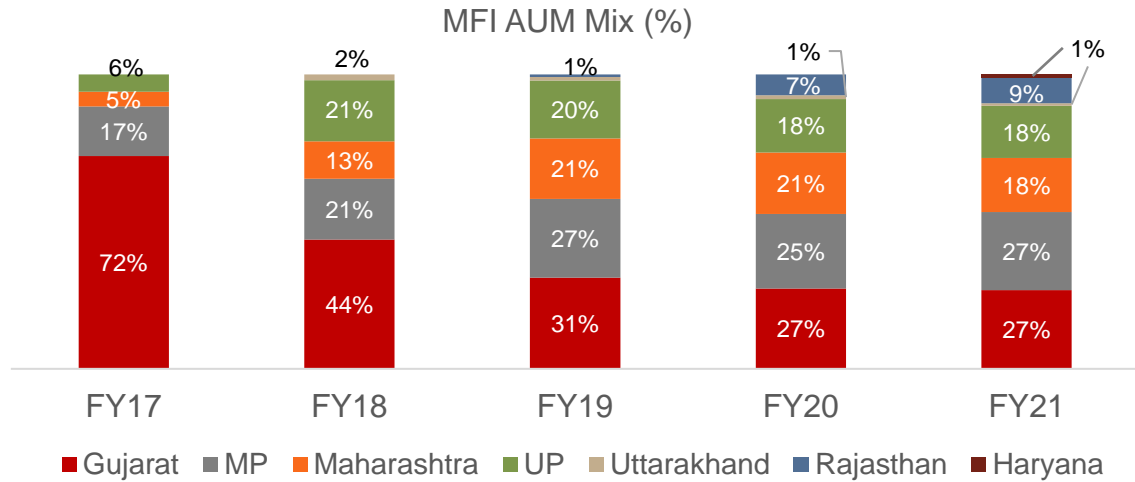


Note: FY21, FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.

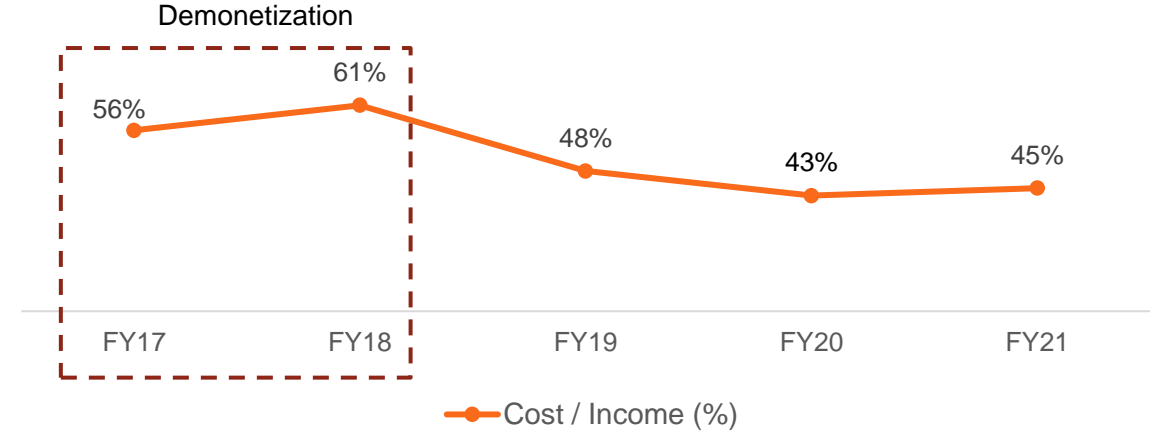
Microfinance: 5-Year Performance



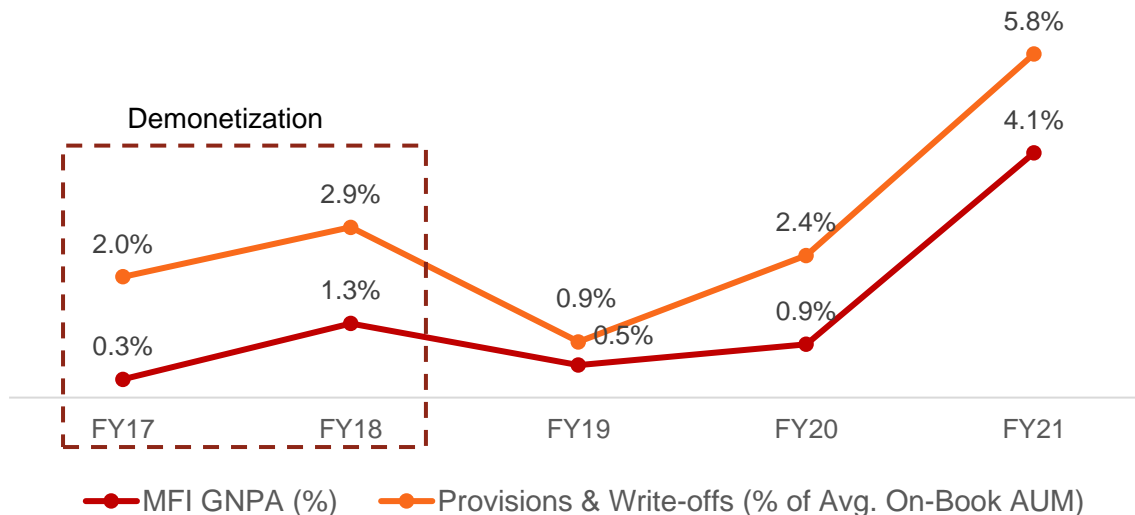
Well diversified across geographies



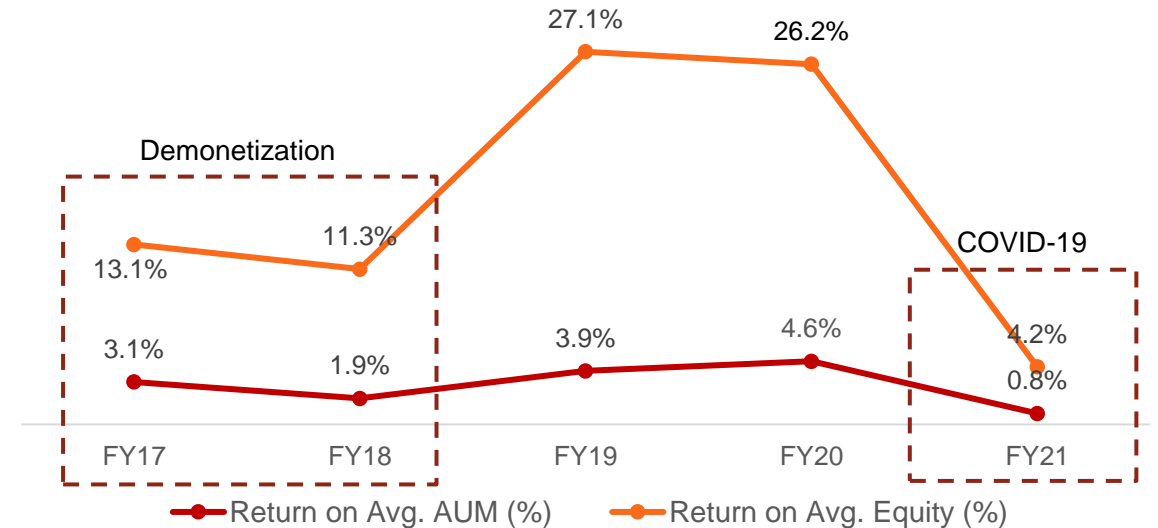
Maintaining high operational efficiency



Through cycle asset quality under control



Sustaining strong ROA (%) & ROE (%)

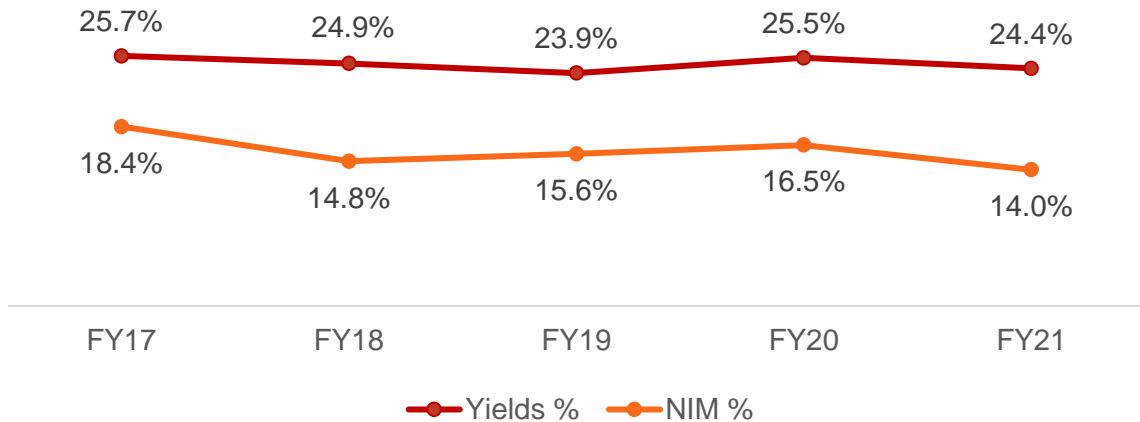


Note: FY20, FY21 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.

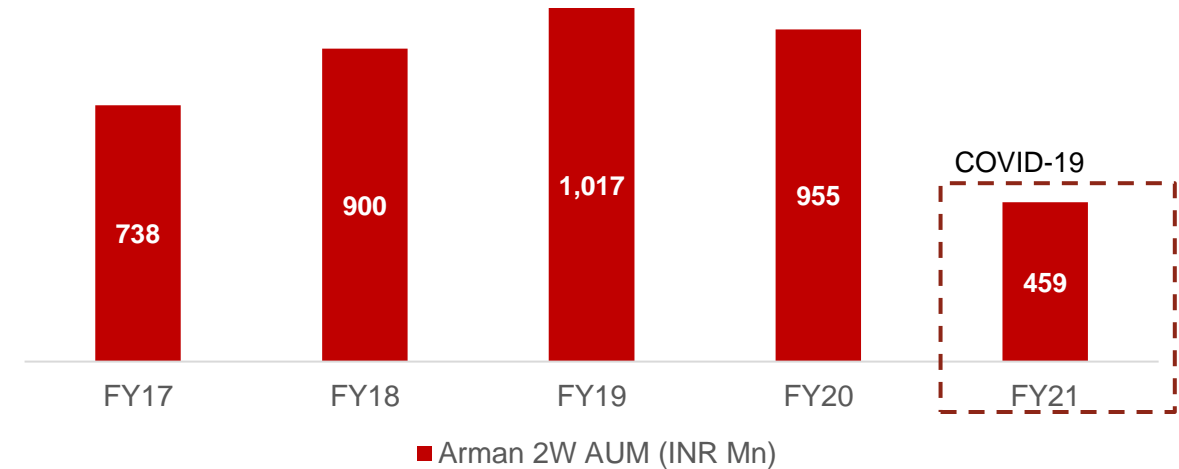
2W Loans: 5-Year Performance



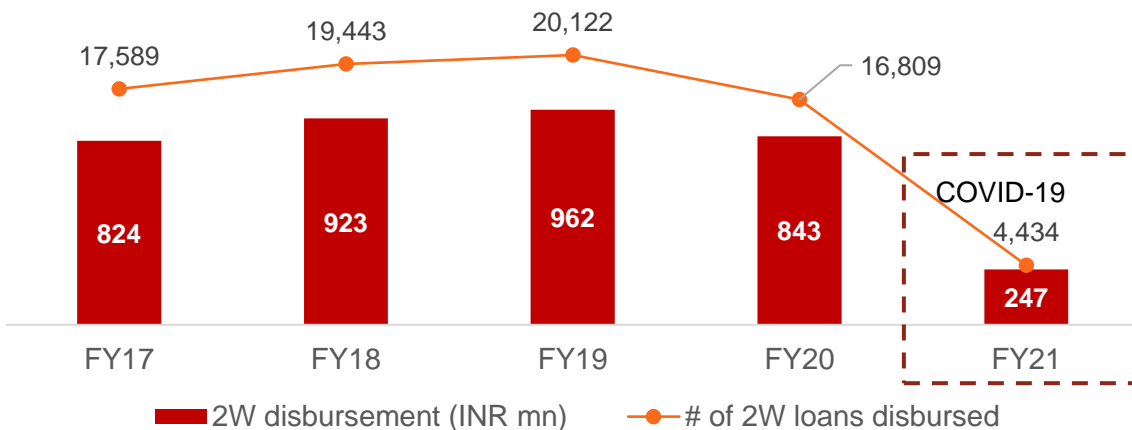
Yields (%) & NIM (%) Trend



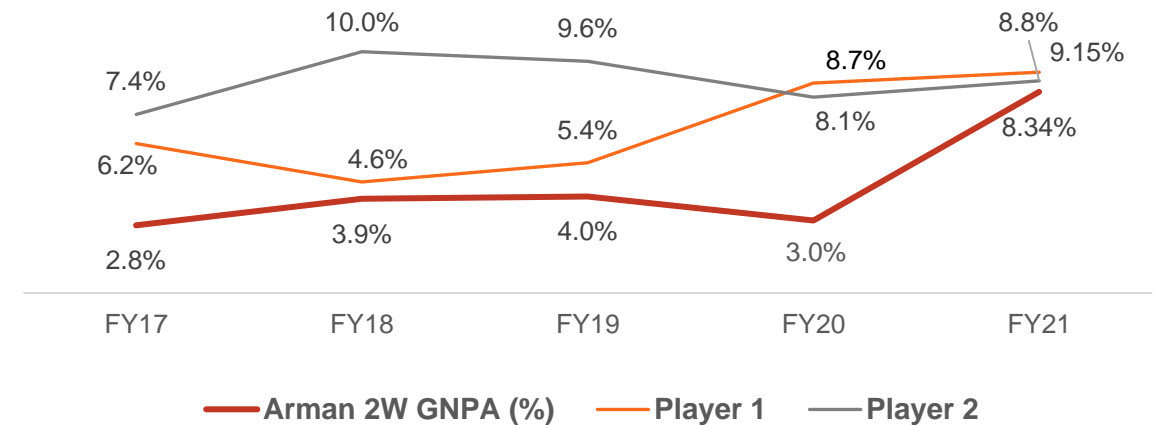
Arman 2W AUM/ has seen steady growth over FY15-20



Disbursement growth is driven by increase in 2W volumes



Collection focus has ensured superior NPA as compared to peers; NPA has inched up because of change in recognition norms

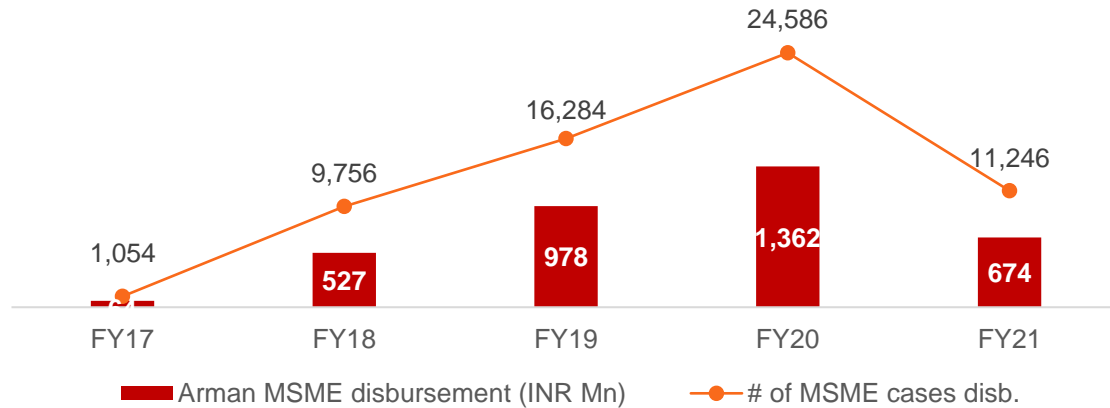


Note: FY21, FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.

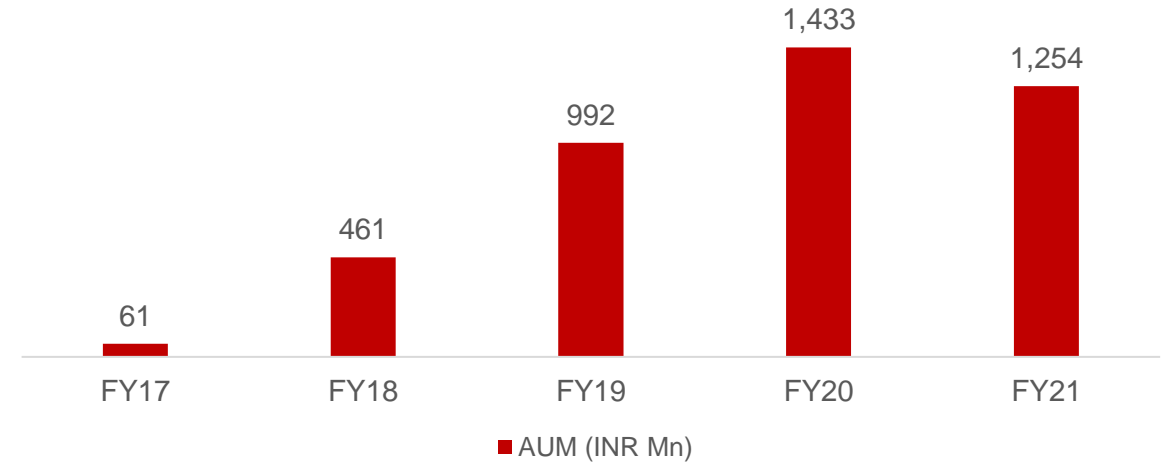
MSME Loans: 5-Year Performance



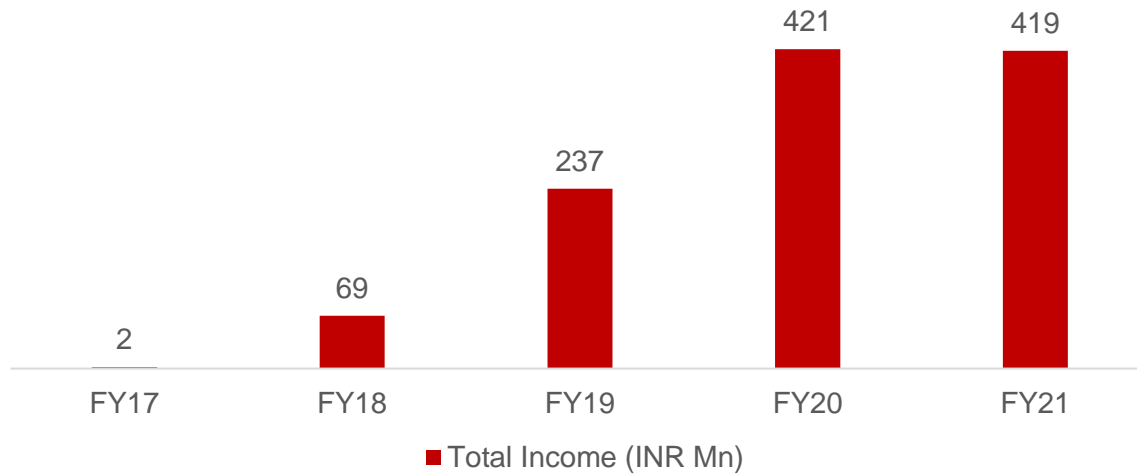
Disbursement Growth



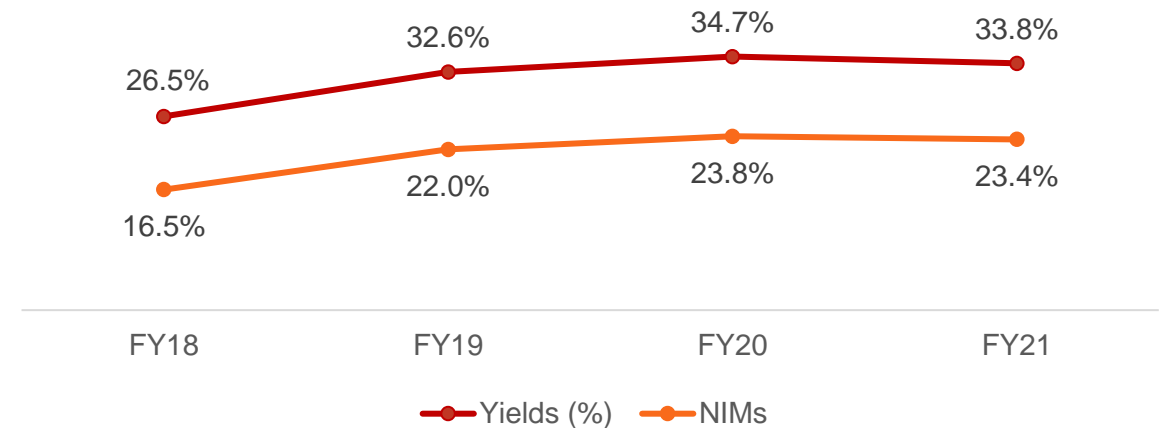
AUM Growth



Total Income Growth



Yields (%) & NIM (%) Trend



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



Arman Financial Services Ltd.

strategy of going conservative on disbursements post covid has paid off, with a collection efficiency of 99.87% for all newly disbursed loans during March 2021.

After resuming the disbursements from August 2020 onwards, the company witnessed uptick in the disbursements in Q4FY21 which grew 51% sequentially to ₹ 275 Crore. However, the company is undertaking disbursements through a very cautious lens. The company has tightened its credit assessment screenings, and the focus remains on maintaining the quality and profitability of the portfolio. The company is also very happy to announce that it has resumed its pan-india expansion strategy, with new branches opening in Haryana and Rajasthan in the fourth quarter. With the resuming of pan-india expansion strategy the company has opened 27 MFI branches in the Q4FY21. This has marked co.s footprint in Haryana as the 7th state and also deeper penetration in Rajasthan. These new branches will put the company in a better position for growth post the Covid 2.0 disruption.

Various RBI and government initiatives to support the NBFCs-MFI have helped the industry as well as Arman to reduce the incremental cost of debt significantly. We also 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 the microfinance clients, amongst other benefits. As we have mentioned numerous times in the past few years, there was a genuine need for having such framework which would be uniformly applicable to all regulated lenders in the microfinance space rather than prescribing stringent guidelines for NBFC-MFIs alone. This new guidelines, if implemented, will put all microfinance practitioners on a level playing field.. The removal of the existing pricing caps will allow MFIs to innovate risk-based products and enter previously underserved geographies, while the 50% FOIR rule will ensure customers are not over leveraged.

Going forward, Arman's foremost priority will be to improve its collections from the field and restoring it to the pre-Covid levels. Further, the company will also be focusing on scaling-up disbursements in a calibrated manner and expects the pace of disbursements to pick-up in the forthcoming quarters."

Segmental Performance Update – Q4 FY21 v/s. Q4 FY20

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q4 FY21	Q4 FY20	YoY%	FY21	FY20	YoY%
Assets Under Management (AUM)	643.1	620.7	4%	643.1	620.7	4%
Total Disbursement	229.7	180.2	28%	417.6	653.1	-36%
Gross Total Income	31.8	39.0	-18%	134.0	148.4	-10%
Pre-Provisioning Operating Profit	7.8	9.4	-17%	41.3	46.2	-11%
Total Provisioning & Write-Offs	7.7	7.8	-2%	36.7	13.3	175%
Profit After Tax	0.9	2.1	-59%	4.9	25.2	-81%
GNPA %				4.13%	0.94%	319bps
NNPA %				0.57%	0.00%	57bps
RoE %				4.19%	26.20%	-

- **MFI AUM stood at ₹ 643 crores – marginally higher by 4% vis-à-vis last year**
- Gross NPA % was higher at 4.13% in Q4 FY21. Post ECL adjustment, NNPA stood at 0.57%.
- **Pre-provisioning Operating Profit decreased by 17% YoY to ₹ 7.8 Crore in Q4 FY21.**
- **Cumulative Total Provisions & write off for FY 21 was ₹ 36.7 crores. The total ECL Provisions as on 31-03-2021 were ₹ 33.11 crores covering 5.15% of the total AUM.**
- **Interest recognized on NPA assets (90+DPD) was 4.56 cr. There is a 100% provision on this not included in ₹ 33.11 Crore provisions mentioned above.**



Arman Financial Services Ltd.

Two-Wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q4 FY21	Q4 FY20	YoY%	FY21	FY20	YoY%
Assets Under Management (AUM)	171.3	238.4	-28%	171.3	238.4	-28%
Total Disbursement	45.5	49.0	-7%	92.1	220.5	-58%
Gross Total Income	13.9	17.2	-19%	63.6	70.1	-9%
Pre-Provisioning Operating Profit	3.5	5.9	-40%	27.3	29.5	-7%
Total Provisioning & Write-Offs	3.3	4.1	-19%	17.9	6.7	168%
Profit After Tax	0.5	2.2	-77%	8.0	18.2	-56%
GNPA %				6.60%	1.50%	511 bps
NNPA %				0.87%	0.71%	16 bps
RoE %				12.85%	35.38%	-

- **2W & MSME AUM stood at ₹ 171.3 crores in Q4 FY21**
 - MSME AUM stood at ₹ 125.4 crores
 - 2W AUM declined by 52% YoY to ₹ 45.9 crores, as the 2W sales declined in the last one year given the challenging economic environment. Further, lower disbursements during the year along with high repayment rates have led to a run down in the 2-wheeler book.
- **In-line with the decline in AUM, Pre-Provisioning Operating Profit declined by 40% YoY to ₹ 3.5 crores.**
- **GNPA % and NNPA % stood at 6.6% and 0.87% respectively.**
- **Cumulative Total Provisions stood at ₹ 18.4 crores as on 31 Mar'21, covering 11% of the AUM. (Cumulative Total Provisions includes Cumulative Covid Provision of ₹ 12.7 crores as on 31 Mar'21). Interest recognized on NPA assets (90+DPD) was ₹ 1.52 cr. There is a 100% provision on this not included in ₹ 18.4 crores above**

For, Arman Financial Services Limited

 Director



Arman Financial Services Ltd.

About Arman Financial Services Limited

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 unorganized and underserved segment of the economy and mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, Rajasthan, and Harayana through its network of 239 branches.

Arman's big differentiator from a Bank and other NBFCs is the last mile credit delivery system. They serve areas and clients where it is simply not possible for banks to provide financial services under the current market scenario. For more information, please visit our web site www.armanindia.com.

For more information, contact



Vivek Modi, CFO
Arman Financial Services Ltd
Tel: +91 79 40507000
vivek@armanindia.com

DICKENSON

Mehul Mehta/Pushpa Mani
Investor Relations
Dickenson World
Tel: +91 98202 80325/9911684123
armanfinancial@dickensonworld.com

Certain statements in this document that are not historical facts are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Arman Financial Services Ltd will not be in any way be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

For, Arman Financial Services Limited

Director