



Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
PH. : +91-79-40507000, 27541989 e-mail : finance@armanindia.com Web : www.armanindia.com CIN : L55910GJ1992PLC018623

Date: February 12, 2021

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

Dear Sir,

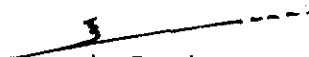
**SUB: UNAUDITED FINANCIAL RESULTS WITH LIMITED REVIEW REPORT FOR THE
QUARTER / PERIOD ENDED ON DECEMBER 31, 2020**

Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we hereby submitting Unaudited Financial Results (Standalone & Consolidated) for the quarter / period ended on December 31, 2020 as reviewed by audit committee and approved by Board of Directors in it's meeting held on February 12, 2021.

The statutory auditor has also carried out a limited review. The Limited Review Certificates of M/s Samir M. Shah & Associates, on Unaudited Financial Results (Consolidated & Standalone) for the quarter ended on December 31, 2020 are also forwarded herewith.

Thanking you,

Yours faithfully,
For, Arman Financial Services Limited


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





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 UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / PERIOD ENDED ON DECEMBER 31, 2020

(Rs. In Lakhs except per share data)

Sr.No.	Particulars	Quarter Ended			Period Ended		Year Ended
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	a. Revenue from Operations						
	i. Interest Income	4,594.98	4,958.00	5,449.52	14,298.77	15,212.60	20,037.87
	ii. Gain on assignment of financial assets	-	-	-	-	-	450.33
	iii. Fees and Commission Income	127.95	124.46	173.80	372.94	445.59	646.04
	iv. Net Gain on Fair Value Changes of Investment Marked To Market	(2.53)	(5.18)	27.37	31.70	11.00	16.46
	Total revenue from Operations	4,720.40	5,077.28	5,650.69	14,703.41	15,669.19	21,150.70
	b. Other Income	67.23	91.71	53.27	191.91	290.81	364.00
	Total Income	4,787.63	5,168.99	5,703.96	14,895.32	15,960.00	21,514.70
2	Expenses						
	a. Finance cost	1,721.22	1,863.70	2,129.33	5,819.79	6,270.75	8,759.37
	b. Impairment losses on financial assets	1,468.11	1,865.52	436.50	4,358.06	807.71	2,000.85
	c. Employees benefits expense	898.90	909.63	901.61	2,638.41	2,582.94	3,645.68
	d. Depreciation and amortisation expense	19.84	20.23	20.50	60.80	58.82	79.84
	e. Other expenses	346.82	313.68	403.99	826.56	1,157.72	1,651.35
	Total Expenses	4,454.89	4,972.76	3,891.93	13,703.62	10,877.94	16,137.09
3	Profit / (Loss) before an Exceptional and Tax (1-2)	332.74	196.23	1,812.03	1,191.70	5,082.06	5,377.61
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	332.74	196.23	1,812.03	1,191.70	5,082.06	5,377.61
6	Tax Expense (net)						
	- Current tax	260.40	355.00	515.97	1,024.30	1,342.42	1,423.40
	- Short / (excess) Provision of Income Tax of earlier years	-	-	-	-	-	(2.78)
	- Deferred tax liability / (asset)	(220.04)	(310.15)	(60.16)	(807.22)	(31.80)	(195.00)
	Net Tax Expenses	40.36	44.85	455.81	217.08	1,310.62	1,225.62
7	Profit for the period / year from continuing operations (5-6)	292.38	151.38	1,356.22	974.62	3,771.44	4,151.99
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)	292.38	151.38	1,356.22	974.62	3,771.44	4,151.99
12	Other comprehensive income / (loss)						
	(a) (i) Items that will not be reclassified to profit and loss						
	- Remeasurement of Defined Benefit Obligations	(2.92)	(2.91)	(1.68)	(8.75)	(5.05)	(11.67)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.73	0.74	0.43	2.20	1.30	2.94
	Sub Total (a)	(2.19)	(2.17)	(1.25)	(6.55)	(3.75)	(8.73)
	(b) (i) Items that will be reclassified to profit and loss						
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	(14.28)	303.19	20.09	282.10	15.54	85.68
	(ii) Income tax relating to items that will be reclassified to profit and loss	4.54	(77.25)	(5.15)	(71.00)	(3.98)	(24.29)
	Sub Total (b)	(9.74)	225.94	14.94	211.10	11.56	61.39
	Net Other comprehensive income / (loss) (a)+(b)	(11.93)	223.77	13.69	204.55	7.81	52.66
13	Total Comprehensive Income	280.45	375.15	1,369.91	1,179.17	3,779.25	4,204.65
	Paid up Equity Share capital (face value of Rs. 10/-)	848.76	848.76	845.01	848.76	845.01	845.09
14	Earnings per share (of Rs. 10/- Each)(Not Annualised)						
	(a) Basic EPS	3.44	1.79	16.45	11.51	53.07	55.80
	(b) Diluted EPS	3.44	1.79	16.38	11.51	52.80	55.54



Notes

- 1 These unaudited financial results of Arman Financial Services Limited (the "Parent") and its subsidiary (collectively referred to as the "Group") have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 The unaudited Consolidated financial results for the quarter / period ended December 31, 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at it's meeting held on February 12, 2021.
- 3 The Company reports quarterly financial results of the Group on a consolidated basis, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with circular dated July 5, 2016. The standalone financial results are available on the website of the Company at www.armanindia.com, the website of BSE Limited ("BSE") at www.bseindia.com and on the website of National Stock Exchange of India Limited ("NSE") at www.nseindia.com.
- 4 Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('Interim order'), has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Group has not classified any account as NPA, as per RBI norms, after 31 August 2020 which was not NPA as of 31 August 2020. Further, in light of the interim order, even accounts that would have otherwise been classified as NPA post 31 August 2020 have not been and will not be, classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. Such accounts have been classified as stage 3 and provisioned accordingly.
- 5 The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government considerably impacted the Group's business operations during the nine months ended 31 December 2020. Apart from other adverse effects, the pandemic has also resulted in a significantly lower business acquisition and put constraints on recovery of overdues from customers during this period. Further, in accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Group had offered moratorium to its customers based on requests as well as on a suo-moto basis between 1 March 2020 to 31 August 2020.


The extent to which the COVID-19 pandemic will ultimately impact the Group's results and carrying value of assets will depend on future developments, which are highly uncertain. The Group's impairment loss allowance estimates are subject to a number of management judgments and estimates, which could undergo changes over the entire duration of the pandemic. Given the uncertainty over the potential macro-economic condition and related judicial decisions on matters arising from the regulatory guidelines, the impact of the COVID pandemic on the financial performance may be different from that estimated as at the date of approval of these financial results. Such changes will be prospectively recognized. The Group continues to closely monitor any anticipated material changes to future economic conditions.

- 7 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 8 The Group is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 9 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

Date: 12.01.2021
Place: Ahmedabad



For, Arman Financial Services Limited


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814

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 : 76220 12032

E-mail : samir@smshah.co.in

LIMITED REVIEW REPORT ON UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL RESULTS OF ARMAN FINANCIAL SERVICES LIMITED UNDER REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Board of Directors of
Arman Financial Services Limited

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Arman Financial Services Limited (the “Parent”) and its subsidiary (the Parent and its subsidiary together referred to as the “Group”), for the quarter and period ended December 31, 2020 (the “Statement”) being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent’s Management and approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India (“ICAI”). A review of interim financial information consists of making inquiries, primarily of Parent’s personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Name of the Company	Relationship
Namra Finance Limited	Wholly owned Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to Note 5 to the consolidated financial results in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic.

Our conclusion on the Statement is not modified in respect of this matter.

7. We did not review the interim financial information/financial results of one subsidiary included in the Statement, whose interim financial information/financial results reflects total income of Rs. 3,318.40 lakhs and Rs. 10,214.19 lakhs for the quarter and nine months ended December 31, 2020 respectively, total net profit after tax of Rs. 75.25 lakhs and Rs. 405.51 lakhs for the quarter and nine months ended December 31, 2020 respectively and total comprehensive income of Rs. 37.95 lakhs and Rs. 649.50 lakhs for the quarter and nine months ended December 31, 2020 respectively. These interim financial information/ financial results have been reviewed by the other auditors whose reports have been furnished to us by the Management, and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

Place : AHMEDABAD
Date : 12th FEBRUARY, 2021

For SAMIR M. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. No.: 122377W



SAMIR M. SHAH
(PARTNER)

MEMBERSHIP No.: 111052
UDIN: 21111052AAAAGT8503
Heaven, 8, Western Park Society,
Nr. Inductotherm,
Bopal, Ahmedabad-380058



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 STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / PERIOD ENDED DECEMBER 31, 2020

(Rs. In Lacs except per share data)

Sr.No.	Particulars	Quarter Ended			Period Ended		Year Ended
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	a. Revenue from Operations						
	i. Interest Income based on Effective Interest Method	1,461.21	1,641.85	1,828.14	4,720.94	5,064.75	6,537.65
	ii. Gain on Assignment of Financial Assets	-	-	-	-	-	173.66
	iii. Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	5.60	1.65	-	7.25	-	-
	Total revenue from Operations	1,466.81	1,643.50	1,828.14	4,728.19	5,064.75	6,711.31
	b. Other Income	72.56	99.44	72.48	237.73	230.48	298.86
	Total Income	1,539.37	1,742.94	1,900.62	4,965.92	5,295.23	7,010.17
2	Expenses						
	a. Finance cost	477.82	496.96	562.45	1,506.08	1,597.63	2,202.74
	b. Impairment losses on financial assets	327.77	684.51	149.03	1,459.42	259.83	668.79
	c. Employees benefits expense	299.05	292.49	339.81	848.95	961.09	1,323.12
	d. Depreciation and amortisation expense	2.39	2.66	2.92	7.76	8.32	11.15
	e. Other expenses	103.20	72.18	138.99	223.84	366.83	521.76
	Total Expenses	1,210.22	1,548.80	1,193.20	4,046.04	3,193.70	4,727.56
3	Profit / (Loss) before an Exceptional and Tax (1-2)	329.14	194.14	707.42	919.87	2,101.53	2,282.61
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	329.14	194.14	707.42	919.87	2,101.53	2,282.61
6	Tax Expense (net)						
	- Current tax	112.60	184.70	188.47	496.30	485.01	516.88
	- Deferred tax liability / (asset)	(38.44)	(160.66)	(24.52)	(327.02)	8.09	(58.04)
	Net Tax Expenses	74.16	24.04	163.95	169.28	493.10	458.84
7	Profit for the period / year from continuing operations (5-6)	254.98	170.10	543.47	750.59	1,608.43	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)	254.98	170.10	543.47	750.59	1,608.43	1,823.77
12	Other comprehensive income / (loss)						
	(a) (i) Items that will not be reclassified to profit and loss						
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	-	-	-	-	-	-
	- Remeasurement of Defined Benefit Obligations	(1.21)	(1.22)	(1.03)	(3.65)	(3.07)	(4.87)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.31	0.30	0.27	0.92	0.79	1.23
	Sub Total (a)	(0.90)	(0.92)	(0.76)	(2.73)	(2.28)	(3.64)
	(b) (i) Items that will be reclassified to profit and loss						
	- Fair Value changes on Advances	33.86	(76.14)	27.41	(49.03)	6.01	46.05
	(ii) Income tax relating to items that will not be reclassified to profit and loss	(7.57)	18.21	(7.02)	12.34	(1.54)	(12.81)
	Sub Total (b)	26.29	(57.93)	20.39	(36.69)	4.47	33.24
	Net Other comprehensive income / (loss) (a)+(b)	25.38	(58.85)	19.63	(39.43)	2.19	29.59
13	Total Comprehensive Income	280.36	111.25	563.10	711.16	1,610.62	1,853.36
	Paid up Equity Share capital (face value of Rs. 10/-)	848.76	848.76	845.01	848.76	845.01	845.09
14	Earnings per share (in Rs.) (Not Annualised)						
	(a) Basic EPS	3.00	2.01	6.59	8.86	22.63	24.51
	(b) Diluted EPS	3.00	2.01	6.56	8.85	22.52	24.39



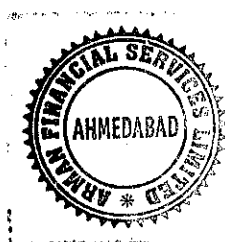
Notes

- 1 These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 The unaudited standalone financial results for the quarter / period ended December 31, 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on February 12, 2020.
- 3 Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms, after 31 August 2020 which was not NPA as of 31 August 2020. Further, in light of the interim order, even accounts that would have otherwise been classified as NPA post 31 August 2020 have not been and will not be, classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. Such accounts have been classified as stage 3 and provisioned accordingly.
- 4 The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government considerably impacted the Company's business operations during the nine months ended 31 December 2020. Apart from other adverse effects, the pandemic has also resulted in a significantly lower business acquisition and put constraints on recovery of overdues from customers during this period. Further, in accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium to its customers based on requests as well as on a suo-moto basis between 1 March 2020 to 31 August 2020.

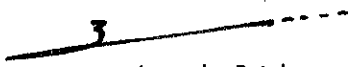
The extent to which the COVID-19 pandemic will ultimately impact the Company's results and carrying value of assets will depend on future developments, which are highly uncertain. The Company's impairment loss allowance estimates are subject to a number of management judgments and estimates, which could undergo changes over the entire duration of the pandemic. Given the uncertainty over the potential macro-economic condition and related judicial decisions on matters arising from the regulatory guidelines, the impact of the COVID pandemic on the financial performance may be different from that estimated as at the date of approval of these financial results. Such changes will be prospectively recognized. The Company continues to closely monitor any anticipated material changes to future economic conditions.

- 5 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 6 The Company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 7 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

Date: 12.02.2021
Place: Ahmedabad



For, Arman Financial Services Limited


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814

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 : 76220 12032

E-mail : samir@smshah.co.in

LIMITED REVIEW REPORT ON UNAUDITED QUARTERLY STANDALONE FINANCIAL RESULTS OF ARMAN FINANCIAL SERVICES LIMITED UNDER REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Board of Directors of

Arman Financial Services Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of Arman Financial Services Limited (the “Company”), for the quarter and period ended December 31, 2020 (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).
2. This Statement, which is the responsibility of the Company’s management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ‘Interim Financial Reporting’ (‘Ind AS 34’), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the ‘SEBI Listing Regulations’). Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 4 to the standalone financial results in which the Company describes the uncertainties arising from the COVID 19 pandemic.

Our conclusion on the Statement is not modified in respect of this matter.

Place : AHMEDABAD
Date : 12th FEBRUARY, 2021

For SAMIR M. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. No.: 122377W



SAMIR M. SHAH
(PARTNER)
MEMBERSHIP No.: 111052
UDIN: 21111052AAAAGS8685
Heaven, 8, Western Park Society,
Nr. Inductotherm,
Bopal, Ahmedabad-380058



Arman Financial Services Ltd.

Arman Financial Declares Q3 & 9M FY21 Results Q3 Disbursements Grow 260% Sequentially Accelerated Provisioning to minimise Future Volatility

Ahmedabad, India, 12 February 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 nine months ended 31st December 2020.

Particulars (In ₹ Crores)	Q3 FY21	Q3 FY20	YoY%	9M FY21	9M FY20	YoY%
Assets Under Management (AUM)	720.0	823.8	(13%)	720.0	823.8	(13%)
Total Disbursement	181.9	225.8	(19%)	234.5	648.8	(64%)
Gross Total Income	47.9	57.0	(16%)	148.9	159.6	(7%)
Pre-Provisioning Operating Profit	18.0	22.5	(20%)	55.5	58.9	(6%)
Total Provisioning & Write-Offs	14.7	4.4	236%	43.6	8.1	440%
Profit After Tax	2.9	13.5	(78%)	9.7	37.7	(74%)
GNPA %	*0.7%/4.1%	1.2%	(290 bps)	*0.7%/4.1%	1.2%	(290 bps)
NNPA %	*0.0%/0.6%	0.5%	(10 bps)	*0.0%/0.6%	0.5%	(10 bps)
RoE % #	5.00%	27.7%	(2270 bps)	5.6%	25.7%	(2010 bps)

Note: # RoE figures have been computed a fully diluted equity base and annualized for Q3 FY21 & Q3 FY20; *GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order

Consolidated Financial Highlights – Q3 FY2021

- **Assets under management** as on 31st Dec'20 stood at ₹ 720.0 crores, lower by 13% YoY as higher repayment rates combined with lower disbursements led to a run-down in the loan book.
- **Disbursements picked-up the pace gradually across all segments from Oct'20 onwards.** Loan Disbursements during Q3 FY21 stood at ₹ 181.9 crores, up 260% QoQ; the pace of disbursements is expected to reach pre-covid level from Q1FY22 onwards.
 - In microfinance segment, the company primarily focused on renewing loans of existing customers who have made their repayments and completed their tenure during Q3.
 - In the MSME & two-wheeler segments, the company has taken a cautious approach while disbursing the fresh loans by increasing underwriting and reducing ticket sizes.
- **Shareholders Equity** stood at ₹ 184.3 crores as on 31st Dec'20.
- **Comfortable Leverage Position:** Debt-Equity Ratio as on 31st Dec'20 was 3.1x (excluding direct assignment)
- **Gross Total Income** declined by 16% YoY to ₹ 47.9 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 14% YoY to ₹ 30.7 crores.
- **Finance cost came down by 19% YoY to ₹ 17.2 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 20% YoY to ₹ 18.0 crores due to lower net total income as a result of a decline in the portfolio. The cost-to-income ratio stood at 41.3% in Q3 FY21 versus 37.1% in Q3 FY20.
- **Provisions** for the quarter increased to ₹ 14.7 crores, as the company prudently continued to undertake aggressive provisioning to protect against potential asset quality risks on account of the Covid-induced disruption. Cumulative Total Provisions stood at ₹ 51.7 Crore as on 31st Dec'20, covering 7.5% of the on-book AUM on a consolidated basis.
- **Given the higher provisioning, Profit after tax stood lower at ₹ 2.9 crores for 3 months ended and ₹ 9.7 crores for the 9 months ended 31-Dec-20.** Adjusted for the higher provisioning on account of the Covid-induced disruption, Profit after tax would have been substantially higher.

* GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order





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- Consolidated GNPA stood at *0.7%/4.1%; NNPA stood at *0.0%/0.6%. Provision Coverage Ratio (PCR) for PAR 60+ assets is 110%.
- The company has provided relief to distressed customers by allowing a one-time restructure. The restructuring was provided to willing MFI and MSME customers who showed genuine distress and an EMI reduction was feasible by increasing tenor. As of December 31st, 2021, 5.6% of loans (of which 3.4% were 90+ overdue) have been restructured.
- Total operational branches as on 31st Dec'20 stood at 212 (171 in MFI, 35 in MSME and 6 in 2W)

Update on Collections

Business Segment	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2020
Microfinance	84%	89%	91%	91%	92%
MSME	93%	94%	95%	95%	95%
Two-Wheeler	96%	97%	95%	96%	96%
Total Collection Efficiency %	87%	91%	92%	92%	93%

- Collections improved further across all the segments since September 2020. The repayment rate of new loans disbursed post Covid have a repayment rate of 99.8%+. The priority of the company remains on improving repayment rates (especially in the MFI segment).

Update on Liquidity

- Healthy Liquidity position with ₹ 126.4 crore in cash/bank balance, liquid investments, and undrawn CC limits
- Strong pick-up in collections along with the incremental debt capital raised (₹ 64 crore from Sep'20 onwards) has materially improved the company's liquidity position. The group has over ₹ 20 Cr of sanctioned undrawn Term Facilities. The company has duly repaid all the debt obligations that were due in Q3 FY21 and had accelerated the debt repayment for higher coupon debts in Q2FY21. The company continued to maintain sufficient cash reserves, and will begin reducing average cash reserves post the forth quarter.

Commenting on the company's performance in Q3 FY21, Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services said, "Despite the multiple challenges, Arman delivered sturdy performance in Q3 FY21. The company's consolidated AUM at the end of Q3 stood at ₹ 720 Crore, lower by 13% on a YoY basis. This was driven by a run-down in the loan book as there was virtually no disbursements during the Lock-Down and Moratorium period, coupled with higher collections efficiencies, and a cautious approach in disbursements.

The cumulative total provisions stood at ₹ 51.7 Crore as on 31st Dec'20, covering 7.5% of the on-book AUM; this will help the company to deal with any possible impairments on account of Covid-19 in the future. Furthermore, we strongly believe that the worst is behind us in terms of covid-19 related impact on our portfolio and we can expect steady improvements in repayment rates and disbursements going forward. Our asset quality continues to remain steady with Net NPA at about 0.6% [if ignoring the hon'ble Supreme Court Order]. Our liquidity position remains strong with ₹ 126.4 crore in cash/bank balance, liquid investments, and undrawn CC limits.

Most importantly, collections across all the 3 segments improved marginally since October 2020. Repayment rates for December 2020 dues closed at 91% for the MFI segment; 95% for the MSME segment; and 96% for the 2-wheeler segment. Overall, the company has achieved ~92% blended collection efficiency in December 2020, and it is especially encouraging to see the steady pick-up in MFI collections over the last 3-4 months. Our conservative disbursements post covid has paid off, with an collection efficiency of 99.87% for all newly disbursed loans.

After resuming the disbursements from August 2020 onwards, the company witnessed a significant uptick in the disbursements in Q3FY21 which grew 260% sequentially to ₹ 181.9 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. We are also happy to announce that we have resumed our pan-india expansion strategy, with

* GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order





Arman Financial Services Ltd.

new branches opening in Harayana and Rajasthan in the fourth quarter. The plan is to build a solid growth and recovery foundation for FY2021-22; to that end, we plan to open 25-30 new branches before the fiscal year end.

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 and strengthen client protection principles, amongst other benefits. There was a genuine need for having such framework, which would be uniformly applicable to all regulated lenders in the microfinance space and put all practitioners on a level playing field. .

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 – Q3 FY21 v/s. Q3 FY20

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q3 FY21	Q3 FY20	YoY%	9M FY21	9M FY20	YoY%
Assets Under Management	548.7	588.8	(7%)	548.7	588.8	(7%)
Total Disbursement	147.3	160.5	(8%)	187.8	472.9	(60%)
Gross Total Income	33.2	39.5	(16%)	102.1	109.4	(7%)
Pre-Provisioning Operating Profit	11.8	14.5	(18%)	33.5	36.8	(9%)
Total Provisioning & Write-Offs	11.4	2.8	311%	29.0	5.5	427%
Profit After Tax	0.8	8.7	(91%)	4.1	23.1	(82%)
GNPA* %	*0.5%/3.5%	0.9%	260 bps	*0.5%/3.5%	0.9%	260 bps
NNPA %	0.0%	0.3%	(30 bps)	0.0%	0.3%	(30 bps)

- MFI AUM stood at ₹ 548.7 crores – marginally lower by 7% vis-à-vis last year
- Gross NPA % was higher at 3.5% in Q3 FY21. Post ECL adjustment, NNPA % stood at 0.0%.
- Pre-provisioning Operating Profit decreased by 18% YoY to ₹ 11.8 Crore in Q3 FY21.
- Cumulative Total Provisions as of 31 Dec'20 stood at ₹ 33.6 Crore covering 6.4% of the total AUM.
- Interest recognized on NPA assets (90+DPD) was 3.08 cr. There is a 100% provision on this not included in ₹ 33.6 Crore mentioned above.

Two-Wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q3 FY21	Q3 FY20	YoY%	9M FY21	9M FY20	YoY%
Assets Under Management	171.3	235.0	(27%)	171.3	235.0	(27%)
Total Disbursement	34.5	65.3	(47%)	46.6	175.8	(73)
Gross Total Income	15.4	19.0	(19%)	49.7	52.9	(6%)
Pre-Provisioning Operating Profit	6.6	8.6	(23%)	23.8	23.6	1%
Total Provisioning & Write-Offs	3.3	1.5	120%	14.6	2.6	462%
Profit After Tax	2.6	5.4	(53%)	7.5	16.1	(53%)
GNPA* %	*1.4%/6.0%	1.9%	(410 bps)	*1.4%/6.0%	1.9%	(410 bps)
NNPA* %	*0.0%/2.3%	1.3%	(100 bps)	*0.0%/2.3%	1.3%	(100 bps)

- 2W & MSME AUM stood at ₹ 18.13 crores in Q3 FY21
 - MSME AUM stood at ₹ 116.8 crores

* GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order





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- 2W AUM declined by 47% YoY to ₹ 54.4 crores, as the 2W sales declined in the last one year given the challenging economic environment. Further, lower disbursements in 9M FY21 along with high repayment rates have led to a run down in the book.
- **In-line with the decline in AUM, Pre-Provisioning Operating Profit** declined by 23% YoY to ₹ 6.6 crores.
- **GNPA % and NNPA %** stood at *1.4%/6.0% and *0.0%/1.9% respectively. (GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order)
- Cumulative Total Provisions stood at ₹ 18.1 crores as on 31 Dec'20, covering 11% of the AUM. (Cumulative Total Provisions includes Cumulative Covid Provision of ₹ 12.9 crores as on 31 Dec'20). Interest recognized on NPA assets (90+ DPD) was 1.29 cr. There is a 100% provision on this interest, which is not included in ₹ 18.1 crores above

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, and Rajasthan through its network of 211 branches and 55+ dealer touchpoints.

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

Chintan Mehta, Investor Relations
Dickenson World
Tel: +91 98921 83389
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

* GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order





Arman Financial Services Ltd.



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Q3 FY21 - Investor Presentation
February 2021

from ACCESS to INCLUSION

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CONTENTS

04 Performance Update - Q3 FY21
& 9MFY21

13 Liability Overview

16 Company Overview

24 Product Overview

28 Annexures



Arman Financial Services Ltd.



Arman Financial Services Ltd.



Financial Performance Update - Q3 & 9MFY21

Q3 & 9M FY21 - Financial Performance Highlights



Total AUM declined by 13% YoY to INR 7,200 Mn (Q3 FY21 AUM: INR 8,238 Mn)



Shareholders Equity Stood at INR 1,843 Mn in Q3 FY21

Consolidated Debt-Equity Ratio stood at 3.1x on 31 December'20 (exclude direct assignment)



Pre-Provisioning Operating Profit declined by 20% YoY to INR 181 Mn in Q3 FY21, and 6% YoY to INR 555 Mn in 9M FY21



Operating expenses declined by 5% YoY to INR 127 Mn in Q3 FY21, and 7% YoY to INR 353 Mn in 9M FY21

Cost-to-income ratio stood at 41.3% in Q3 FY21 and 38.8% in 9M FY21



Collection Efficiency Improved Significantly to ~93% in December 2020 vis-à-vis ~87% in September 2020



Cumulative Provisions stood at INR 517 Mn as on 31st Dec 2020 (covering 7.2% of the total AUM)

Strengthened Provision Coverage by Prudently Recognizing Provisions and Write-off of INR 147 Mn in Q3 FY21, and INR 436 Mn in 9M FY21

Update on Collections

- ❑ Collections have improved significantly across all 3 segments since September 2020 to reach ~93% in January 2021. *(details given in the table below)*
 - **'Microfinance' collections picked-up strongly** as the repayment rates reached 84% in September 2020, and then further improved to 92% in January 2021
 - **2W and MSME collections** continued to be well-north of 90% during the period. **Repayment rates for Jan'21 closed at 95% for MSME and 96% for 2W.**
- ❑ **Cumulative Provisions stood at INR 517 Mn as of 31st December 2020 covering 7.2% of the total AUM**
 - **Namra:** Cumulative Provisions stood at INR 336 Mn as of 31st Dec 2020 covering 6.1% of the total AUM
 - **Standalone:** Cumulative Provisions stood at INR 181 Mn as of 31st Dec 2020 covering 10.6% of the total AUM
- ❑ **The Company has sufficient provisions in place for customers who have not resumed paying their EMIs post the March 2020 lock-downs.**

Collection Efficiency % (September 2020 – January 2021)

Business Segment	Collections Due (Oct'20)	Amount Collected (Oct'20)	Collection Efficiency % (Oct'20)	Collections Due (Nov'20)	Amount Collected (Nov'20)	Collection Efficiency % (Nov'20)	Collections Due (Dec'20)	Amount Collected (Dec'20)	Collection Efficiency % (Dec'20)	Collections Due (Jan'21)	Amount Collected (Jan'21)	Collection Efficiency % (Jan'21)
Total	811	737	91%	760	697	92%	767	708	92%	726	676	93%
Microfinance	606	542	89%	575	521	91%	571	521	91%	551	508	92%
MSME	139	131	94%	134	127	95%	134	126	95%	129	123	95%
Two-wheeler	66	64	97%	51	49	96%	63	60	96%	46	44	96%

Note: All the amounts are in INR Mn.

Update on Liquidity

- ❑ **Healthy Liquidity position with INR ~1,264 Mn in cash/bank balance, liquid investments, and undrawn CC limits**
- ❑ Successfully raised INR 640 Mn since September 2020
- ❑ 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 replace it with low-cost borrowings from Q3FY21 onwards.**

Update on Disbursements

- ❑ **Disbursements picked-up the pace across all segments in Q3FY21 after gradually starting from August 2020 onwards**
 - Loan Disbursements during Q3 FY21 stood at INR 1,819 Mn compared to INR 507 Mn in Q2 FY21. Disbursements are expected to reach pre-covid level from March 2021 onwards.
 - The company has taken its footprint to Haryana with 10 branches in Jan'21. Also added 3 more branches in Rajasthan.
 - In microfinance, the company primarily focused on renewing loans of existing customers who have already made their repayments and completed their tenure during Q3FY21.
 - In the MSME & 2-wheeler segments, the company has slowly 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

Q3 & 9M FY21 - Consolidated Profit & Loss Statement



Particulars (INR Mn)	Q3 FY21	Q3 FY20	YoY (%)	9MFY21	9MFY20	YoY (%)
Assets Under Management (AUM)	7,200	8,238	(13%)	7,200	8,238	(13%)
Disbursements	1,819	2,258	(19%)	2,345	6,488	(64%)
Shareholder's Equity *	1,842	1,256	47%	1,842	1,256	47%
Income from Operations	472.0	565.1	(16%)	1,470.3	1,566.9	(6%)
Other Income	6.7	5.3	(26%)	19.2	29.1	(34%)
Gross Total Income	478.7	570.4	(16%)	1,489.5	1,596.0	(7%)
Finance Costs	172.1	212.9	(19%)	582.0	627.1	(7%)
Net Total Income (NTI)	306.6	357.5	(14%)	907.6	969.0	(6%)
Employee Benefits Expenses	89.9	90.2	0%	263.8	258.3	2%
Depreciation and Amortisation	2	2.1	(3%)	6.1	5.9	3%
Other Expenses	34.7	40.4	(14%)	82.7	115.8	(29%)
Pre-Provision Operating Profit	180.1	224.9	(20%)	555.0	589.0	(6%)
Total Provisions & Write-offs	146.8	43.7	236%	435.8	80.8	440%
Profit Before Tax	33.3	181.2	(82%)	119.2	508.2	(77%)
Profit After tax	29.2	135.6	(78%)	97.5	377.1	(74%)
GNPA %	#0.7%/4.1%	1.2%	(290 bps)	#0.7%/4.1%	1.2%	(290 bps)
NNPA %	#0.0%/0.6%	0.5%	(10 bps)	#0.0%/0.6%	0.5%	(10 bps)
Return on Avg. AUM %	1.5%	7.2%	(574 bps)	1.6%	6.7%	(505 bps)
Return on Avg. Equity % *	5.0%	27.7%	(2267 bps)	5.6%	25.7%	(2010 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.
- #GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order

Q3 & 9M FY21 - Consolidated Balance Sheet



Particulars (in INR Mn)	Consolidated		Standalone	
	Dec 2020	March 2020	Dec 2020	March 2020
ASSETS				
<u>Financial Assets</u>				
Cash and cash equivalents	377	584	234	3
Bank Balance	551	384	177	56
Loans & Advances	6,283	7,785	1,474	2,231
Investments	363	33	828	624
Other Financial assets	168	75	52	23
Total Financial Assets	7,743	8,861	2,765	2,938
<u>Non-Financial Assets</u>				
Current tax assets (Net)	0	5	0	13
Deferred tax Assets (Net)	122	48	45	11
Property, Plant and Equipment	31	35	8	8
Other Intangible assets	1	2	0	0
Right To Use Asset	6	7	0	0
Other non-financial assets	1	4	1	2
Total Non-Financial Assets	162	101	54	34
Total Assets	7,905	8,962	2,818	2,972

	Consolidated		Standalone	
	Dec 2020	March 2020	Dec 2020	March 2020
LIABILITIES & EQUITY				
Equity Share capital	85	85	85	85
Reserves & Surplus	1,758	1,638	1,171	1,123
Total Shareholders Funds	1,843	1,722	1,256	1,207
<u>Financial Liabilities</u>				
Debt Securities	5,548	6,828	1,405	1,657
Total Borrowings	150	150	50	50
Other Financial Liabilities	269	241	72	50
Total Financial Liabilities	5,967	7,219	1,527	1,757
<u>Non-Financial Liabilities</u>				
Current tax liabilities (Net)	79	8	29	4
Deferred tax liabilities (Net)	0	0	0	0
Provisions	11	0	5	0
Other non-financial liabilities	5	13	1	4
Total Non-Financial Liabilities	95	21	35	8
Total Liabilities & Equity	7,905	8,962	2,818	2,972

Q3 FY21 - Microfinance “Namra” Performance Update



Particulars (INR Mn)	Q3 FY21	Q3 FY20	YoY (%)	9MFY21	9MFY20	YoY (%)
Asset Under Management	5,487	5,888	(7%)	5,487	5,888	(7%)
Disbursements	1,473	1,605	(8%)	1,878	4,729	(60%)
Income from Operations	328.6	391.4	(16%)	1,007.8	1,073.0	(6%)
Other Income	3.3	3.4	(5%)	13.6	21.0	(35%)
Gross Total Income	331.8	394.9	(16%)	1,021.4	1,094.0	(7%)
Finance Costs	127.6	165.9	(23%)	441.7	479.9	(8%)
Net Total Income (NTI)	204.3	229.0	(11%)	579.7	614.2	(6%)
Employee Benefits Expenses	60.0	56.2	7%	179.0	162.2	10%
Depreciation and Amortisation	1.7	1.8	(1%)	5.3	5.1	5%
Other Expenses	24.4	26.5	(8%)	60.3	79.1	(24%)
Pre-Provision Operating Profit	118.2	144.6	(18%)	335.2	367.8	(9%)
Total Provision & Write-offs *	114.0	27.7	311%	289.9	55.0	427%
Profit After Tax	7.5	87.4	(91%)	40.6	231.2	(82%)
GNPA %	#0.5%/3.5%	0.9%	260 bps	#0.5%/3.5%	0.9%	260 bps
NNPA %	0.0%	0.3%	(30 bps)	0.0%	0.3%	(30 bps)
Return on Avg. AUM %	0.5%	6.6%	(604 bps)	0.9%	5.8%	(485 bps)
Return on Avg. Equity %	2.6%	36.8%	(3422 bps)	4.6%	32.4%	(2782 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
- #GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order

❖ Q3FY21 witnessed the reversal of de-growth in microfinance AUM.

- The Portfolio has grown from the low of INR 5,230 Mn in Sep'20 to INR 5,487 Mn in Q3FY21.
- Active MFI Customer base stood at 3.2 Lakhs in Q3 FY21. Adding 39,000 new loans in Q3FY21.
- The disbursements have picked up in Q3 reversing the fall in AUM seen in the Q1 & Q2FY21. The disbursements reached 70%+ of pre-covid levels in December 2020.

❖ Gradually begun disbursements from August onwards – renewing loans of customers that have already made their repayments and completed their tenure.

- Completed disbursements of INR 1,473 Mn in Q3 FY21, compared to INR 386 Mn in Q2 FY21. Pace of disbursements to reach pre-covid levels from Q1 FY22 onwards.

❖ Gross Total Income declined by 16% YoY to INR 331.1 Mn due to softer yields 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 11% YoY to INR 204.3 Mn led by a lower run-down in the loan book.

❖ Provisions for the quarter rose 311% YoY to INR 114 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 Dec'20 stood at INR 336 Mn covering 6.1% of the total AUM. (Cumulative Covid provisions stood at INR 143 Mn)**

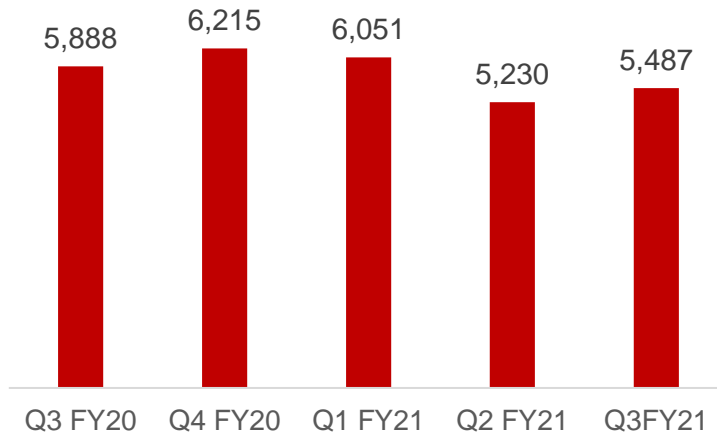
❖ Gross NPA % was higher at 3.5% in Q3 FY21. Post ECL adjustment, NNPA % stood at 0.0%.

❖ Repayment rates picked-up significantly reaching 91% in Dec'20

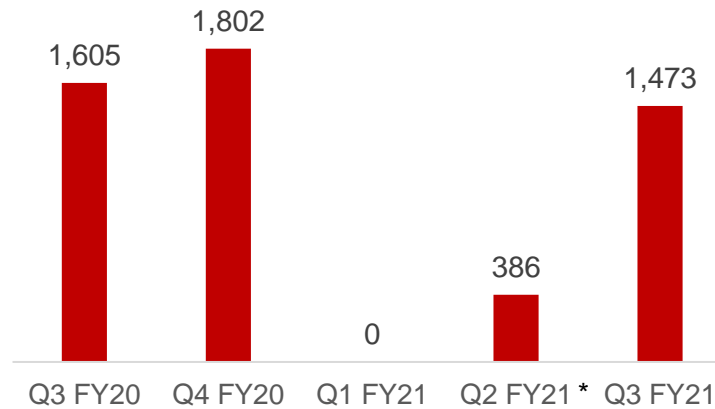
Q3 FY21 - Microfinance Performance Update



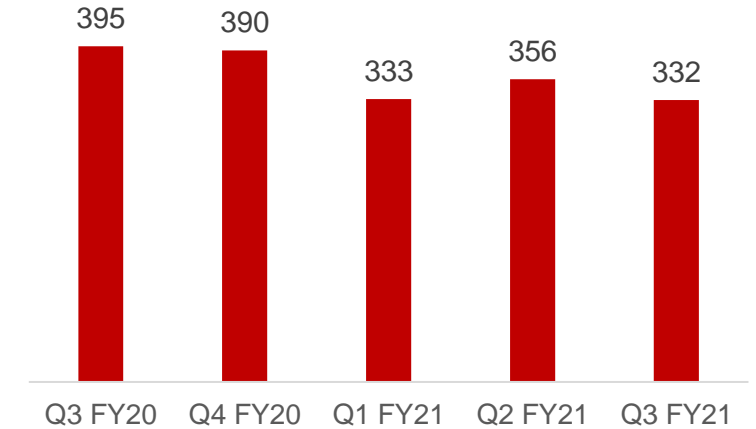
AUM (INR Mn)



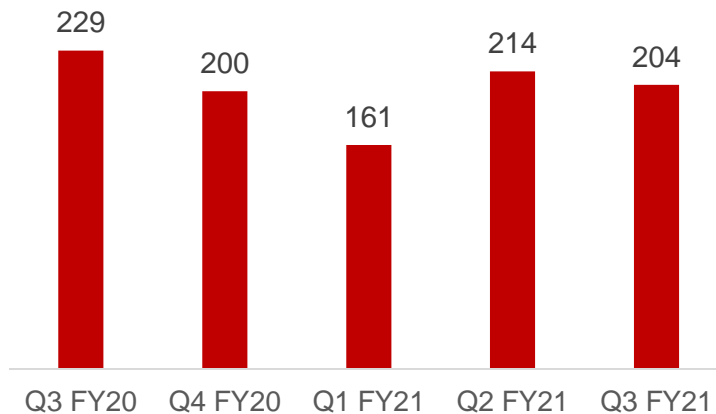
Disbursement (INR Mn)



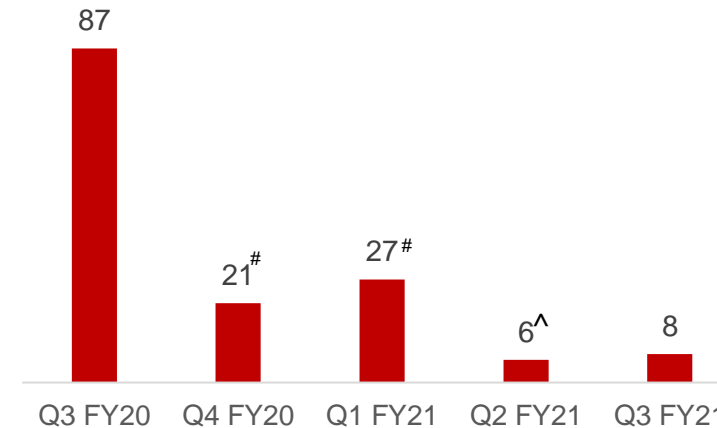
Gross Total Income (INR Mn)



Net Total Income (INR Mn)



PAT (INR Mn)



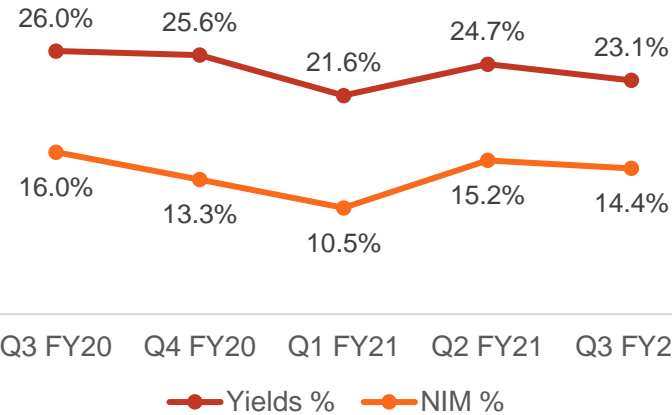
Note:

- * Nationwide Lockdown and the Covid-19 induced disruption led to the disbursements being halted. Company's priority was on improving the collection efficiency
- # Includes Covid specific provision of INR 45.3 Mn in Q4 FY20, and INR 57.2 Mn in Q1 FY21. ^ Includes aggressive provisioning and write-offs of INR 80 Mn and INR 39 Mn in Q2FY21 respectively
- Net Total Income = Gross Total Income – Finance Cost

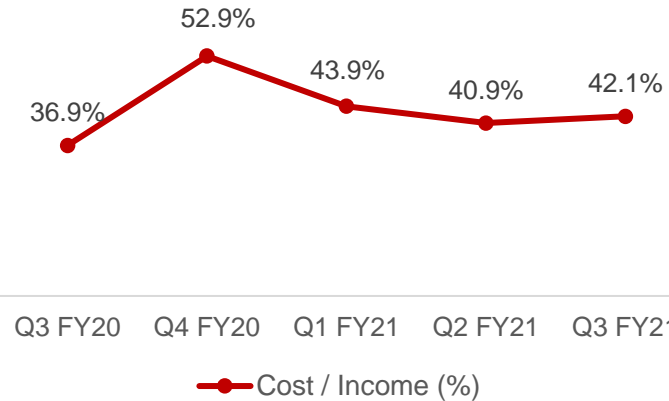
Q3 FY21 - Microfinance Performance Update



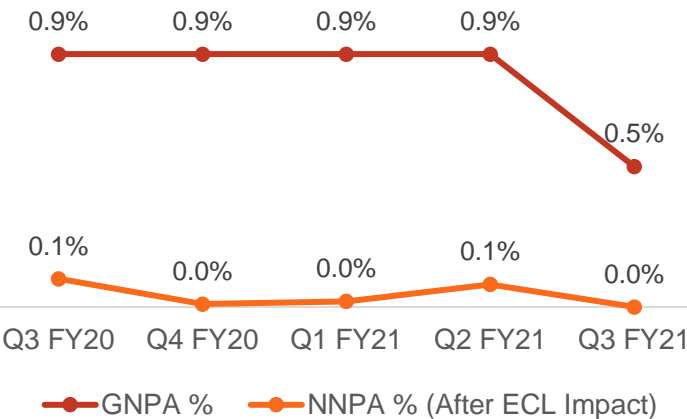
Yields % and NIM %



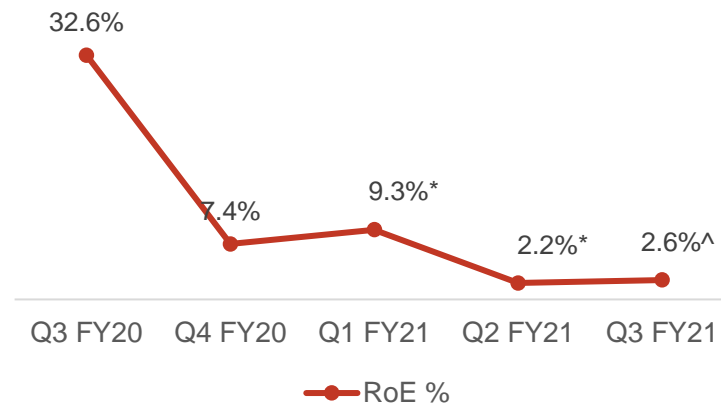
Cost-to-Income Ratio %



Asset Quality[#]



ROE %



Note:

- * Includes Covid specific provision of INR 45.3 Mn in Q4 FY20 INR 57.2 Mn in Q1 FY21. ^ Includes aggressive provisioning and write-offs of INR 80 Mn and INR 39 Mn in Q2FY21 respectively
- 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 = $PAT / \text{Avg. Equity}$. RoE, Yields and NIM % figures are annualized
- GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order

Q3 FY21 - Standalone Performance Update (2W & MSME)



Particulars (INR Mn)	Q3 FY21	Q3 FY20	YoY (%)	9MFY21	9MFY20	YoY (%)
Asset Under Management	1,713	2,350	(27%)	1,713	2,350	(27%)
Disbursements	345	653	(47%)	466	1,758	(73%)
Income from Operations	146.7	184.7	(21%)	472.8	514.5	(8%)
Other Income	7.3	5.4	36%	23.8	15.0	59%
Gross Total Income	154.0	190.1	(19%)	496.6	529.5	(6%)
Finance Costs	47.8	56.2	(15%)	150.6	159.8	(6%)
Net Total Income (NTI)	106.2	133.8	(21%)	346.0	369.8	(6%)
Employee Benefits Expenses	29.9	34.0	(12%)	84.9	96.1	(12%)
Depreciation and Amortisation	0.2	0.3	(18%)	0.8	0.9	(7%)
Other Expenses	10.3	13.9	(26%)	22.4	36.7	(39%)
Pre-Provision Operating Profit	65.7	85.6	(23%)	238.0	236.1	1%
Total Provision & Write-offs	32.8	14.9	120%	146.0	26.0	462%
Profit After Tax	25.5	54.4	(53%)	75.1	160.8	(53%)
GNPA %	#1.4%/6.0%	1.9%	410 bps	#1.4%/6.0%	1.9%	410 bps
NNPA %	#0.0%/2.3%	1.3%	(130 bps)	#0.0%/2.3%	1.3%	(130 bps)
Return on Avg. AUM %	5.8%	9.5%	(372 bps)	4.9%	9.8%	(495 bps)
Return on Avg. Equity %	8.2%	20.3%	(1214 bps)	8.1%	20.1%	(1195 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
- GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order

❖ Standalone AUM stood at INR 1,713 Mn on Dec'20

- MSME AUM stood at INR 1,168 Mn
- 2W AUM declined by 47% YoY to INR 544 Mn, as the overall 2W sales have declined in the last one year.
- Rural 2W Book stands at INR 112.6 Mn (higher by 20% YoY). It has shown resilience and building up on a Q-o-Q basis.

❖ MSME disbursements have reached 60-70% of the pre- COVID level and expected to reach the pre-covid levels by March 2021.

❖ 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 38.1% in Q3 FY21 compared to 36.0% in Q3FY20.

❖ Provisions & write-offs rose to INR 32.8 Mn in Q3 FY21 as the company prudently undertook aggressive provisioning to deal with possible future Covid related impairments.

❖ Cumulative Provisions on 31st Dec'20 stood at INR 181 Mn covering 10.6% of total AUM. (Cumulative Covid provisions stood at INR 128 Mn)

❖ GNPA % and NNPA % stood at *1.4%/6.0% and *0.0%/1.9% respectively. (GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order)

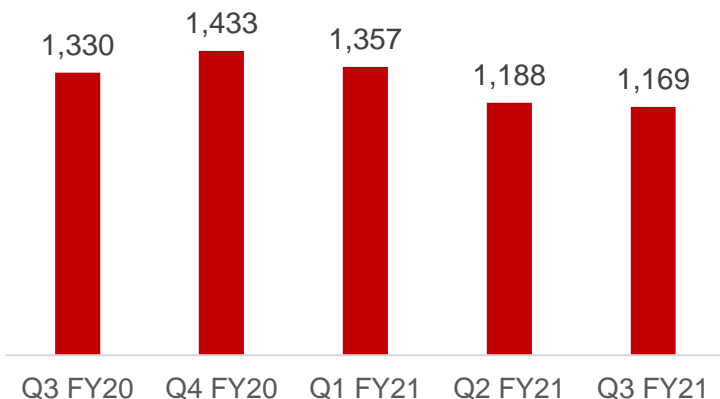
❖ Repayment rates improved further in Q3FY21-

- MSME:** Repayment rates improved to 95% in Dec'20
- 2W:** Repayment rates were healthy and steady at 96% in Dec'20

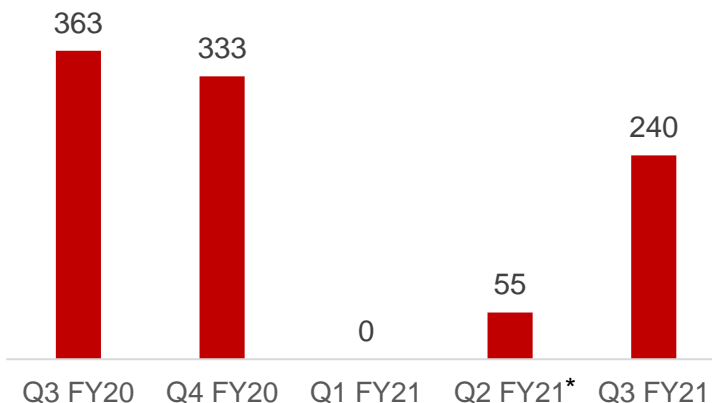
Q3 FY21 - MSME Performance Update



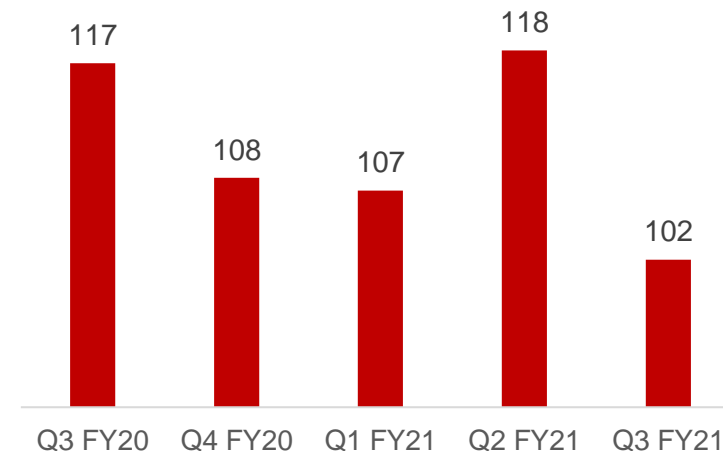
AUM (INR Mn)



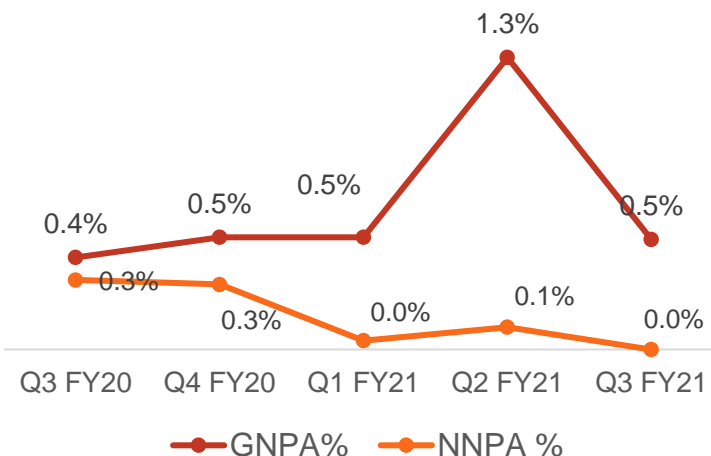
Disbursements (INR Mn)



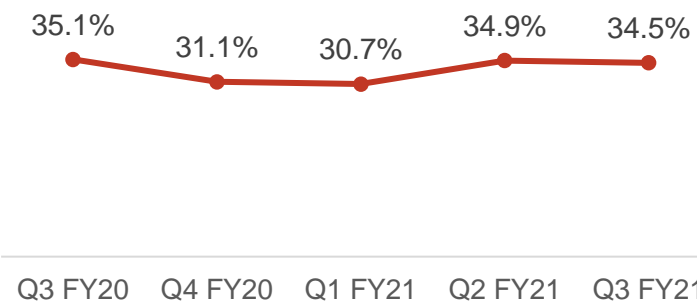
Gross Interest Income (INR Mn)



Asset Quality[#]



Yields %



Note:

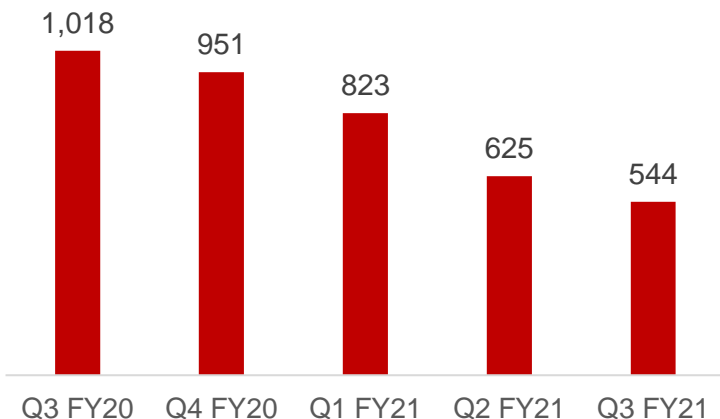
- * Nationwide Lockdown and the Covid-19 induced disruption led to the disbursements being halted. Company's priority was on improving the collection efficiency
- Gross Interest Income = Interest Income + processing fees / other charges, Yields = Gross Interest Income / Avg. AUM (On + Off-Book); NNPA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

[#] GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order (Actual GNPA 4.9% and NNPA 1.3%)

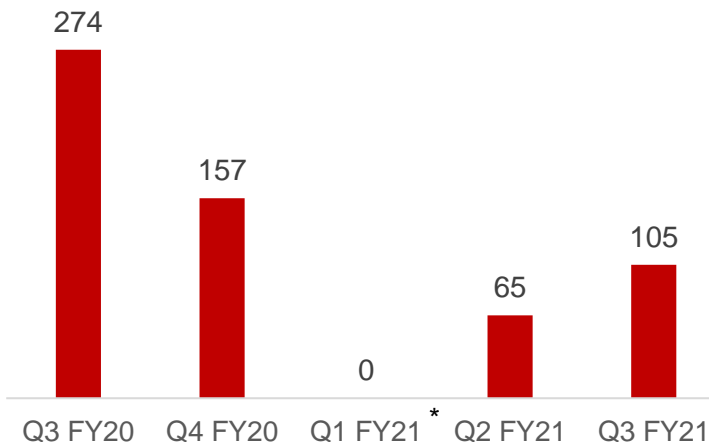
Q3 FY21 - 2W Performance Update



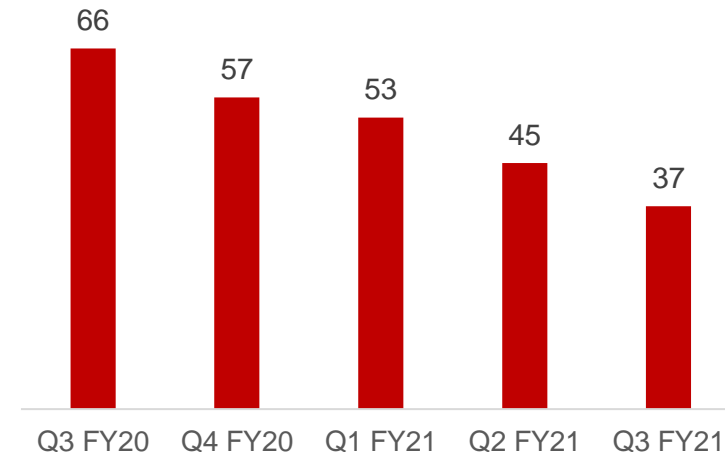
AUM (INR Mn)



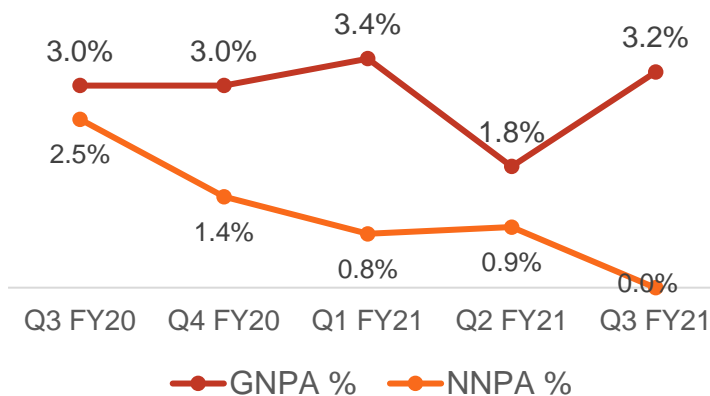
Disbursement (INR Mn)



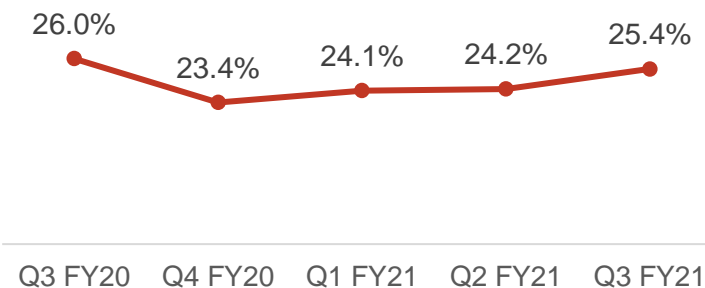
Gross Interest Income (INR Mn)



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

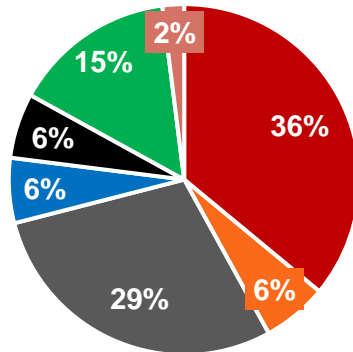
Efficient Liability Management



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

Q4 FY20 - Borrowing Mix %

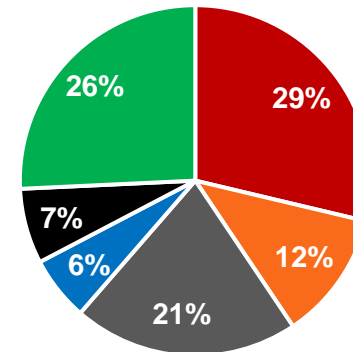
INR 7,665 Mn *



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

Q3 FY21 - Borrowing Mix %

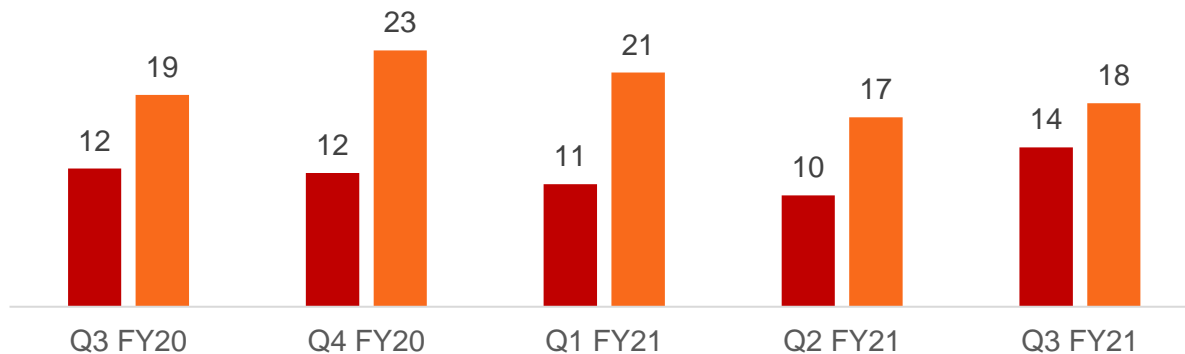
INR 6,064 Mn #



Note: # INR 6,064 Mn includes direct assignment of INR 269 Mn

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

Positive ALM (in Months)



■ Average Tenor of Active Assets (months) ■ Average Maturity of Active Borrowings (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 **~46% of borrowings in Q3 FY21**
- **Constant rating upgrades** have helped lower cost of funds in recent years
 - Credit rating has moved up **1 notch** in last year: Upgraded to **BBB+** in **FY19 (CARE Ratings)**
 - **Ratings Reaffirmed recently to BBB+ for FY20 by CARE Ratings**
 - Group has **A2 rating** by CARE Ratings for **short-term bank facilities**
- **Fresh NCD of INR 488 Mn with bullet payment after 36 months provides the positive push to ALM**
- **Comfortable liquidity position with a potential to increase leverage.**

Lending partners



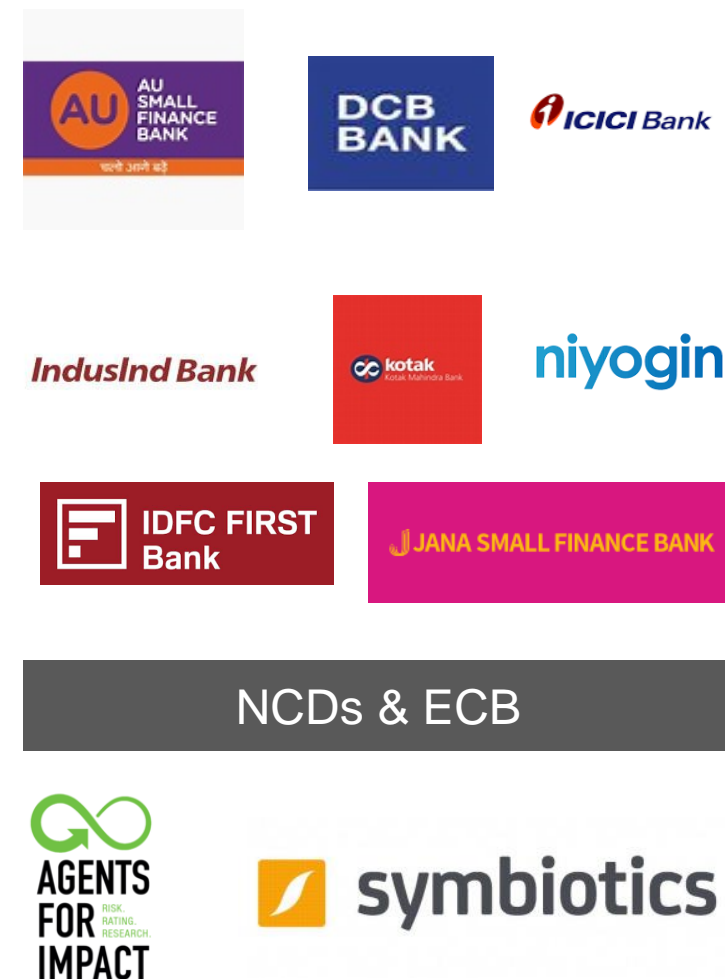
Bank Borrowings



Non-Bank Borrowings



Securitization Partners



NCDs & ECB



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

Robust Risk Management Framework

- Superior Asset Quality** – #GNPA: 0.7%/4.1%; NNPA: #0.0%/0.6% (Q3 FY21)
- 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

Presence in Attractive Retail Lending

Segments

- Total Loan Assets of INR 7,200 Mn in Q3 FY21**
- Microfinance** – 76% of AUM (via 100% owned subsidiary "**Namra Finance**")
- MSME Loans** – 16% of AUM
- 2-Wheeler Loans** – 8% of AUM
- Healthy Spreads:** Yields 24.5%, NIM 15.9% (Q3 FY21)



Arman Financial Services Ltd.

Strong Financial Performance

- High-Growth Trajectory (FY2015-20 CAGR) :**
 - AUM: 50%**
 - PAT: 46%**
- Consolidated debt to equity ratio of 3.1:1** – Sufficient Capital to drive growth going forward
- High Return Ratios for FY20** - ROE: 28.1%; ROAA: 5.4%
- The Company delivered comfortable Return Ratios[#] despite the pandemic** - Q3 FY21 - ROE (%): 5.0%*, ROAA (%): 1.5%*

Strong Retail Presence & Wide Distribution Network

- 212 branches; 70+ 2-Wheeler dealerships
- 78 Districts, 6 states
- ~4.0 lakh live customers
- Undertaken contiguous expansion from Gujarat since 2014 to achieve geographic diversification

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 34 Banks & other Financial Institutions

Note:

- ROAA - Return on Avg. AUM. * Includes aggressive provisioning and write-offs of INR 147 Mn in Q3FY21 # Fall in return ratios due to aggressive provisions and write-offs.
- 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). Yields, NIM, ROAA and ROE figures are annualized.
- # GNPA considering no change in NPA recognition after 31st August in accordance with hon'ble Supreme Court Order



Company incorporated.
Started bill discounting & machine leasing

1992

1995

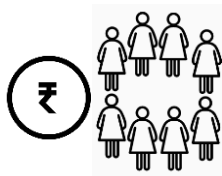
Listing on BSE – Issue subscribed 22x

Launched 2W Loans

1998

2010

Launched Microfinance business



Raised PE funding from Incofin; Disbursement crosses 50 Cr

2011

2013

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

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

2014-16

2017

Launched MSME Loans business



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

2017-18

2018

Raised PE funding from SAIF Partners

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

2019

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	74%	17%	8%	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 28,000	INR 70,000	INR 42,000	INR 40,000
Tenure	14-24 months	24 months	12-36 months	12-24 months
Yield (%)	24-25% (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 centred around conservative approach to high yielding assets to deliver a sustainable ROA of 3-5%

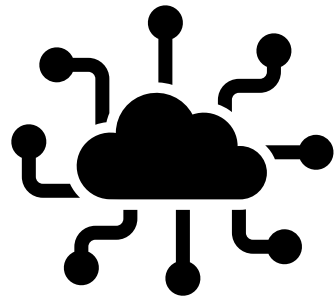


Technological Initiatives to Strengthen Operations

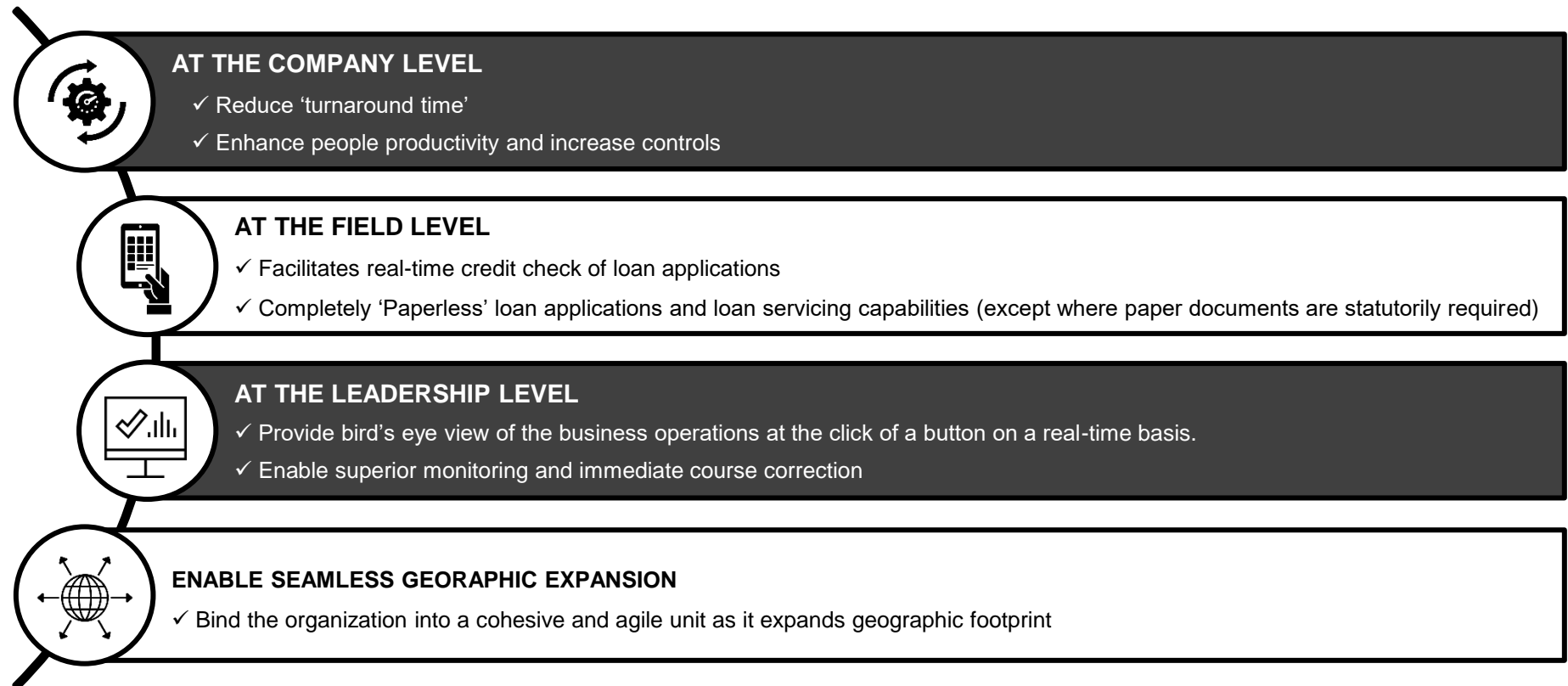


- ❖ In FY19, the company launched an integrated mobile interface for its MFI field staff to enable seamless on-boarding of MFI customers by digitizing & standardizing the loan origination and appraisal process. **‘This technology has been successfully implemented across all the MFI branches now.’**
- ❖ 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



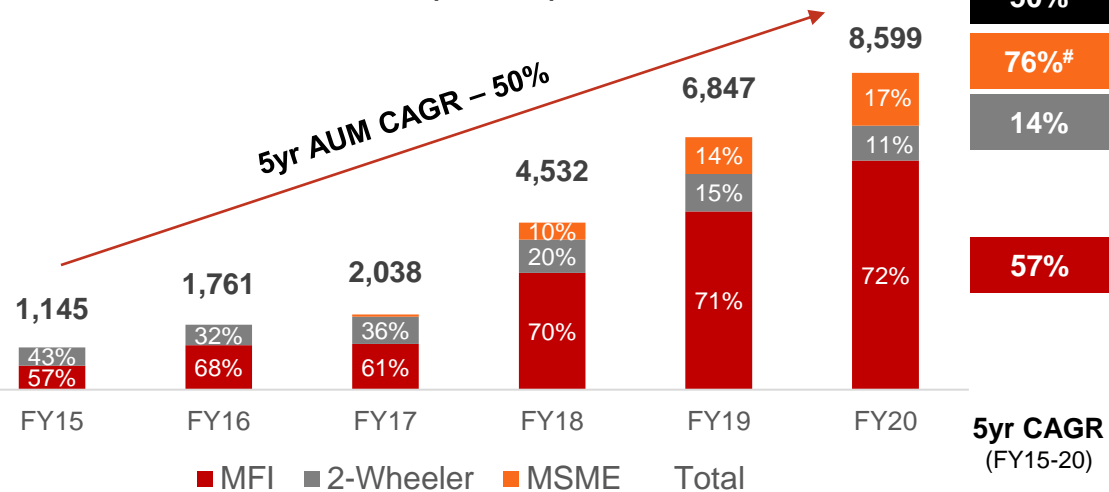
DRIVING DIGITAL TRANSFORMATION



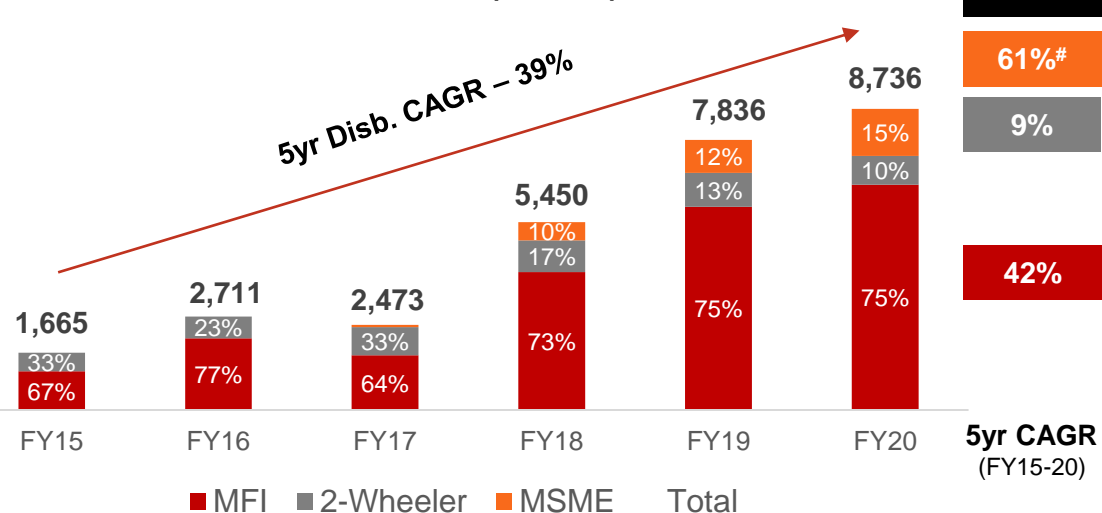
Strong Growth in AUM & Disbursements....



Total AUM (INR Mn)



Total Disbursements (INR Mn)



- Diversified portfolio of 7,043 Mn in Q2 FY21 split between –
 - Microfinance: INR 5,230 Mn (74%),
 - MSME Loans: INR 1,188 Mn (17%)
 - 2-Wheeler Loans: INR 625 Mn (9%)
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 1,188 Mn (17% of Total AUM) in the last 2 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: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. # - MSME started in FY17; MSME CAGR is 2yr CAGR (FY18-20)

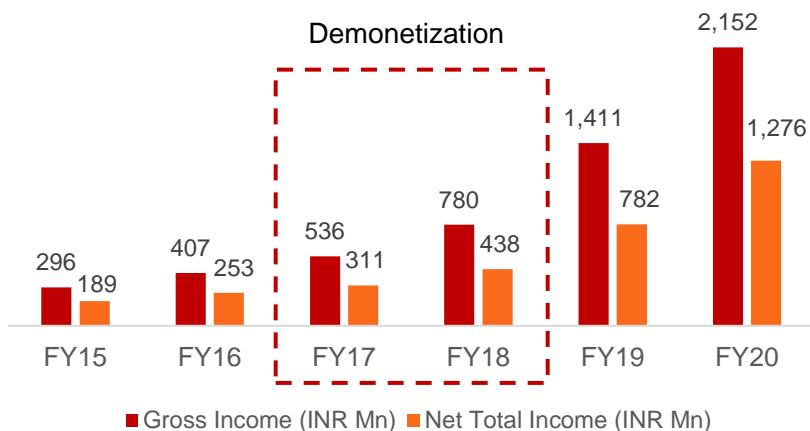
.....While Maintaining Superior Cost Efficiency & Asset Quality



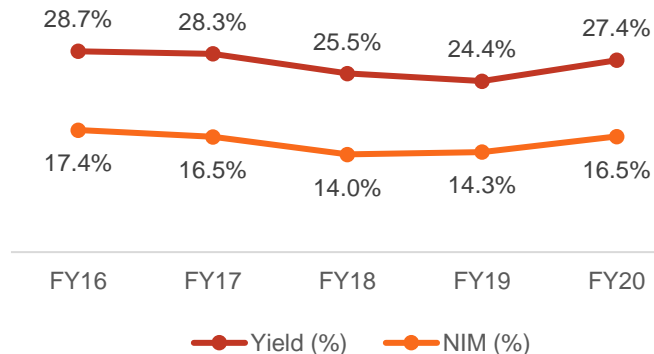
Gross Income and Net Total Income (INR Mn)

CAGR: 49%

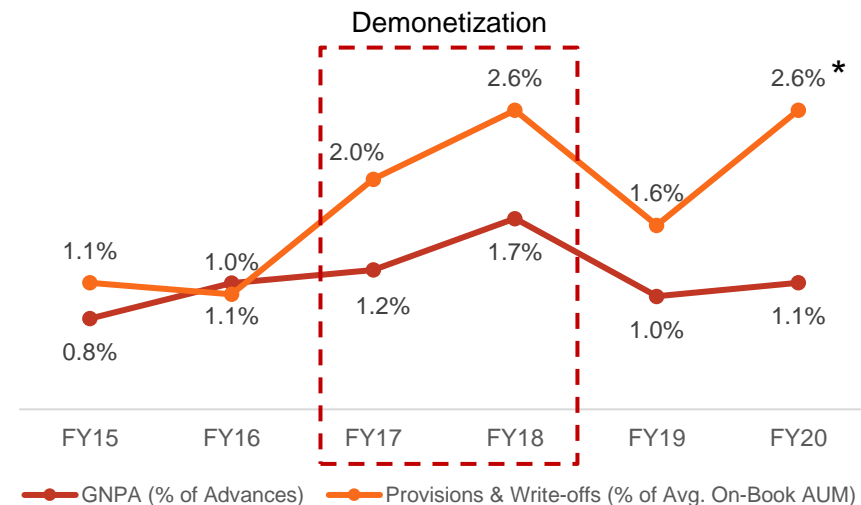
CAGR: 47%



Yield % and NIM %

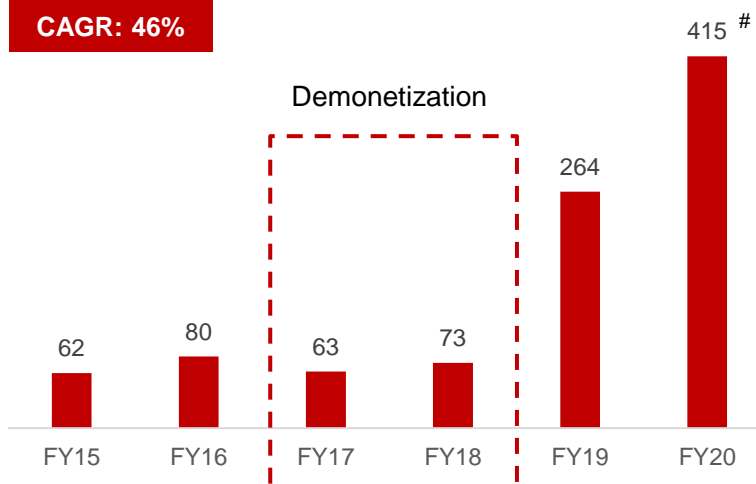


Focus on risk have led to immaculate through-cycle asset quality

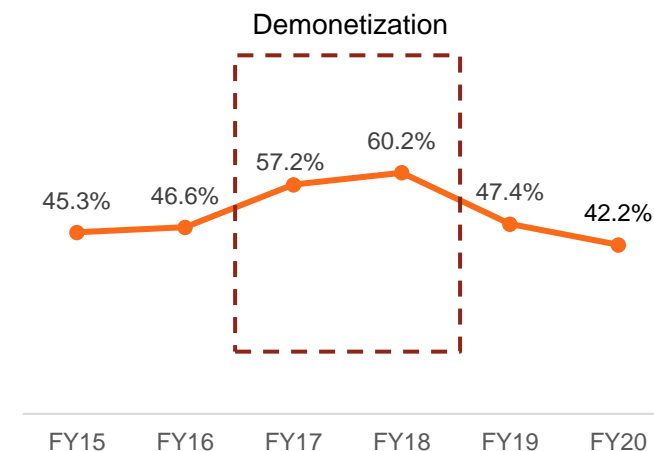


PAT (INR Mn)

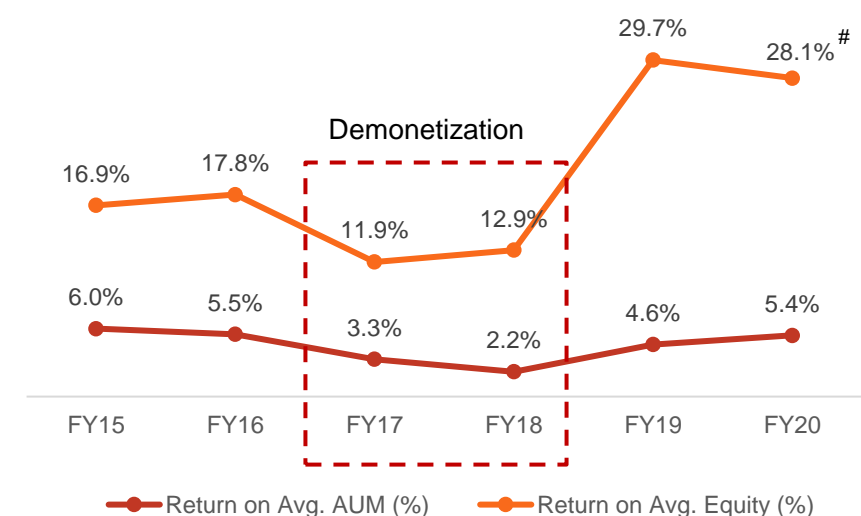
CAGR: 46%



Cost to Income Ratio %



Consistently high through cycle ROA / ROE



Note:

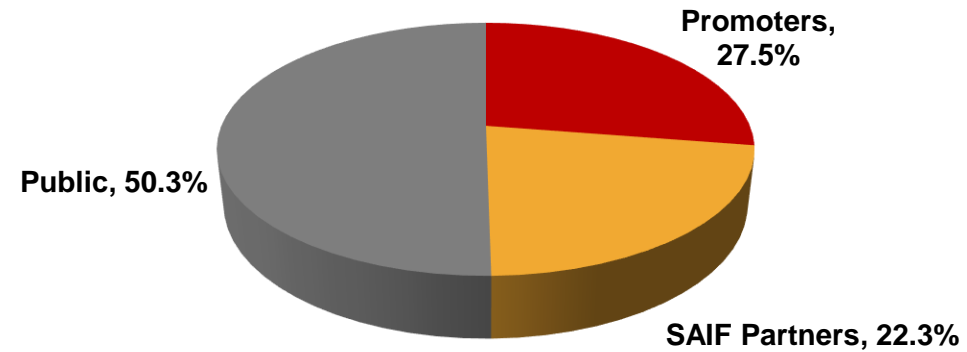
- * Includes Covid specific provisioning of INR 66.8 Mn. [#] Adjusted for the Covid Provisioning of INR 66.8 Mn, PAT would have stood at INR 482 Mn in FY20; and ROE would have been 32.6%
- FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM (On + Off-Book); Yields = Gross Income / Average AUM



Shareholding Pattern



SHAREHOLDING – 31st December 2020



Source – Company

- ***SAIF Partners** invested **INR 500 Mn** in CCDs in April 2018
Post conversion of CCD's, SAIF Partners 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 26,000) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- Operations in **6 states; 170 MFI branches; 3.3 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

FY20 – Key Metrics (Mn)

6,215	6,531	
AUM (INR Mn)	Disbursement (INR Mn)	
1,484	252	28,000
Total Income (INR Mn)	PAT (INR Mn)	Avg. Ticket Size (INR)

FY20 – Key Metrics (%)

25.8%	14.7%	4.6%
Yield	NIM	ROAA
0.9%	0.01%	26.2%
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 70+ 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**

FY20 – Key Metrics (Mn)

951

AUM (INR Mn)

843

Disbursement (INR Mn)

251

Total Income (INR Mn)

42,000

Avg. Ticket Size (INR)

FY20 – Key Metrics (%)

25.5%

Yield

16.5%

NIM

3.0%

GNPA

1.4%

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

FY20 – Key Metrics (%)

<u>1,433</u>	<u>1,362</u>
AUM (INR Mn)	Disbursement (INR Mn)
<u>421</u>	<u>70,000</u>
Total Income (INR Mn)	Avg. Ticket Size (INR)

FY20 – Key Metrics (%)

<u>34.7%</u>	<u>23.8%</u>
Yield	NIM
<u>0.5%</u>	<u>0.3%</u>
GNPA	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

Chintan Mehta
Dickenson World
Tel : +91 9892183389
Email : armanfinancial@dickensonworld.com



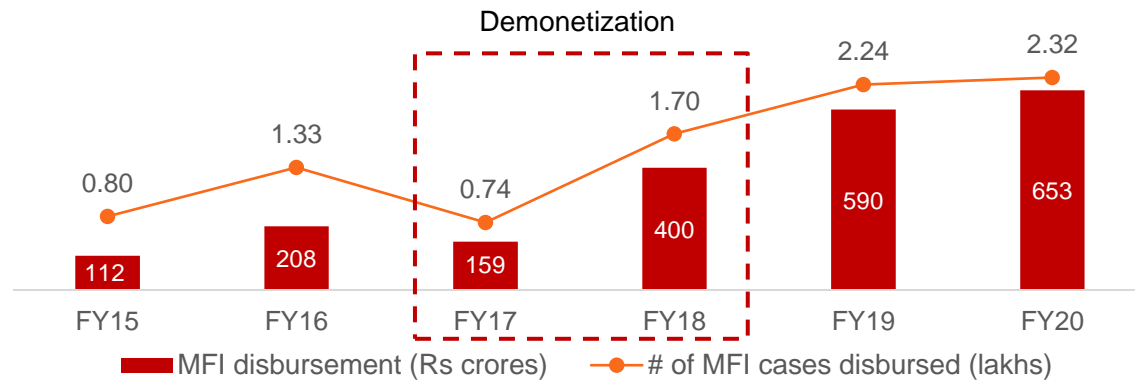
from ACCESS to INCLUSION

Annexures

Microfinance: 5-Year Performance



Disbursement growth is driven by customer & branch addition

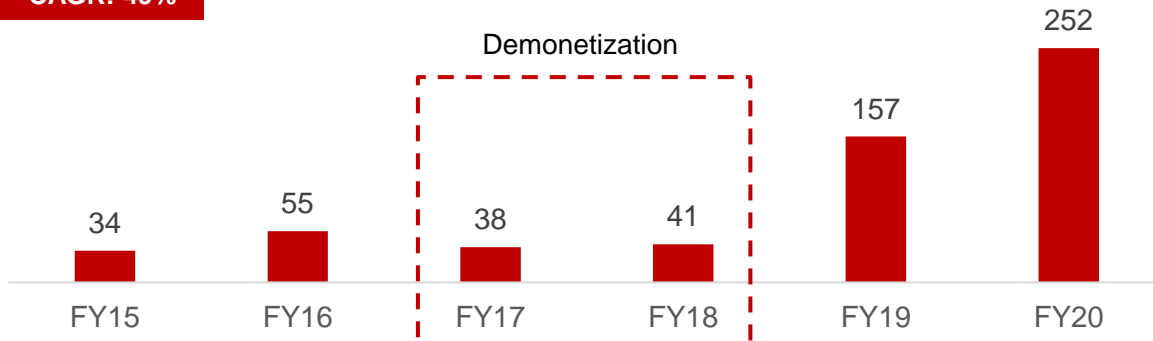


	FY15	FY16	FY17	FY18	FY19	FY20
MFI Branches	39	55	80	107	138	170
Avg. Ticket size (INR)	13,937	15,583	21,477	23,517	26,358	28,133

	Disbursement	Customers	Ticket size
FY15-20 CAGR (%)	42%	26%	16%

PAT (INR Mn)

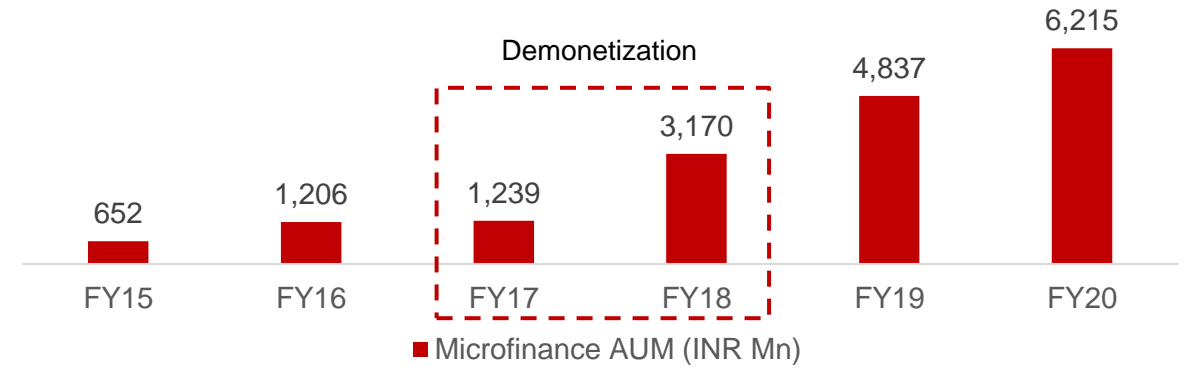
CAGR: 49%



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

AUM growth exceeds MFI industry growth rates

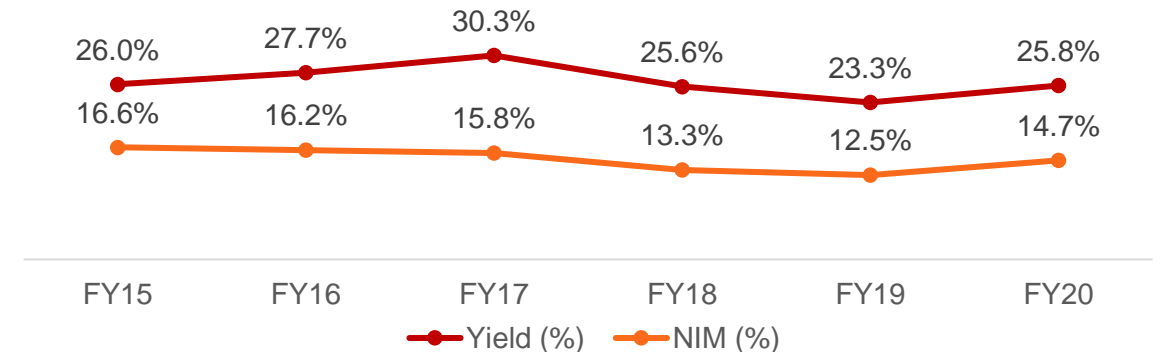
CAGR: 57%



	5yr AUM CAGR (%)	FY20 AUM growth (%)
MFI Industry	23%	18%
Namra (MFI Operations)	57%	29%

*MFI Industry = NBFC-MFIs + SFBs only. Source - MFIN Micrometer Q4FY20

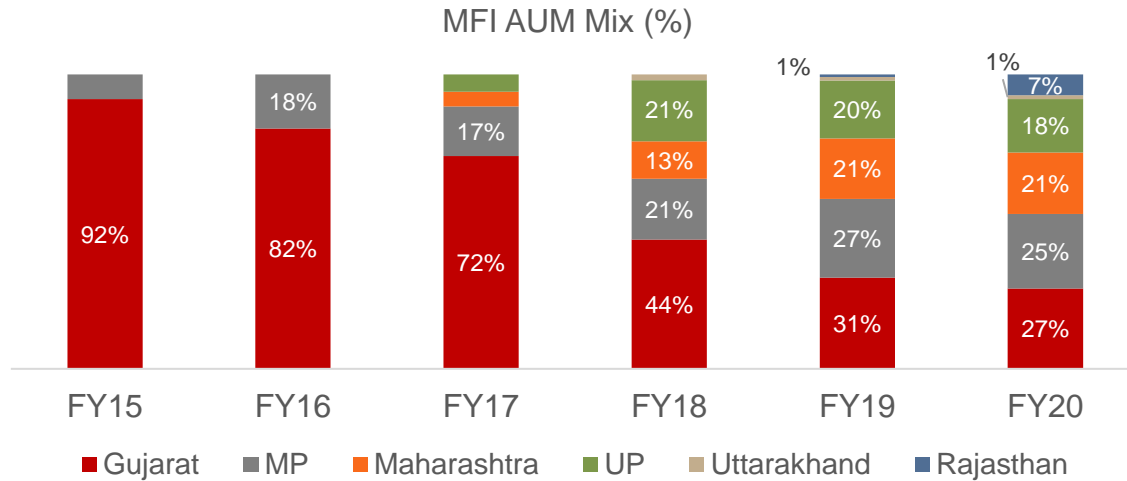
Yields (%) & NIM (%) Trend



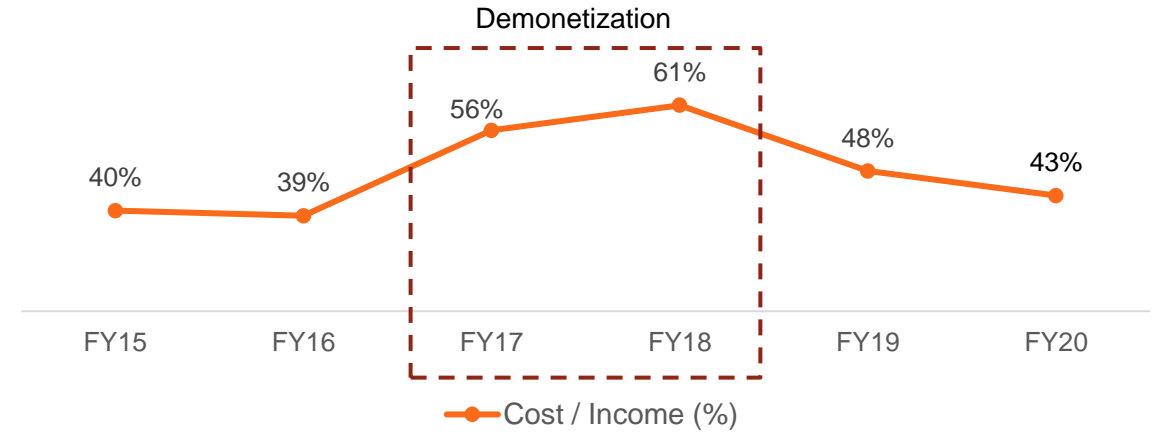
Microfinance: 5-Year Performance



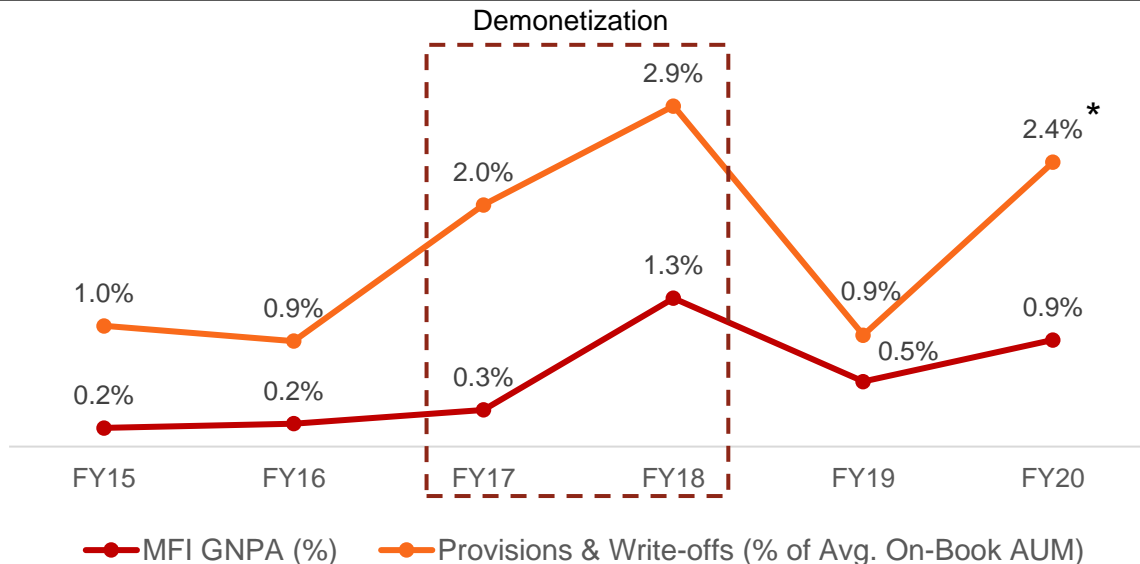
Well diversified across geographies



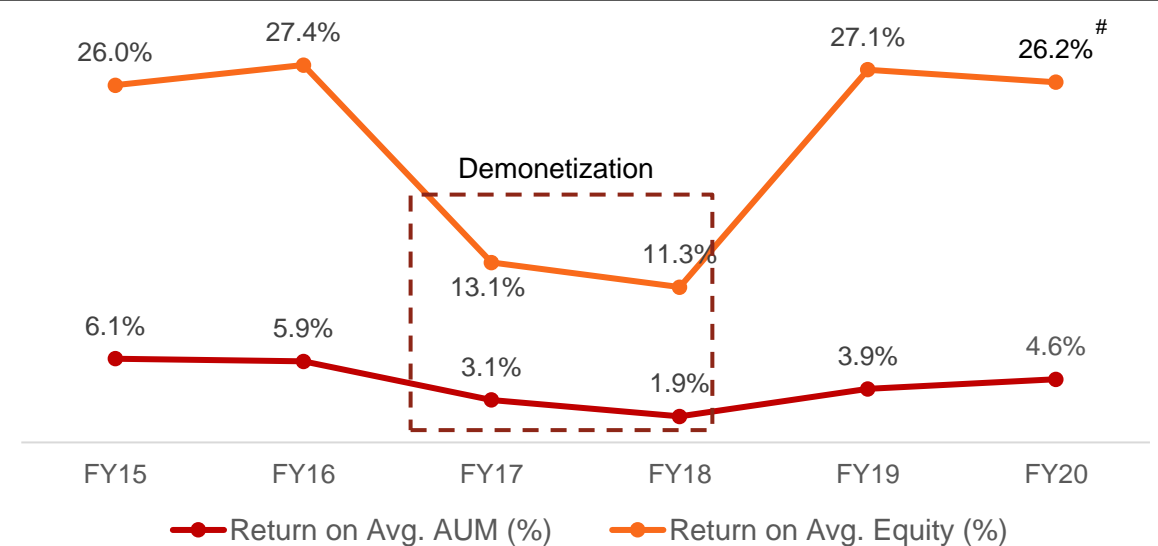
Maintaining high operational efficiency



Through cycle asset quality under control



Sustaining strong ROA (%) & ROE (%)

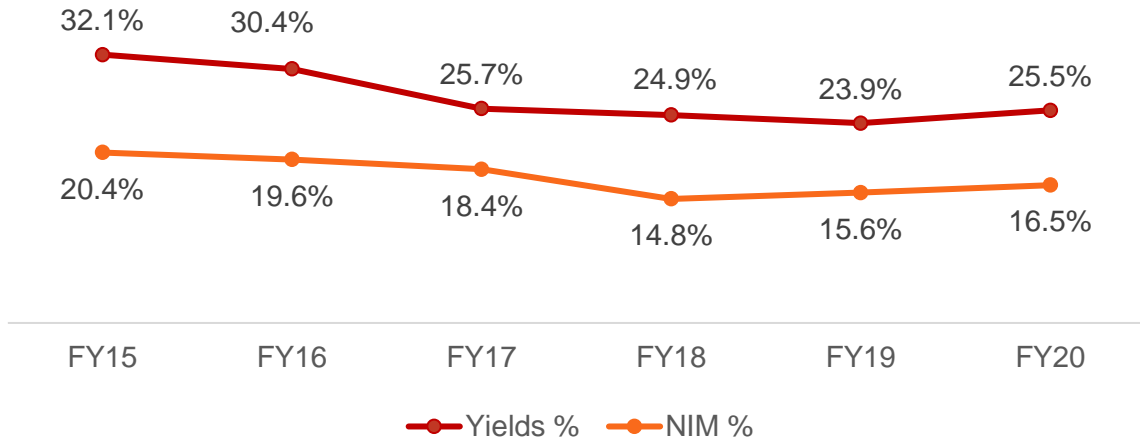


Note: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. * Includes Covid specific provisioning of INR 45.3 Mn. # Adjusted for Covid Provisioning, ROE stood at 30.9% in FY20

2W Loans: 5-Year Performance

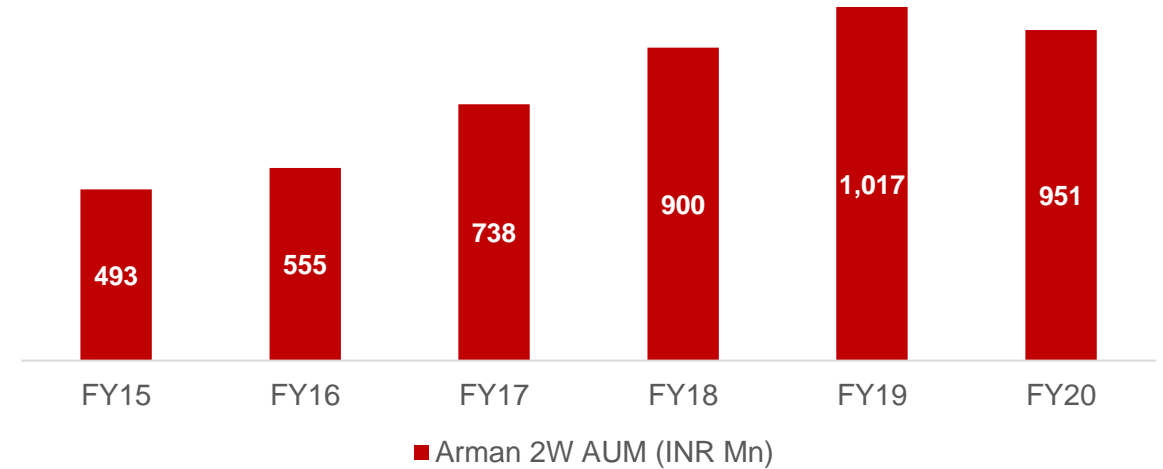


Yields (%) & NIM (%) Trend

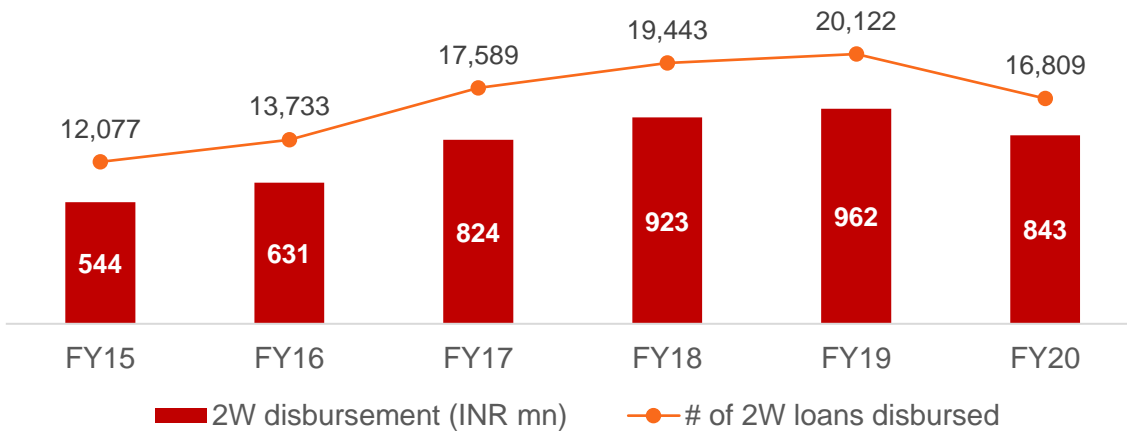


Arman 2W AUM/ has seen steady growth over FY15-20

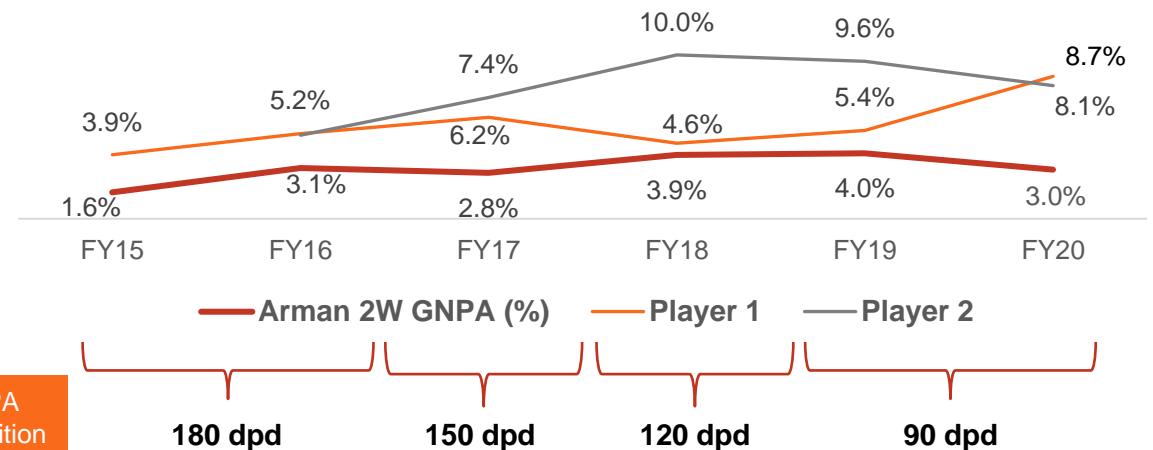
CAGR: 14%



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



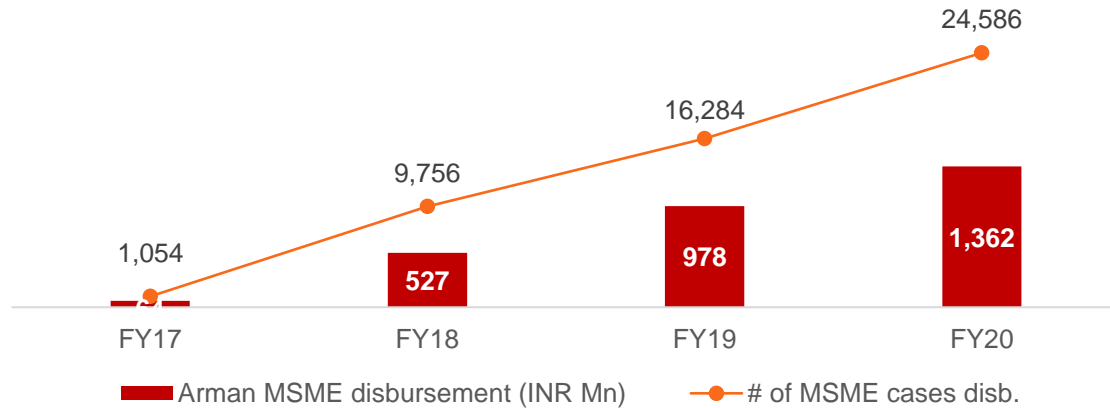
Note: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.

MSME Loans: 3-Year Performance



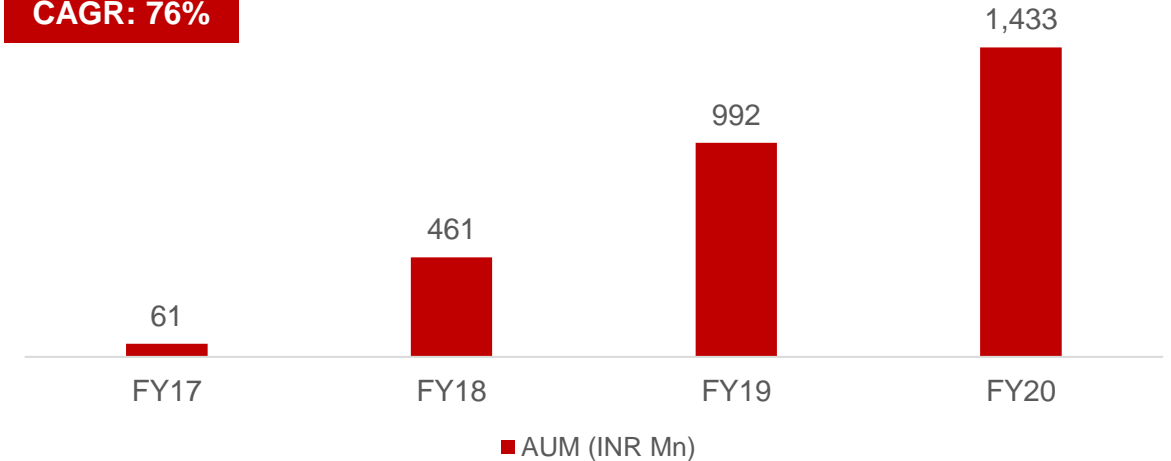
Disbursement Growth

CAGR: 61%

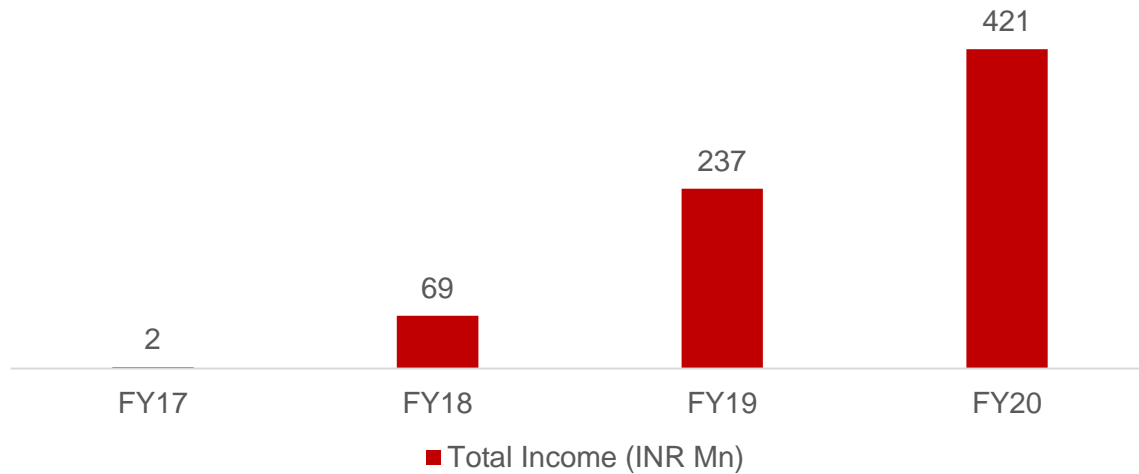


AUM Growth

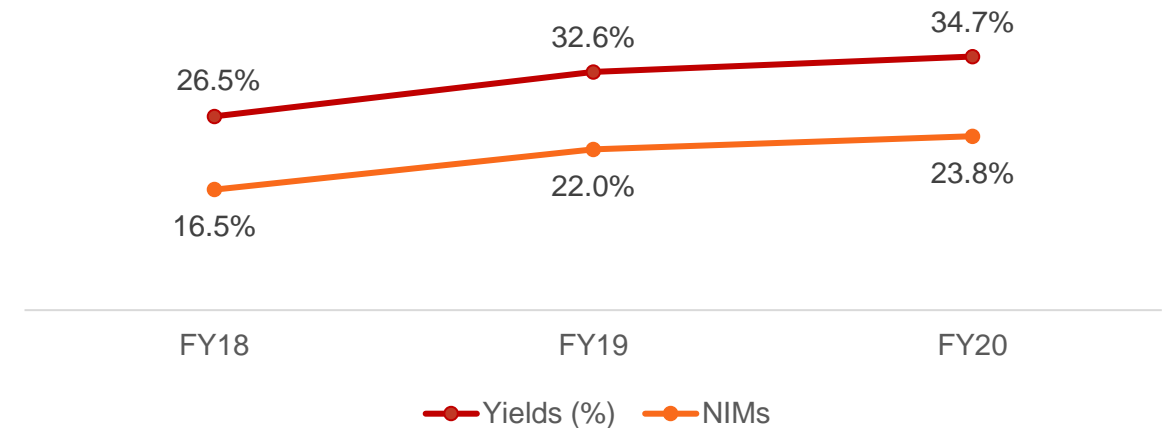
CAGR: 76%



Total Income Growth



Yields (%) & NIM (%) Trend



Note: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. # - MSME started in FY17; MSME CAGR is 2yr CAGR (FY18-20)