



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 / HALF YEAR ENDED ON SEPTEMBER 30, 2020

(Rs. In Lakhs except per share data)

Sr.No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	a. Revenue from Operations						
	i. Interest Income	4,958.00	4,745.79	5,181.08	9,703.79	9,763.07	20,037.87
	ii. Gain on assignment of financial assets	-	-	-	-	-	450.33
	iii. Fees and Commission Income	124.46	120.53	140.81	244.99	271.79	646.04
	iv. Net Gain on Fair Value Changes of Investment Marked To Market	(5.18)	39.41	(58.45)	34.23	(16.37)	16.46
	Total revenue from Operations	5,077.28	4,905.73	5,263.44	9,983.01	10,018.50	21,150.70
	b. Other Income	91.71	32.97	173.08	124.68	237.55	364.00
	Total Income	5,168.99	4,938.70	5,436.52	10,107.69	10,256.05	21,514.70
2	Expenses						
	a. Finance cost	1,863.70	2,234.87	2,269.83	4,098.57	4,141.44	8,759.37
	b. Impairment losses on financial assets	1,865.52	1,024.43	223.16	2,889.95	371.21	2,000.85
	c. Employees benefits expense	909.63	829.88	880.70	1,739.51	1,681.32	3,645.68
	d. Depreciation and amortisation expense	20.23	20.73	22.47	40.96	38.32	79.84
	e. Other expenses	313.68	166.06	388.63	479.74	753.72	1,651.35
	Total Expenses	4,972.76	4,275.97	3,784.79	9,248.73	6,986.01	16,137.09
3	Profit / (Loss) before an Exceptional and Tax (1-2)	196.23	662.73	1,651.73	858.96	3,270.04	5,377.61
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	196.23	662.73	1,651.73	858.96	3,270.04	5,377.61
6	Tax Expense (net)						
	- Current tax	355.00	408.90	377.67	763.90	826.45	1,423.40
	- Short / (excess) Provision of Income Tax of earlier years	-	-	-	-	-	(2.78)
	- Deferred tax liability / (asset)	(310.15)	(277.03)	69.88	(587.18)	28.36	(195.00)
	Net Tax Expenses	44.85	131.87	447.55	176.72	854.81	1,225.62
7	Profit for the period / year from continuing operations (5-6)	151.38	530.86	1,204.18	682.24	2,415.23	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)	151.38	530.86	1,204.18	682.24	2,415.23	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	(2.91)	(2.92)	(1.69)	(5.83)	(3.37)	(11.67)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.74	0.73	0.37	1.47	0.86	2.94
	Sub Total (a)	(2.17)	(2.19)	(1.32)	(4.36)	(2.51)	(8.73)
	(b) (i) Items that will be reclassified to profit and loss						
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	303.19	(6.81)	66.63	296.38	(4.55)	85.68
	(ii) Income tax relating to items that will be reclassified to profit and loss	(77.25)	1.71	(19.57)	(75.54)	1.16	(24.29)
	Sub Total (b)	225.94	(5.10)	47.07	220.84	(3.38)	61.39
	Net Other comprehensive income / (loss) (a)+(b)	223.77	(7.29)	45.75	216.48	(5.89)	52.66
13	Total Comprehensive Income	375.15	523.57	1,249.93	898.72	2,409.34	4,204.65
	Paid up Equity Share capital (face value of Rs. 10/-)	848.76	845.09	698.13	848.76	698.13	845.09
14	Earnings per share (of Rs. 10/- Each)(Not Annualised)						
	(a) Basic EPS	1.79	6.28	17.31	8.07	34.72	55.80
	(b) Diluted EPS	1.79	6.26	13.89	8.06	27.65	55.54



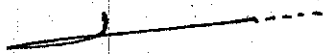
Notes

- 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 / half year ended September 30, 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 November 11, 2020.
- 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 The parent Company, during the quarter ended September 30, 2020 has allotted 36,740 equity shares of Rs. 10/- each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
- 5 **Moratorium in accordance with the Reserve Bank of India (RBI) guidelines**
The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Pursuant to the guidelines issued by RBI dated, March 27, 2020, April 17, 2020 and May 23, 2020 relating to COVID-19 Regulatory Package, the Group has granted moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to the eligible borrowers. For the purpose of asset classification on all such accounts, the number of days past due as on September 30, 2020 excludes the moratorium period to the respective borrower, as per the Group's policy.
- 6 **Estimation of uncertainty relating to COVID-19 global health pandemic**
In assessing the recoverability of loans, receivables and investments, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these consolidated financial results. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic condition and external developments including the final decision of the Hon'ble Supreme Court of India in relation to moratorium and other related matters, the eventual outcome of impact of the aforesaid factors may be different from those estimated as on the date of approval of these consolidated financial results and the Group will continue to monitor any material changes to the future economic conditions, which will be given effect to in the respective future period.
- 7 The Code on Social Security, 2020 (the "Code") has been enacted. The date of coming into force of the various provisions of the Code is to be notified and the rules thereunder are yet to be announced. The potential impact of the change will be estimated and accounted in the period of notification.
- 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: 11.11.2020
Place: Ahmedabad



For, Arman Financial Services Limited


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814



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CONSOLIDATED BALANCE SHEET AS ON SEPTEMBER 30, 2020

Particulars	Rs. in Lakhs	
	September 30, 2020	March 31, 2020
ASSETS		
(1) Financial Assets		
(a) Cash and cash equivalents	3,542.43	5,842.09
(b) Bank Balance other than (a) above	7,293.47	3,841.60
(c) Loans	61,232.98	77,849.33
(d) Investments	6,225.89	325.90
(e) Other Financial assets	1,273.10	748.47
(2) Non-financial Assets		
(a) Current tax assets (Net)	-	50.30
(b) Deferred tax Assets (Net)	991.79	478.68
(c) Property, Plant and Equipment	325.26	352.93
(d) Other Intangible assets	13.84	17.69
(e) Right of Use Assets	66.54	73.93
(f) Other non-financial assets	20.17	35.52
Total Assets	80,985.47	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	8.87	78.00
(b) Debt Securities	10,600.52	10,570.98
(c) Borrowings (Other than Debt Securities)	47,651.96	57,705.63
(d) Subordinated Liabilities	1,500.00	1,500.00
(e) Other financial liabilities	2,295.62	2,332.66
(2) Non-Financial Liabilities		
(a) Provisions	99.18	79.98
(b) Current Tax Liabilities (Net)	641.38	-
(c) Other non-financial liabilities	44.85	126.68
(3) EQUITY		
(a) Equity Share capital	848.76	845.09
(b) Other Equity	17,294.33	16,377.44
Total Liabilities and Equity	80,985.47	89,616.46





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Consolidated Cash Flow Statement for the half year ended on September 30, 2020

PARTICULARS	Rs. in Lakhs	
	For the Half year ended on September 30, 2020	For the Half year ended on September 30, 2019
Cash from Operating Activities:		
Net profit before taxation	858.96	3,270.04
Adjustment For:		
Depreciation and amortisation	40.96	38.32
Interest Income	(9,703.79)	(9,763.07)
Finance cost	4,098.57	4,141.44
Provision for impairment on financial assets	2,429.50	174.95
Loss / (Profit) on sale of Current Investment	(101.10)	(175.97)
	(34.23)	16.37
Net gain on equity instruments measured through profit and loss	(5.83)	(3.37)
Remeasurement of define benefit plan	3.47	14.07
Employee Stock Option Plan Expense		
	(3,272.45)	(5,557.27)
Operating profit before working Capital changes :	(2,413.49)	(2,287.23)
Adjustment For (Increase)/Decrease in operating Assets:		
Loans and Advances	14,483.23	(7,606.80)
Other Financial Assets	355.59	2.63
Other Non Financial Assets	15.35	(1.18)
Bank balance other than Cash and Cash equivalents	(3,451.87)	(456.18)
Adjustment For Increase/(Decrease) in operating Liabilities:		
Trade Payables	(69.13)	151.27
Provision	19.20	4.70
Other Non Financial liability	(81.83)	(38.43)
Other Financial Liabilities	105.85	173.49
	11,376.39	(7,770.50)
Cash Generated From Operations	8,962.90	(10,057.73)
Interest Received	8,823.56	9,787.42
Finance Cost Paid	(4,099.25)	(4,171.27)
Income tax paid (Net)	(72.22)	(814.50)
	4,652.09	4,801.65
Net Cash From Operating Activities:	13,614.99	(5,256.08)
Cash Flow From Investment Activities:		
Purchase of Property, Plant & Equipment	(2.04)	(75.56)
Purchase of investments	(22,292.63)	(26,840.00)
Proceeds from redemption of investments	16,527.98	27,016.07
Net Cash from Investment Activities:	(5,766.69)	100.50
Cash Flow From Financing Activities :		
Proceeds from issue of share capital	18.37	14.50
Proceeds from debt securities and borrowings	9,668.43	24,490.47
Repayment of Borrowings	(20,668.63)	(15,481.51)
Net increase / (decrease) in working capital borrowings	839.61	(236.85)
Payment of lease Installments	(5.68)	(4.86)
Dividend paid	(0.06)	(18.10)
	(10,147.96)	8,763.64
Net Cash from Financing Activities:	(10,147.96)	8,763.64
Net Increase in Cash & Cash Equivalents	(2,299.66)	3,608.06
Cash & cash equivalents at the beginning	5,842.09	3,850.88
Cash & cash equivalents at the end	3,542.43	7,458.95



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 six months ended September 30, 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 6 to the consolidated financial results in which the Group describes the uncertainties arising from the COVID 19 pandemic.

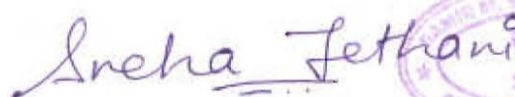
Our conclusion on the Statement is not modified in respect of this matter.

7. We did not review the interim financial information/financial results of one subsidiary included in the Statement, whose interim financial information/financial results reflect total assets of ₹ 58,588.56 lakhs as at September 30, 2020, total revenues of ₹ 3561.50 lakhs and ₹ 6,895.78 lakhs for the quarter and six months ended September 30, 2020 respectively, total net profit after tax of ₹ 64.07 lakhs and ₹ 330.26 lakhs for the quarter and six months ended September 30, 2020 respectively, total comprehensive income of ₹ 282.60 lakhs and ₹ 281.28 lakhs for the quarter and six months ended September 30, 2020 respectively and net cash out flows of ₹ 4735.84 Lakhs for the six months ended September 30, 2020, as considered in the Statement. 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 : 11th NOVEMBER, 2020

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



SNEHA JETHANI
(PARTNER)

MEMBERSHIP No.: 160932
UDIN: 20160932AAAABP8468





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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30TH SEPTEMBER, 2020

(Rs. In Lacs except per share data)

Sr.No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	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	1,641.85	1,617.88	1,674.67	3,259.73	3,236.61	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	1.65	-	-	1.65	-	-
	Total revenue from Operations	1,643.50	1,617.88	1,674.67	3,261.38	3,236.61	6,711.31
	b. Other Income	99.44	65.73	103.37	165.17	158.00	298.86
	Total Income	1,742.94	1,683.61	1,778.04	3,426.55	3,394.61	7,010.17
2	Expenses						
	a. Finance cost	496.96	531.30	548.68	1,028.26	1,035.19	2,202.74
	b. Impairment losses on financial assets	684.51	447.14	48.32	1,131.65	110.80	668.79
	c. Employees benefits expense	292.49	257.41	320.25	549.90	621.28	1,323.12
	d. Depreciation and amortisation expense	2.66	2.71	2.91	5.37	5.40	11.15
	e. Other expenses	72.18	48.46	102.02	120.64	227.84	521.76
	Total Expenses	1,548.80	1,287.02	1,022.17	2,835.82	2,000.51	4,727.56
3	Profit / (Loss) before an Exceptional and Tax (1-2)	194.14	396.59	755.87	590.73	1,394.10	2,282.61
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	194.14	396.59	755.87	590.73	1,394.10	2,282.61
6	Tax Expense (net)						
	- Current tax	184.70	199.00	136.41	383.70	296.54	516.88
	- Deferred tax liability / (asset)	(160.66)	(127.92)	77.87	(288.58)	32.61	(58.04)
	Net Tax Expenses	24.04	71.08	214.28	95.12	329.15	458.84
7	Profit for the period / year from continuing operations (5-6)	170.10	325.51	541.59	495.61	1,064.95	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)	170.10	325.51	541.59	495.61	1,064.95	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	(1.22)	(1.22)	(1.02)	(2.44)	(2.04)	(4.87)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.30	0.31	0.23	0.61	0.52	1.23
	Sub Total (a)	(0.92)	(0.91)	(0.80)	(1.83)	(1.52)	(3.64)
	(b) (i) Items that will be reclassified to profit and loss						
	- Fair Value changes on Advances	(76.14)	(6.75)	(54.75)	(82.89)	(21.40)	46.05
	(ii) Income tax relating to items that will not be reclassified to profit and loss	18.21	1.70	15.19	19.91	5.48	(12.81)
	Sub Total (b)	(57.93)	(5.05)	(39.55)	(62.98)	(15.91)	33.24
	Net Other comprehensive income / (loss) (a)+(b)	(58.85)	(5.96)	(40.35)	(64.81)	(17.43)	29.59
13	Total Comprehensive Income	111.25	319.55	501.24	430.80	1,047.51	1,853.36
	Paid up Equity Share capital (face value of Rs. 10/-)	848.76	845.09	698.13	848.76	698.13	845.09
14	Earnings per share (in Rs.) (Not Annualised)						
	(a) Basic EPS	2.01	3.85	7.79	5.86	15.31	24.51
	(b) Diluted EPS	2.01	3.84	6.43	5.86	12.44	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 / half year ended September 30, 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on November 11, 2020.
- 3 The Company, during the quarter ended September 30, 2020 has allotted 36,740 equity shares of Rs. 10/- each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
- 4 **Moratorium in accordance with the Reserve Bank of India (RBI) guidelines**
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In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these standalone financial results. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic condition and external developments including the final decision of the Hon'ble Supreme Court of India in relation to moratorium and other related matters, the eventual outcome of impact of the aforesaid factors may be different from those estimated as on the date of approval of these standalone financial results and the Company will continue to monitor any material changes to the future economic conditions, which will be given effect to in the respective future period.
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- 7 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.
- 8 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

Date: 11.11.2020
Place: Ahmedabad



For, Arman Financial Services Limited


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814



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STANDALONE BALANCE SHEET AS ON SEPTEMBER 30, 2020

Particulars	Rs. in Lakhs	
	September 30, 2020	March 31, 2020
ASSETS		
(1) Financial Assets		
(a) Cash and cash equivalents	2,470.33	34.15
(b) Bank Balance other than (a) above	1,770.78	561.29
(c) Loans	15,626.19	22,314.24
(d) Investments	8,259.87	6,236.69
(e) Other Financial assets	241.65	232.66
(2) Non-financial Assets		
(a) Current tax assets (Net)	-	130.63
(b) Deferred tax Assets (Net)	415.59	106.49
(c) Property, Plant and Equipment	77.66	82.31
(d) Other Intangible assets	0.39	0.81
(e) Other non-financial assets	8.25	20.44
Total Assets	28,870.71	29,719.68
LIABILITIES AND EQUITY		
LIABILITIES		
(1) Financial Liabilities		
(a) Debt Securities	6,468.96	6,453.90
(b) Borrowings (Other than Debt Securities)	8,731.49	10,118.97
(c) Subordinated Liabilities	500.00	500.00
(d) Other financial liabilities	496.09	498.07
(2) Non-Financial Liabilities		
(a) Provisions	42.27	35.21
(b) Current Tax Liabilities (Net)	220.38	-
(c) Other non-financial liabilities	7.63	39.86
(3) EQUITY		
(a) Equity Share capital	848.76	845.09
(b) Other Equity	11,555.13	11,228.60
Total Liabilities and Equity	28,870.71	29,719.68





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

Standalone Cash Flow Statement for the half year ended on September 30, 2020

PARTICULARS	Rs. in Lakhs	
	For the Half year ended on September 30, 2020	For the Half year ended on September 30, 2019
Cash from Operating Activities:		
Net profit before taxation	590.74	1,394.10
Adjustment For:		
Depreciation and amortisation	5.37	5.40
Interest Income	(3,259.73)	(3,236.61)
Finance cost	1,028.26	1,035.19
Provision for impairment on financial assets	1,056.48	40.72
Net gain on Units of Mutual Funds instruments measured through profit and loss	(1.65)	-
Remeasurement of define benefit plan	(2.44)	(2.04)
Employee Stock Option Plan Expense	3.03	10.17
Financial Gaurantee Income	(143.64)	(96.42)
	(1,314.32)	(2,243.59)
Operating profit before working Capital changes :	(723.58)	(849.49)
Adjustment For (Increase)/Decrease in Operating Assets:		
Loans and Advances	5,548.68	(1,907.05)
Other Financial Assets	110.43	(207.54)
Other Non Financial Assets	12.19	5.12
Bank balance other than Cash and Cash equivalents	(1,209.50)	8.57
Adjustment For Increase/(Decrease) in Operating Liabilities:		
Other Non Financial liability	(32.24)	(45.44)
Other Financial Liabilities	52.12	(38.42)
Provision	7.07	2.24
	4,488.75	(2,182.51)
Cash Generated From Operations	3,765.17	(3,032.00)
Interest Income Received	3,140.31	3,250.65
Finance Cost Paid	(1,049.62)	(965.40)
Income tax paid	(32.69)	(243.97)
	2,058.00	2,041.28
Net Cash From Operating Activities:	5,823.17	(990.72)
Cash Flow From Investment Activities:		
Purchase of Property, Plant & Equipment	(0.30)	(12.29)
Purchase of Current investments	(1,999.90)	(990.00)
Net Cash from Investment Activities:	(2,000.20)	(1,002.29)
Cash Flow From Financing Activities :		
Proceeds from issue of share capital	18.37	14.50
Dividend paid	(0.06)	(18.10)
Proceeds from long term borrowings	668.43	1,805.26
Net increase / (decrease) in working capital borrowings	759.46	2,634.39
Repayment of borrowings	(2,832.97)	(2,625.48)
Net Cash from Financing Activities:	(1,386.77)	1,810.57
Net Increase in Cash & Cash Equivalents	2,436.20	(182.43)
Cash & cash equivalents at the beginning	34.15	479.60
Cash & cash equivalents at the end	2,470.35	297.16



**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 six months ended September 30, 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 5 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 : 11th NOVEMBER, 2020

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

Sneha Jethani

SNEHA JETHANI
(PARTNER)

MEMBERSHIP No.: 160932
UDIN: 20160932AAAABO2554





Arman Financial Services Ltd.

Q2 FY21 Pre-Provision Profit grew by 10% YoY to ₹ 21 Crore **Consolidated Collection Efficiency Improves to 91% in Oct'20 vis-à-vis 66% in June '20**

Ahmedabad, India, 12 November 2020: 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 second quarter and half year ended 30th September 2020.

Particulars (In ₹ Crores)	Q2 FY21	Q2 FY20	YoY%	H1 FY21	H1 FY20	YoY%
Assets Under Management (AUM)	704.3	753.1	(6%)	704.3	753.1	(6%)
Total Disbursement	50.7	231.0	-	50.7	421.6	-
Gross Total Income	51.7	54.4	(5%)	101.1	102.6	(1%)
Pre-Provisioning Operating Profit	20.6	18.8	10%	37.5	36.4	3%
Total Provisioning & Write-Offs	18.7	2.2	736%	28.9	3.7	679%
Profit After Tax	1.5	12.0	(87%)	6.8	24.2	(72%)
GNPA %	1.1%	1.1%	(2 bps)	1.1%	1.1%	(2 bps)
NNPA %	0.2%	0.6%	(45 bps)	0.2%	0.6%	(45 bps)
RoE % *	3.4%	32.6%	-	7.7%	33.8%	-

Note: * RoE figures have been computed on a fully diluted equity base and annualized for Q2 FY21 & Q2 FY20

Consolidated Financial Highlights – Q2 & H1 FY 2021

- **Assets under management** as on 30th Sep'20 stood at ₹ 704.3 crores lower by 6% YoY as higher repayment rates combined with lower disbursements led to a run-down in the loan book.
- **Gradually resumed disbursements across all segments from Aug'20 onwards.** Loan Disbursements during Q2 FY21 stood at ₹ 50.7 crores; with a gradual pick up expected from Q3 FY21 onwards.
 - In microfinance, the company is primarily renewing loans of existing customers who have made already their repayments and completed their tenure.
 - In the MSME & two-wheeler segments, the company has tightened the underwriting process.
- **Shareholders Equity** stood at ₹ 181.4 crores as on 30th Sep'20 (BVPS is ₹ 215)
- **Comfortable Leverage Position:** Debt-Equity Ratio as on 30th Sep'20 was 3.3x (excludes direct assignment)
- **Gross Total Income** declined marginally by 5% YoY to ₹ 51.7 crores even though the average AUM for Q2 FY21 was higher on a YoY basis due to softer yields in the 'MFI' segment and lower booking of processing fees on account of lower disbursements.
- **However, Net Total Income increased by 4% YoY to ₹ 33.1 crores** driven by lower finance costs as total borrowings declined by 15% sequentially from ₹ 756 crores in June '20 to ₹ 644 crores in Sep'20, combined with low-cost debt funds raised from NABARD, SIDBI, and MUDRA..
- **Pre-Provisioning Operating Profit** increased by 10% YoY to ₹ 20.6 crores in Q2 FY21 driven by higher net total income and lower operating expenses. Cost-to-income ratio improved by ~320 bps to 37.6% in Q2 FY21 versus 40.8% in Q2 FY20.
- **Provisions** for the quarter increased to ₹ 18.7 crores, as the company prudently created provisions of ₹ 14.1 crores and took a write-off of ₹ 4.6 crores. Bolstering the provision coverage will help the company deal with potential asset quality risks arising due to the Covid-induced disruption while aggressive write-offs are aimed at reducing the NPA burden of Pre-Covid doubtful assets. Cumulative Total Provisions stood at ₹ 43.8 Crore as on 30th Sep'20, covering 6.2% of the on-book AUM
- **Given the higher provisioning, Profit after tax stood lower at ₹ 1.5 crores.** Adjusted for the higher provisioning on account of the Covid-induced disruption, Profit after tax would have been substantially higher.





Arman Financial Services Ltd.

- Asset quality continued to remain robust due to the RBI announced moratorium March thru August 2020 – Consolidated GNPA stood stable at 1.1%; NNPA improved to 0.2%.
- Total operational branches as on 30th Sep'20 stood at 211 (170 in MFI, 35 in MSME and 6 in 2W)

Update on Collections

Business Segment	June 2020	July 2020	Aug 2020	Sep 2020	Oct 2020
Microfinance	59%	76%	75%	84%	89%
MSME	84%	95%	92%	93%	94%
Two-Wheeler	95%	97%	97%	96%	97%
Total Collection Efficiency %	66%	82%	80%	87%	91%

- Collections have improved significantly across all 3 segments since June 2020, reducing the loan book under moratorium. Priority of the company remains on getting the repayment rates back to normal (especially in the MFI segment) in the upcoming months. The company has taken significant strides towards achieving this objective in Oct'20.
 - **Microfinance:** ~93% of customers have paid at least one instalment in the period 'Apr '20 – 'Oct'20'. There are 24,904 customers who have not made any payment during this period.
 - **MSME:** ~96.4% of customers have paid at least one instalment from the period 'Apr '20 – 'Oct'20'. There are 1,502 customers who have not paid any instalments during this period.
 - **2-Wheeler:** ~97.1% of customers have paid at least one instalment from the period 'Apr '20 – 'Oct'20'. There are 783 customers who have not made any payments during this period.

Update on Liquidity

- Healthy Liquidity position with ₹ 135 crore in cash/bank balance, liquid investments, and undrawn CC limits
- Strong pick-up in collections along with the incremental debt capital raised (₹ 50 crore from July '20 onwards) has materially improved the company's liquidity position. The company has duly repaid all the debt obligations that were due in Q2 FY21, and also repaid the moratorium obligations of April & May 2020 (i.e. voluntarily cancelled moratorium retrospectively) to reduce the moratorium interest burden.

Commenting on the company's performance in Q2 FY21, Mr Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services said, Post a subdued first quarter, the company witnessed signs of recovery in Q2 FY21. Despite a decline in AUM in the last 6 months, which was not unexpected given the COVID situation, our pre-provisioning operating profit for the quarter increased by 10% YoY to ₹ 20.6 Crore led by lower finance costs and rationalization of operating expenses."

In keeping with our conservative approach, we bolstered our provision coverage by prudently creating provisions of ₹ 14.1 crores, and additionally, we also took an aggressive write-off of ₹ 4.6 crores. Overall, the cumulative total Provisions stood at ₹ 43.8 Crore as on 30th Sep'20, covering 6.2% of the AUM; this will help us to deal with any possible impairments on account of Covid in the future. The company will continue to recognize higher provisions on account of Covid in the next couple of quarters if required. Our asset quality continues to remain low and steady, with Net NPAs improving to 0.2%.

Most importantly, collections across all the three segments have improved significantly since June 2020. Repayment rates for October 2020 dues closed at 89% for the MFI segment; 94% for the MSME segment; and 97% for the 2-wheeler segment. Overall, we have achieved a blended collection efficiency of ~91% in October 2020. It is especially encouraging to see the strong pick-up in MFI collections over the last couple of months.

Furthermore, we have gradually resumed disbursements across all the three segments from August 2020 onwards. However, we have tightened our underwriting process keeping in mind the uncertain environment.

As we advance, our foremost priority will be on improving our collections from the field and restoring it to pre-Covid levels. The countinous progress on repayment front on a month-to-month basis is encouraging and shows both the resilience and the positive intentions of our customers. Furthermore, we will also be focusing on scaling-up our disbursements in a calibrated





Arman Financial Services Ltd.

manner and expect the pace of disbursements to pick-up in the forthcoming quarters. While the provisioning may remain elevated for the next 1-2 quarters, we hope to restore our net profit to healthy levels from the beginning of next fiscal year as provisions decline. On the whole, we continue to remain confident that we will be able to successfully navigate our way through this storm and emerge stronger. On behalf of the company, I wish all the stakeholders a very Happy Diwali.

Segmental Performance Update – Q2 FY21 v/s. Q2 FY20

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q2 FY21	Q2 FY20	YoY%	H1 FY21	H1 FY20	YoY%
Assets Under Management	523.0	555.3	(6%)	523.0	555.3	(6%)
Total Disbursement	38.6	172.9	-	38.6	312.4	-
Gross Total Income	35.6	37.5	(5%)	69.0	70.0	(1%)
Pre-Provisioning Operating Profit	12.7	11.4	11%	21.7	22.3	(3%)
Total Provisioning & Write-Offs	11.8	1.9	532%	17.6	2.7	545%
Profit After Tax	0.6	7.2	(91%)	3.3	14.4	(77%)
GNPA %	0.9%	0.6%	32 bps	0.9%	0.6%	32 bps
NNPA % (after ECL Impact)	0.1%	0.2%	(12 bps)	0.1%	0.2%	(12 bps)

- MFI AUM stood at ₹ 523.0 crores – marginally lower by 6% vis-à-vis last year
- Gross NPA % was slightly higher at 0.9% in Q2 FY21. Post ECL adjustment, NNPA % stood at 0.1%.
- Operating performance improved as 'Pre-provisioning Operating Profit grew by 11% YoY to Rs 12.7 crores in Q2 FY21.
- Strengthened provision coverage by prudently earmarking ₹ 8.0 crore for provisions in this quarter. Additionally, the company also took an aggressive write-off of Rs 3.8 crores.
- Cumulative Total Provisions as of 30 Sep'20 stood at ₹ 27.1 crore covering 5.2% of the total AUM. (Cumulative total provision includes Cumulative Covid provision of ₹ 13.6 crores as on 30 Sep'20).

Two-Wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q2 FY21	Q2 FY20	YoY%	H1 FY21	H1 FY20	YoY%
Assets Under Management	181.3	221.8	(18%)	181.3	221.8	(18%)
Total Disbursement	12.1	58.6	-	12.1	109.2	-
Gross Total Income	17.4	17.8	(2%)	34.3	34.0	1%
Pre-Provisioning Operating Profit	8.8	8.0	9%	17.2	15.1	14%
Total Provisioning & Write-Offs	6.9	0.5	1317%	11.3	1.1	921%
Profit After Tax	1.7	5.4	(69%)	5.0	10.7	(53%)
GNPA %	1.6%	2.2%	(67 bps)	1.6%	2.2%	(67 bps)
NNPA %	0.5%	1.6%	(116 bps)	0.5%	1.6%	(116 bps)

- 2W & MSME AUM stood at ₹ 181.3 crores in Q2 FY21
 - MSME AUM stood at ₹ 118.8 crores
 - 2W AUM declined by 35% YoY to ₹ 62.5 crores, as the 2W sales have declined in the last one year given the challenging economic environment. Further, lower disbursements in H1 FY21 along with high repayment rates led to a run down in the book.
- Despite the decline in AUM, Pre-Provisioning Operating Profit grew by 9% YoY to ₹ 8.8 crores aided by higher contribution from the MSME business and efficient cost management
- Asset quality improved as GNPA % and NNPA % stood lower at 1.6% and 0.5% respectively, owing to increased provisioning and reduced portfolio.





Arman Financial Services Ltd.

- **Provisions** increased in Q2 FY21 as the company undertook aggressive provisioning to deal with possible future Covid related impairments. Cumulative Total Provisions stood at ₹ 16.7 crores as on 30 Sep'20, covering 9.2% of the AUM. (Cumulative total provision includes Cumulative Covid provision of ₹ 12.3 crores as on 30 Sep'20).

About Arman Financial Services Limited

Arman Financial Services Ltd (NSE: ARMANFIN; BSE: 531179) is a category 'A' Non-Banking Finance Company (NBFC) active in Microfinance, Micro-Enterprise, and 2-Wheeler 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



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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





Arman Financial Services Ltd.



**Arman Financial
Services Ltd.**

Q2 FY21 - Investor Presentation
November 2020

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.



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Arman Financial Services Ltd.



Arman Financial Services Ltd.

Financial Performance Update - Q2 FY21



Q2 & H1 FY21 - Financial Performance Highlights



Total AUM declined by 6% YoY to INR 7,043 Mn (Q2 FY20 AUM: INR 7,531 Mn)



Shareholders Equity Stood at INR 1,814 Mn in Q2 FY21 (BVPS is INR 215)
Consolidated Debt-Equity Ratio stood at 3.3x on 30 September'20 (exclude direct assignment)



Pre-Provisioning Operating Profit Increased by 10% YoY to INR 206 Mn in Q2 FY21, and 3% YoY to INR 375 Mn in H1 FY21



Operating expenses declined by 4% YoY to INR 124 Mn in Q2 FY21, and 9% YoY to INR 226 Mn in H1 FY21
Cost-to-income ratio improved by ~320 bps YoY to 37.6% in Q2 FY21, and 284 bps YoY to 37.5% in H1 FY21



Collection Efficiency Improved Significantly to ~91% in October 2020 vis-à-vis ~66% in June 2020



Cumulative Provisions stood at INR 438 Mn as on 30th Sep 2020 (covering 6.2% of the total AUM)
Strengthened Provision Coverage by Prudently Recognizing Provisions of INR 141 Mn in Q2 FY21, and INR 243 Mn in H1 FY21

Update on Collections

- ❑ Collections have improved significantly across all 3 segments since June 2020 to reach ~91% in October (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 89% in October 2020.
 - 2W and MSME collections continued to be well-north of 90% during the period ‘July – Oct 2020’. Repayment rates for Oct’20 closed at 94% for MSME and 97% for 2W.
- ❑ Cumulative Provisions stood at INR 438 Mn as of 30th September 2020 covering 6.2% of the total AUM.
 - Namra: Cumulative Provisions stood at INR 271 Mn as of 30th Sep 2020 covering 5.2% of the total AUM.
 - Standalone: Cumulative Provisions stood at INR 167 Mn as of 30th Sep 2020 covering 9.2% of the total AUM.
- ❑ Priority of the company remains on getting the repayment rates back to normal (especially in the MFI segment) in the upcoming months. The company has taken significant strides towards achieving this objective in Oct’20.
 - **Microfinance:** ~93% of customers have paid at least one instalment in the period 'Apr '20 – 'Oct'20' (24,904 customers have not made any payment during this period).
 - **MSME:** ~96.4% of customers have paid at least one instalment from the period 'Apr '20 – 'Oct'20'. (1,502 customers have not paid any instalments during this period).
 - **2-Wheeler:** ~97.1% of customers have paid at least one instalment from the period 'Apr '20 – 'Oct'20'. (783 customers have not made any payments during this period).

Collection Efficiency % (August – October 2020)

Business Segment	Collections Due (Jul'20)	Amount Collected (Jul'20)	Collection Efficiency % (Jul'20)	Collections Due (Aug'20)	Amount Collected (Aug'20)	Collection Efficiency % (Aug'20)	Collections Due (Sep'20)	Amount Collected (Sep'20)	Collection Efficiency % (Sep'20)	Collections Due (Oct'20)	Amount Collected (Oct'20)	Collection Efficiency % (Oct'20)
Total	863	694	81%	844	666	80%	851	738	87%	811	737	91%
Microfinance	657	497	76%	651	485	75%	639	540	84%	606	542	89%
MSME	139	132	95%	129	119	92%	142	132	93%	139	131	94%
Two-wheeler	68	66	97%	63	61	97%	70	67	96%	66	64	97%

Note: All the amounts are in INR Mn.

Update on Liquidity

- ❑ **Healthy Liquidity position with INR ~1,350 Mn in cash/bank balance, liquid investments, and undrawn CC limits.**
- ❑ Successfully raised INR 500 Mn since July 2020.
- ❑ Liquidity position has improved driven by the pick-up in collections and the incremental debt capital raised since the start of April. Consequently, the company has duly repaid all the debt obligations that were due in Q2 FY21 as well as the moratorium obligations of April & May 2020 (i.e. voluntarily cancelled moratorium) to reduce moratorium interest burden.

Update on Disbursements

- ❑ **Gradually resumed disbursements across all segments from August 2020 onwards.**
 - Loan Disbursements during Q2 FY21 stood at INR 507 Mn. A gradual pick up in disbursements expected from Q3 FY21 onwards.
 - In microfinance, the company is primarily renewing loans of existing customers who have already made their repayments and completed their tenure.
 - 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.

Q2 FY21 - Consolidated Profit & Loss Statement



Particulars (INR Mn)	Q2 FY21	Q2 FY20	YoY (%)	H1FY21	H1FY20	YoY (%)
Assets Under Management (AUM)	7,043	7,531	(6%)	7,043	7,531	(6%)
Disbursements	507	2,315	(78%)	507	4,216	(88%)
Shareholder's Equity *	1,814	1,600	13%	1,814	1,600	13%
Income from Operations	507.7	526.3	(4%)	998.3	1,001.8	0%
Other Income	9.2	17.3	(47%)	12.5	23.8	(48%)
Gross Total Income	516.9	543.7	(5%)	1,010.8	1,025.6	(1%)
Finance Costs	186.4	227.0	(18%)	409.9	414.1	(1%)
Net Total Income (NTI)	330.5	316.7	4%	600.9	611.5	(2%)
Employee Benefits Expenses	91.0	88.1	3%	174.0	168.1	3%
Depreciation and Amortisation	2.0	2.2	(10%)	4.1	3.8	7%
Other Expenses	31.4	38.9	(19%)	48.0	75.4	(36%)
Pre-Provision Operating Profit	206.2	187.5	10%	374.9	364.1	3%
Total Provisions & Write-offs	186.6	22.3	736%	289.0	37.1	679%
Profit Before Tax	19.6	165.2	(88%)	85.9	327.0	(74%)
Profit After tax	15.1	120.0	(87%)	68.2	241.5	(72%)
GNPA %	1.1%	1.1%	(2 bps)	1.1%	1.0%	(2 bps)
NNPA %	0.2%	0.6%	(45 bps)	0.2%	0.6%	(45 bps)
Return on Avg. AUM %	0.8%	6.5%	-	1.7%	6.7%	-
Return on Avg. Equity % *	3.4%	32.6%	-	7.7%	33.8%	-

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

Q2 & H1 FY21 - Consolidated Balance Sheet



Particulars (in INR Mn)	Consolidated		Standalone	
	Sep 2020	March 2020	Sep 2020	March 2020
ASSETS				
<u>Financial Assets</u>				
Cash and cash equivalents	354	584	247	3
Bank Balance	729	384	177	56
Loans & Advances	6123	7,785	1563	2,231
Investments	623	33	826	624
Other Financial assets	127	75	24	23
Total Financial Assets	7,957	8,861	2,837	2,938
<u>Non-Financial Assets</u>				
Current tax assets (Net)	0	5	0	13
Deferred tax Assets (Net)	99	48	42	11
Property, Plant and Equipment	33	35	8	8
Other Intangible assets	1	2	0	0
Right To Use Asset	7	7	0	0
Other non-financial assets	2	4	1	2
Total Non-Financial Assets	142	101	50	34
Total Assets	8,099	8,962	2,887	2,972

	Consolidated		Standalone	
	Sep 2020	March 2020	Sep 2020	March 2020
LIABILITIES & EQUITY				
Equity Share capital	85	85	85	85
Reserves & Surplus	1,729	1,638	1,156	1,123
Total Shareholders Funds	1,814	1,722	1,240	1,207
<u>Financial Liabilities</u>				
Debt Securities	1	6,828	0	1,657
Total Borrowings	5,975	150	1,570	50
Other Financial Liabilities	230	241	50	50
Total Financial Liabilities	6,206	7,219	1,620	1,757
<u>Non-Financial Liabilities</u>				
Current tax liabilities (Net)	64	8	22	4
Deferred tax liabilities (Net)	0	0	0	0
Provisions	10	0	4	0
Other non-financial liabilities	4	13	1	4
Total Non-Financial Liabilities	79	21	27	8
Total Liabilities & Equity	8,099	8,962	2,887	2,972

Q2 FY21 - Microfinance “Namra” Performance Update



Particulars (INR Mn)	Q2 FY21	Q2 FY20	YoY (%)	H1FY21	H1FY20	YoY (%)
Asset Under Management	5,230	5,553	(6%)	5,230	5,553	(6%)
Disbursements	386	1,729	(78%)	386	3,124	(88%)
Income from Operations	348.6	361.5	(4%)	679.3	681.6	0%
Other Income	7.5	13.5	(44%)	10.3	17.6	(41%)
Gross Total Income	356.1	374.9	(5%)	689.6	699.2	(1%)
Finance Costs	141.9	174.7	(19%)	314.1	314.0	0%
Net Total Income (NTI)	214.2	200.2	7%	375.4	385.2	(3%)
Employee Benefits Expenses	61.7	56.0	10%	119.0	106.0	12%
Depreciation and Amortisation	1.8	2.0	(10%)	3.6	3.3	8%
Other Expenses	24.1	28.7	(16%)	35.9	52.6	(32%)
Pre-Provision Operating Profit	126.6	113.6	11%	217.0	223.3	(3%)
Total Provision & Write-offs *	118.1	18.7	532%	175.8	27.2	545%
Profit After Tax	6.4	71.9	(91%)	33.0	143.8	(77%)
GNPA %	0.9%	0.6%	32 bps	0.9%	0.6%	32 bps
NNPA % (after ECL impact)	0.1%	0.2%	(12 bps)	0.1%	0.2%	12 bps
Return on Avg. AUM %	0.5%	5.4%	-	1.2%	5.5%	-
Return on Avg. Equity %	2.2%	30.5%	-	5.7%	31.7%	-

Note:

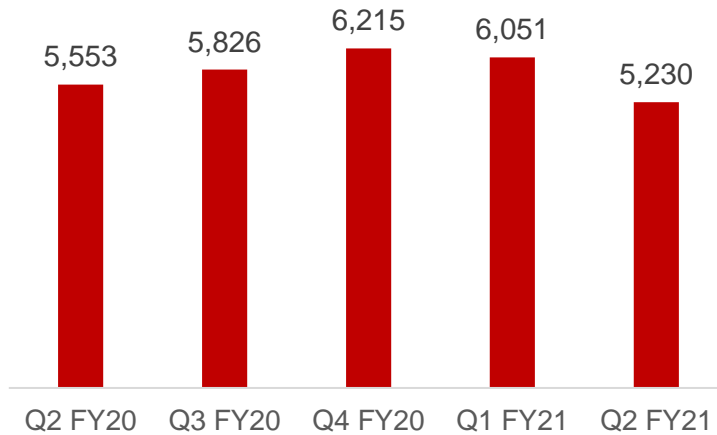
- Income from Operations includes: Interest Income on loans and managed assets; processing fees, and other charges in respect of loans. Other Income includes capital gains on liquid funds
- NIM = NTI / Avg. AUM (On + Off-Book); Yields = Gross Interest Income / Avg. AUM (On + Off-Book); Cost-to-Income 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

- ❖ **Microfinance AUM dipped by 6% YoY to INR 5,230 Mn.**
 - Active MFI Customer base stood at 3.3 Lakhs in Q2 FY21 (+0.4% YoY).
 - Lower disbursements in H1 FY21 due to the Covid induced disruption combined with higher repayments led to a run-down in loan book.
- ❖ **Gradually begun disbursements from August onwards** – primarily renewing loans of customers that have made their repayments and completed their tenure.
 - Completed disbursements of INR 386 Mn in Q2 FY21. Pace of disbursements to pick up gradually from Q3 FY21 onwards.
- ❖ **Gross Total Income** declined by 5% YoY to INR 356.1 Mn due to softer yields and lower booking of processing fees on account of lower disbursements.
- ❖ **However, Net Total Income grew by 7% YoY to INR 214.2 Mn** led by a combination of decline in borrowings, and efficient cost management.
- ❖ **Provisions** for the quarter rose to INR 118 Mn, as the company prudently created provisions of INR 79 Mn and took a write-off of INR 39 Mn to reduce the NPA burden of Pre-Covid doubtful assets.
 - 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 30th Sep'20 stood at INR 271 Mn covering 5.2% of the total AUM. (Cumulative Covid provisions stood at INR 136 Mn) .**
- ❖ GNPA & NNPA (post ECL adjustment) remained low & stable at 0.9%.and 0.1%.
- ❖ **Repayment rates picked-up significantly reaching 89% in Oct'20.**

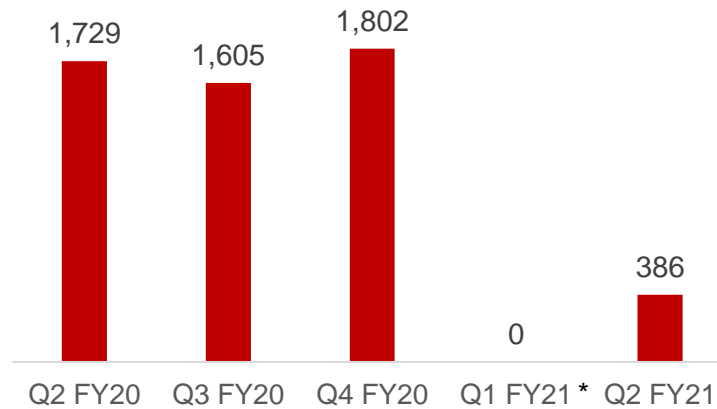
Q2 FY21 - Microfinance Performance Update



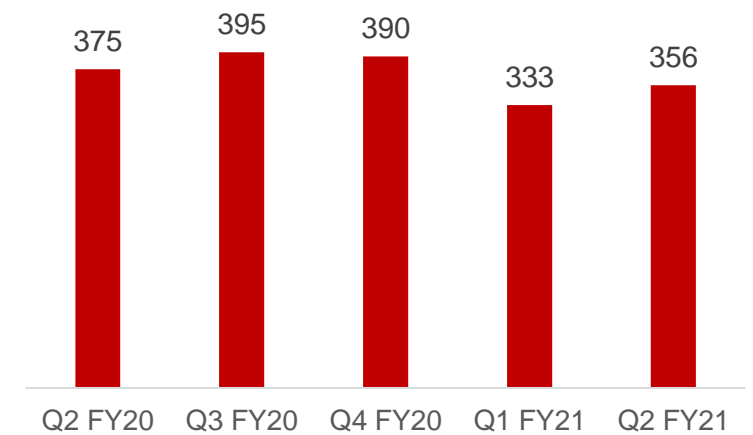
AUM (INR Mn)



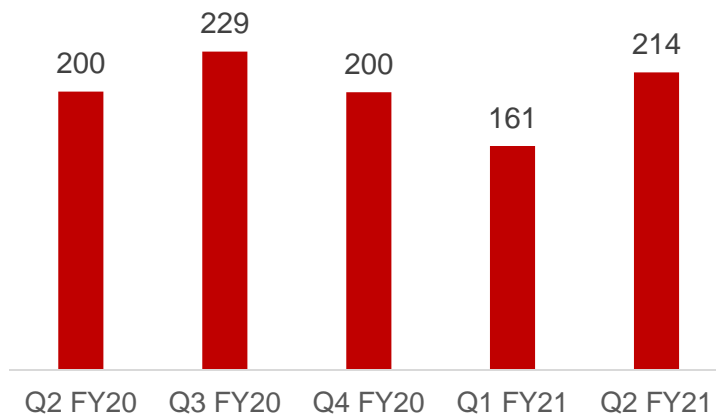
Disbursement (INR Mn)



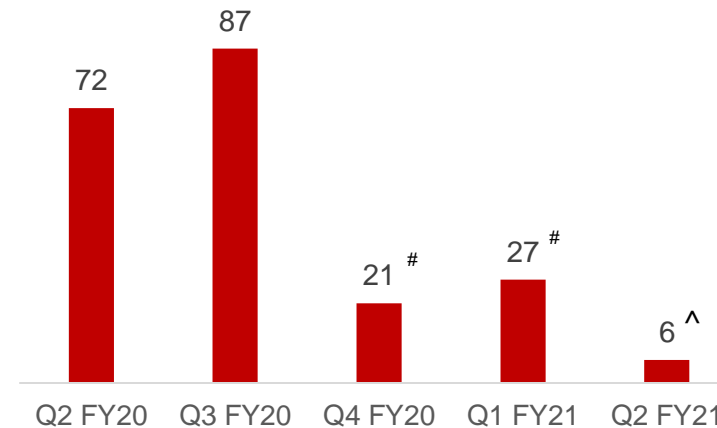
Gross Total Income (INR Mn)



Net Total Income (INR Mn)



PAT (INR Mn)



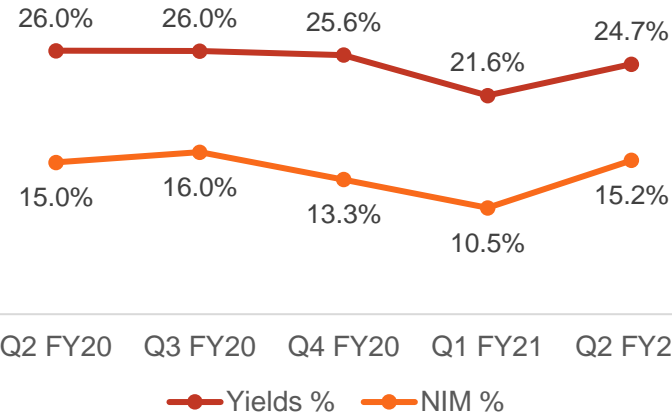
Note:

- * 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 79 Mn and INR 39 Mn in Q2FY21 respectively
- Net Total Income = Gross Total Income – Finance Cost

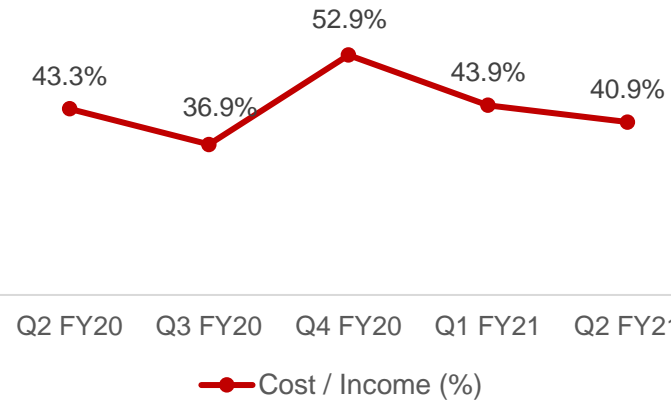
Q2 FY21 - Microfinance Performance Update



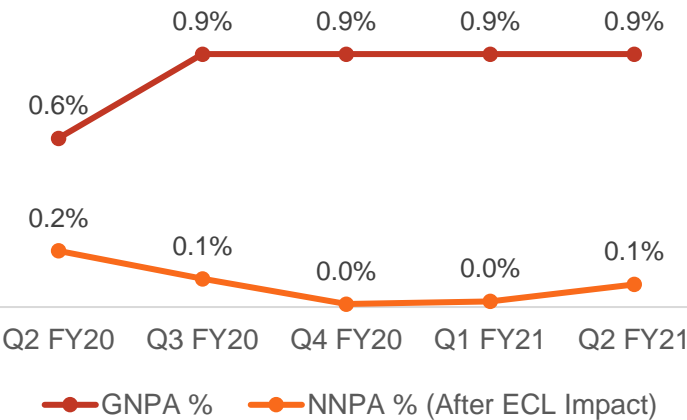
Yields % and NIM %



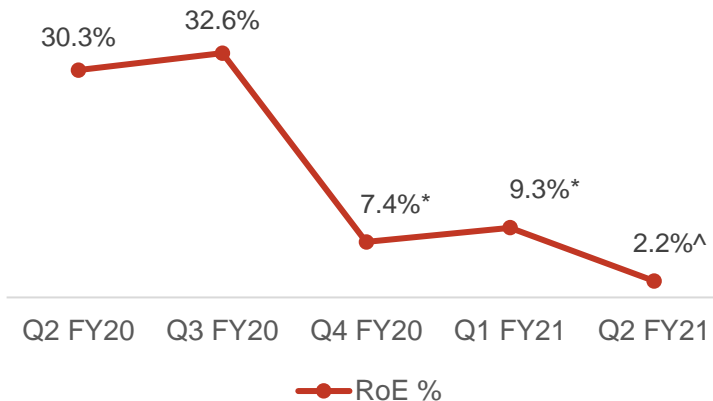
Cost-to-Income Ratio %



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 79 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 = $\text{PAT} / \text{Avg. Equity}$. RoE, Yields and NIM % figures are annualized

Q2 FY21 - Standalone Performance Update (2W & MSME)



Particulars (INR Mn)	Q2 FY21	Q2 FY20	YoY (%)	H1FY21	H1FY20	YoY (%)
Asset Under Management	1,813	2,218	(18%)	1,813	2,218	(18%)
Disbursements	121	585	(79%)	121	1,092	(89%)
Income from Operations	164.3	167.5	(2%)	326.1	323.7	1%
Other Income	9.9	10.3	(4%)	16.5	15.8	5%
Gross Total Income	174.3	177.8	(2%)	342.7	339.5	1%
Finance Costs	49.7	54.9	(9%)	102.8	103.5	(1%)
Net Total Income (NTI)	124.6	122.9	1%	239.8	235.9	2%
Employee Benefits Expenses	29.2	32.0	(9%)	55.0	62.1	(11%)
Depreciation and Amortisation	0.3	0.3	(9%)	0.5	0.5	(1%)
Other Expenses	7.2	10.2	(29%)	12.1	22.8	(47%)
Pre-Provision Operating Profit	87.9	80.4	9%	172.2	150.5	14%
Total Provision & Write-offs	68.5	4.8	1,317%	113.2	11.1	921%
Profit After Tax	17.0	54.2	(69%)	49.6	106.5	(53%)
GNPA %	1.6%	2.2%	(67 bps)	1.6%	2.2%	(66 bps)
NNPA %	0.5%	1.6%	(116 bps)	0.5%	1.6%	(116 bps)
Return on Avg. AUM %	3.4%	10.0%	-	4.7%	10.1%	-
Return on Avg. Equity %	5.5%	21.0%	-	8.1%	21.2%	-

Note:

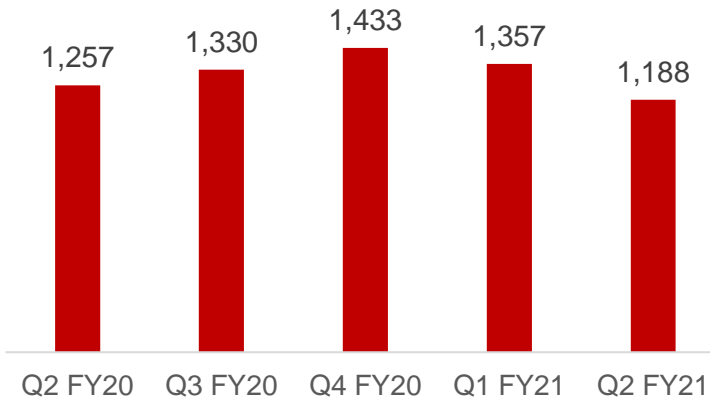
- Income from operations includes interest income on loans and managed assets, other Income includes processing fees, other charges in respect of loans, late payment charges, etc.
- Yields = Gross Interest Income / Avg. AUM (On + Off-Book); NIM = NTI / Avg. AUM (On + Off-Book); RoE = PAT / Avg. Equity;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

- ❖ **Standalone AUM stood at INR 1,813 Mn on Sep'20.**
 - MSME AUM de-grew by 5% YoY to INR 1,188 Mn.
 - 2W AUM declined by 35% YoY to INR 625 Mn, as the 2W sales have declined in the last one year given the challenging economic environment. Further, lower disbursements in H1 FY21 along with high repayment rates led to a run down in the book.
 - Rural 2W Book stands at INR 79 Mn (higher by 10% YoY).
- ❖ Implemented cost rationalization measures which resulted in operating expenses coming down by 14% YoY to INR 36.7 Mn.
- ❖ **Consequently, cost-to-income ratio improved by ~510 bps YoY to 29.5% in Q2 FY21 resulting in higher Pre-provisioning Operating Profit growth (+9% YoY).**
- ❖ Provisions & write-offs rose to INR 68.5 Mn in Q2 FY21, as the company prudently undertook aggressive provisioning to deal with possible future Covid related impairments.(Provisions: INR 61.5 Mn, Write-offs: INR 7 Mn).
- ❖ **Cumulative Provisions on 30th Sep'20 stood at INR 167 Mn covering 9.2% of total AUM. (Cumulative Covid provisions stood at INR 123 Mn).**
- ❖ GNPA improved to 1.6%, and Net NPA improved to 0.5%.
- ❖ **Repayment rates improved in the last couple of months -**
 - MSME:** Repayment rates improved to 93% in Sep'20, and 94% in Oct'20.
 - 2W:** Repayment rates were healthy and steady at 97% in Oct'20.

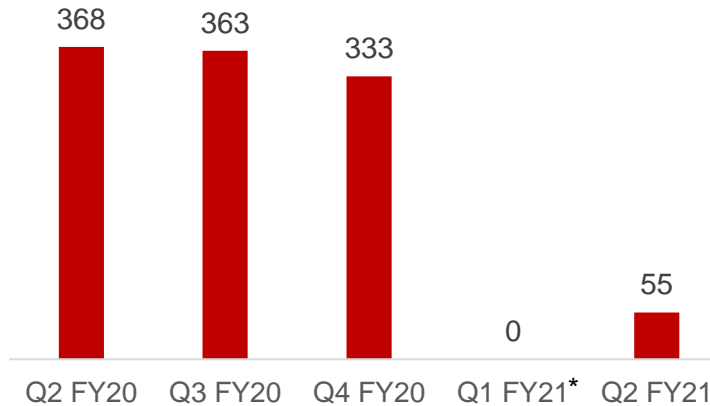
Q2 FY21 - MSME Performance Update



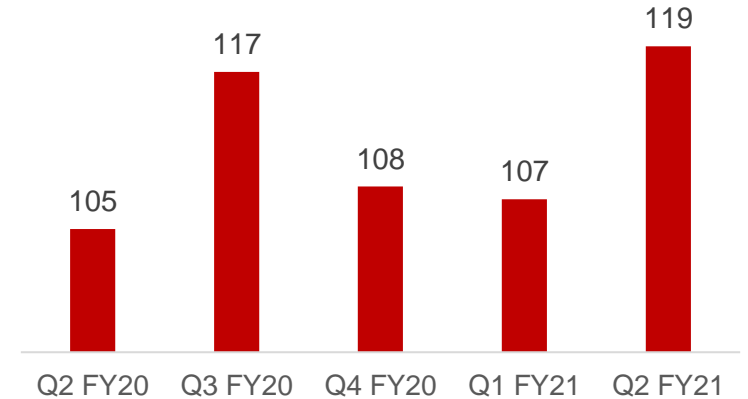
AUM (INR Mn)



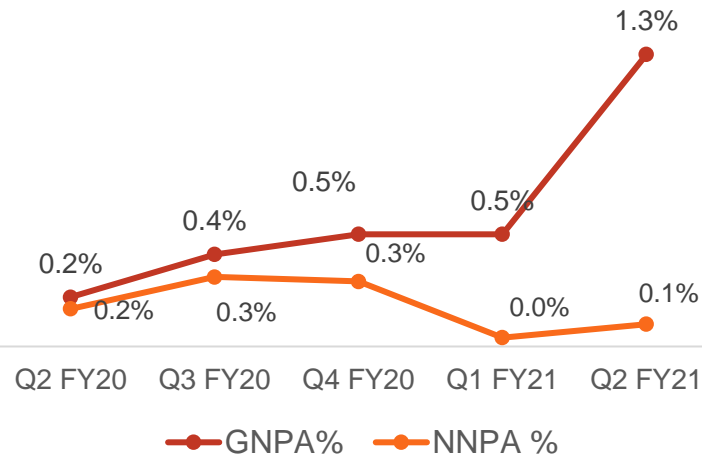
Disbursements (INR Mn)



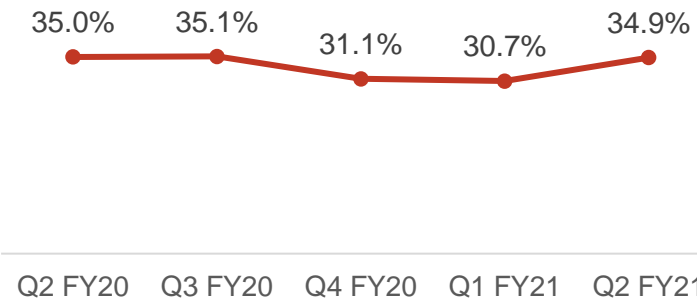
Gross Interest Income (INR Mn)



Asset Quality



Yields %



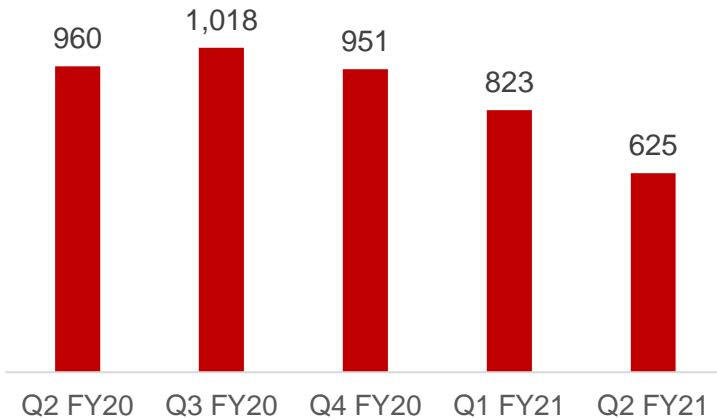
Note:

- * 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.

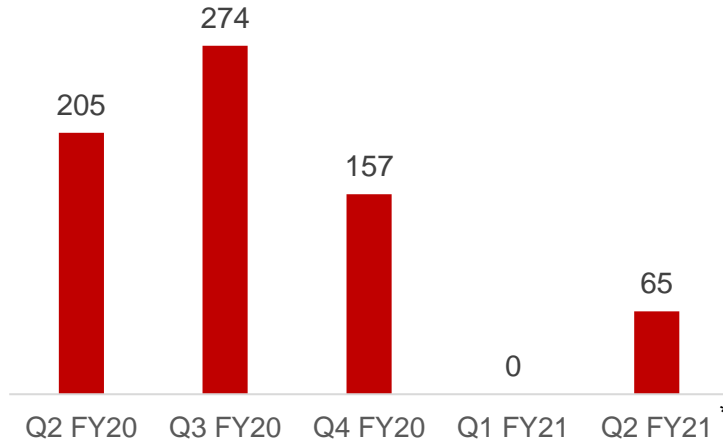
Q2 FY21 - 2W Performance Update



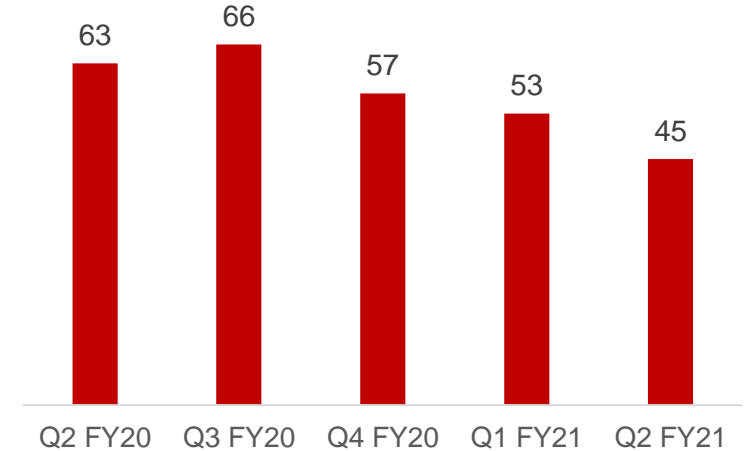
AUM (INR Mn)



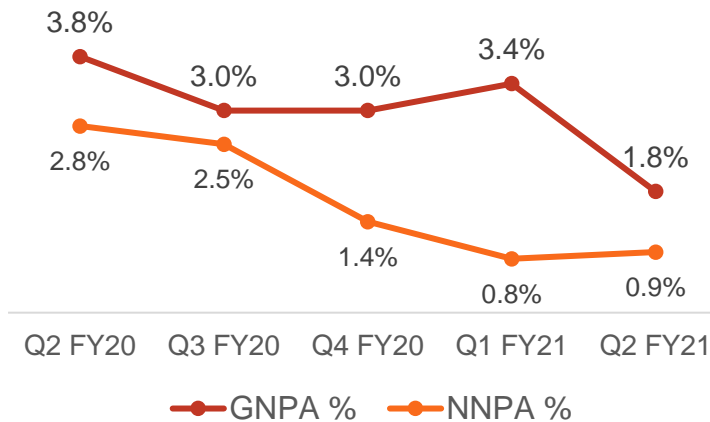
Disbursement (INR Mn)



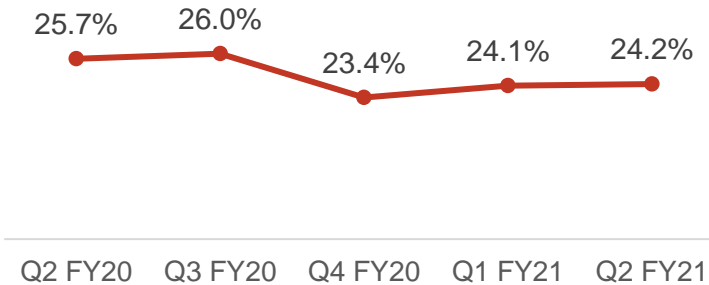
Gross Interest Income (INR Mn)



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



Arman Financial Services Ltd.



Liability Overview

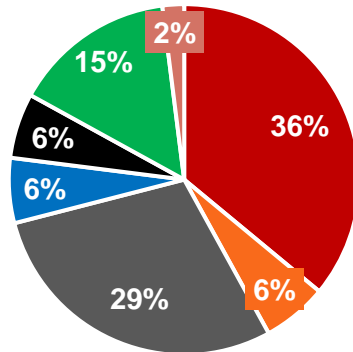
Efficient Liability Management



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

Q4 FY20 - Borrowing Mix %

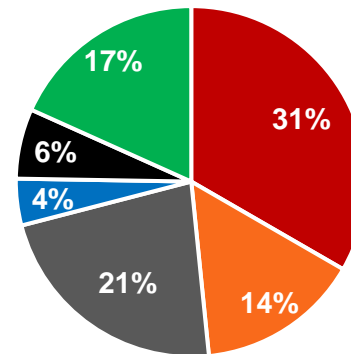
INR 7,665 Mn *



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

Q2 FY21 - Borrowing Mix %

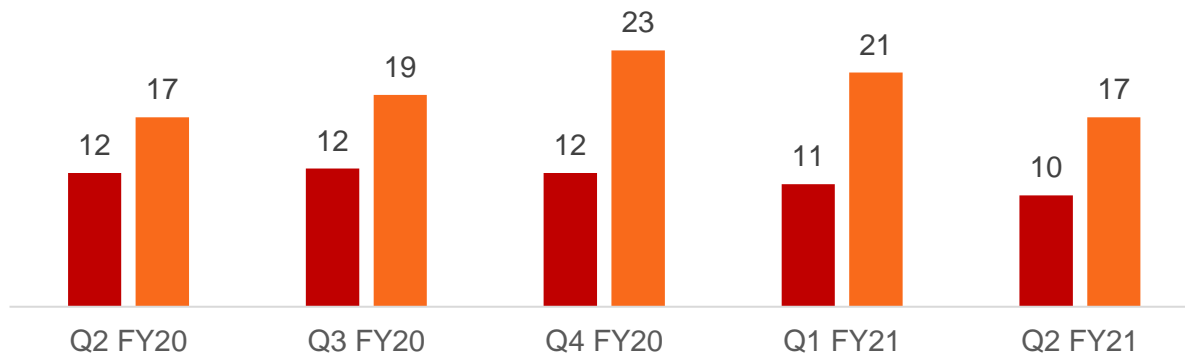
INR 6,444 Mn #



Note: # INR 6,444 Mn includes direct assignment of INR 410 Mn

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

Positive ALM (in Months)



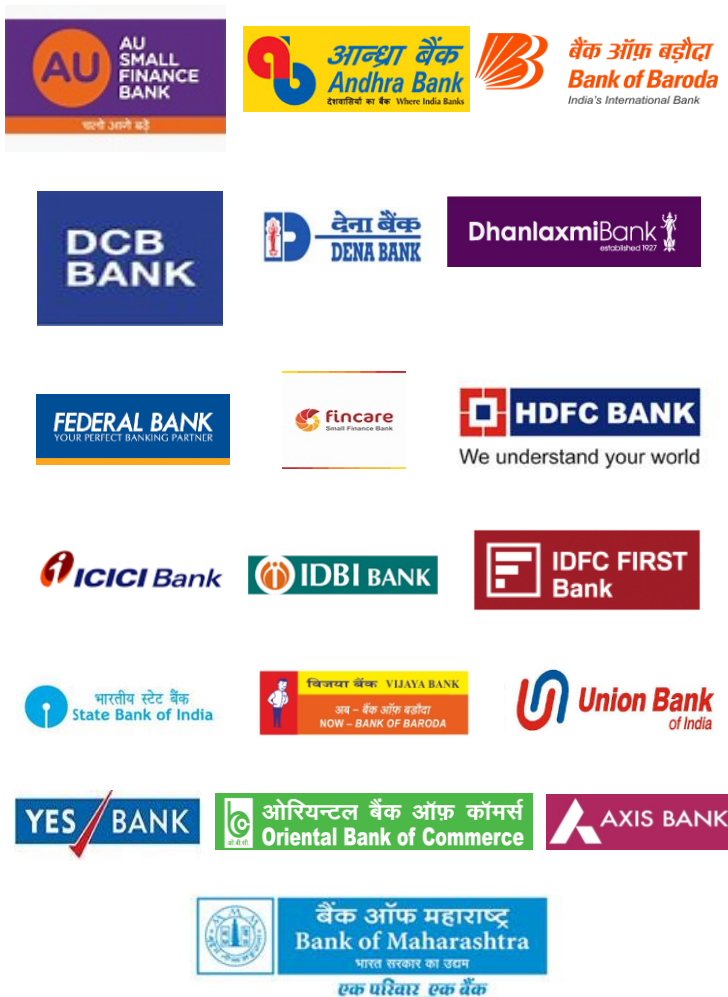
■ Average Tenor of Active Assets (months) ■ Average Maturity of Active Borrowings (months)

- 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 **~41% of borrowings in Q2 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**
- **Comfortable liquidity position backed by Positive ALM**

Lending partners



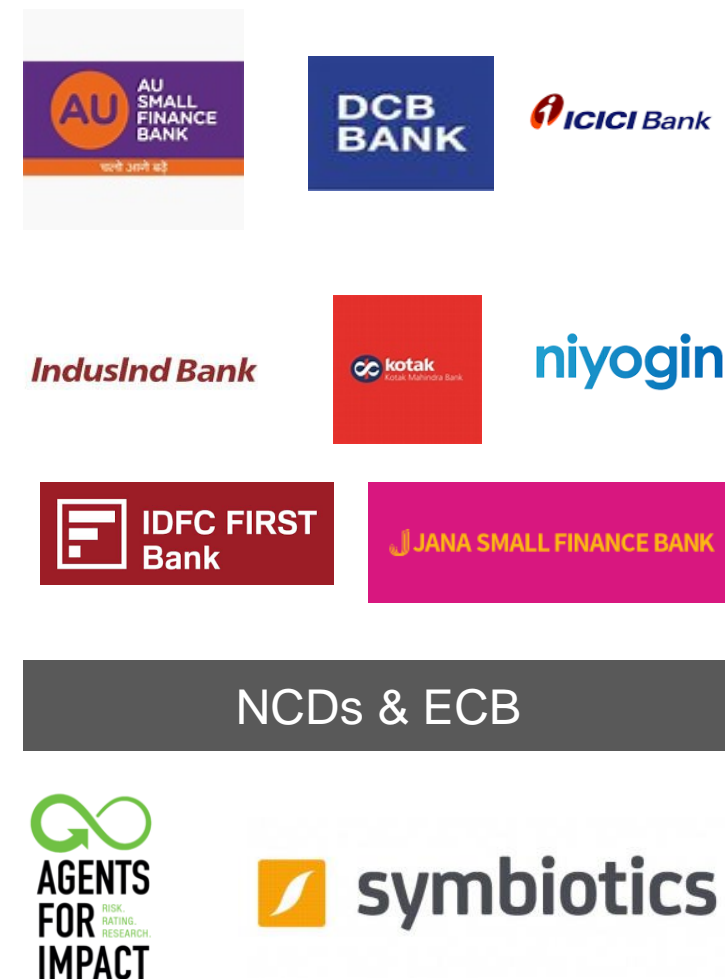
Bank Borrowings



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: 1.1%; NNPA: 0.2% (Q2 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 7,043 Mn in Q2 FY21**
- **Microfinance – 74% of AUM** (via 100% owned subsidiary “**Namra Finance**”)
- **MSME Loans – 17% of AUM**
- **2-Wheeler Loans – 9% of AUM**
- **Healthy Spreads:** Yields 26.6%, NIM 17.3% (Q2 FY21)



Arman Financial Services Ltd.

Strong Financial Performance

- **High-Growth Trajectory (FY2015-20 CAGR) :**
 - **AUM: 50%**
 - **PAT: 46%**
- **Consolidated debt to equity ratio of 3.3:1** – Sufficient Capital to drive growth going forward
- **High Return Ratios:**
 - **Q2 FY21 - ROE (%): 3.4%* , ROAA (%): 0.8% ***

Strong Retail Presence & Wide Distribution Network

- 211 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 of INR 141 Mn and write-offs of INR 46 Mn in Q2 FY21.
- 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.

Business Progression



Company incorporated. Started bill discounting & machine leasing

1992

1995

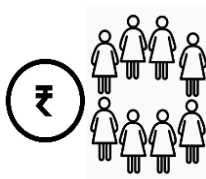
Listing on BSE – Issue subscribed 22x

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 cross 750 Cr; 100% Cashless disbursements; Expanded into Rajasthan

2019

2020

AUM & Disbursements cross 800 Cr; Branch Network crosses 200

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%

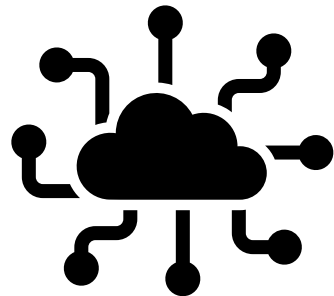


Technological Initiatives to Strengthen Operations

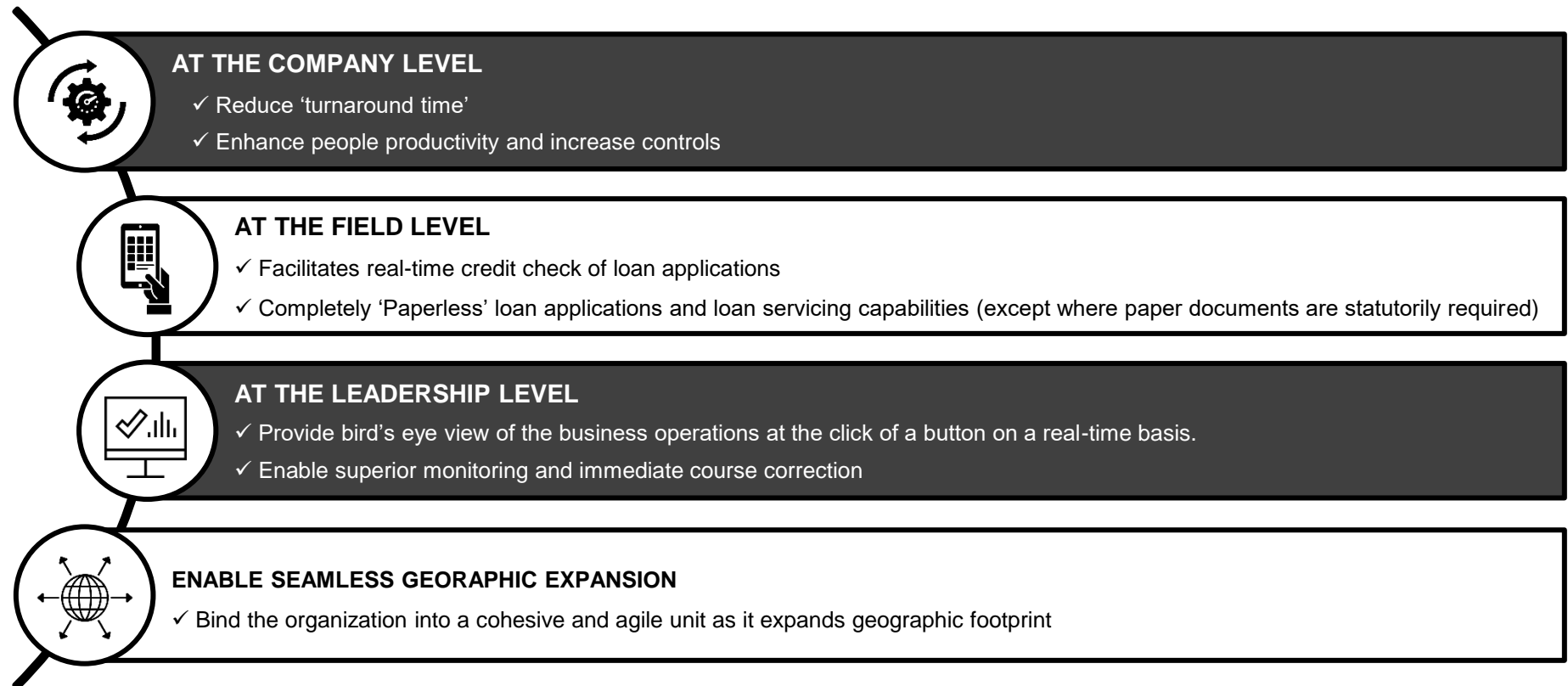


- ❖ In FY19, the company launched an integrated mobile interface for its MFI field staff to enable seamless on-boarding of MFI customers by digitizing & standardizing the loan origination and appraisal process. **‘This technology has been successfully implemented across all the MFI branches now.’**
-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



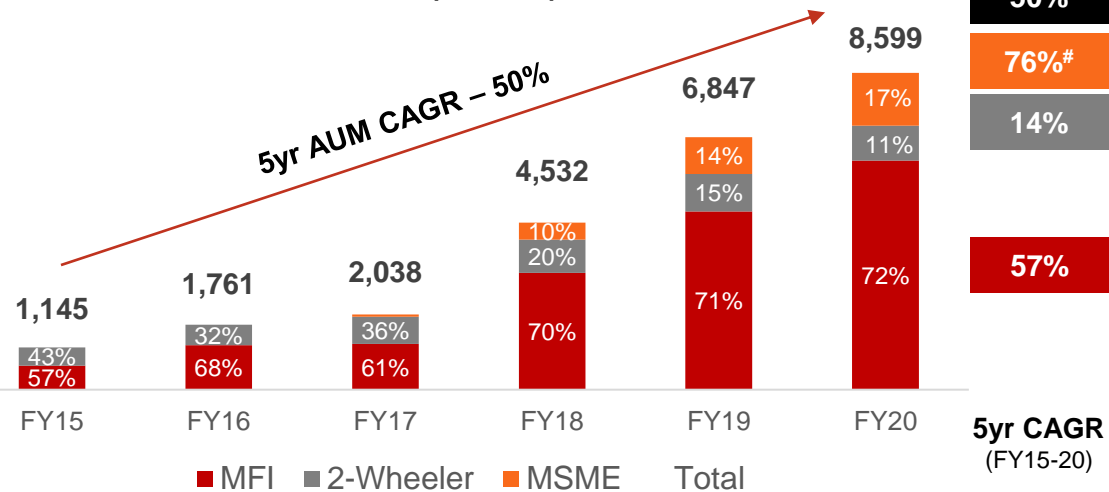
DRIVING DIGITAL TRANSFORMATION



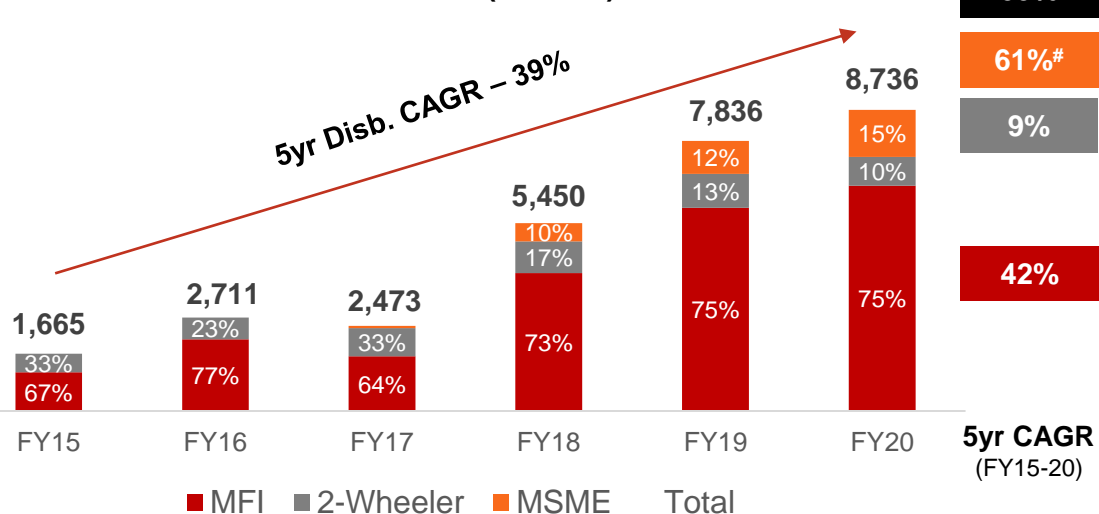
Strong Growth in AUM & Disbursements....



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)

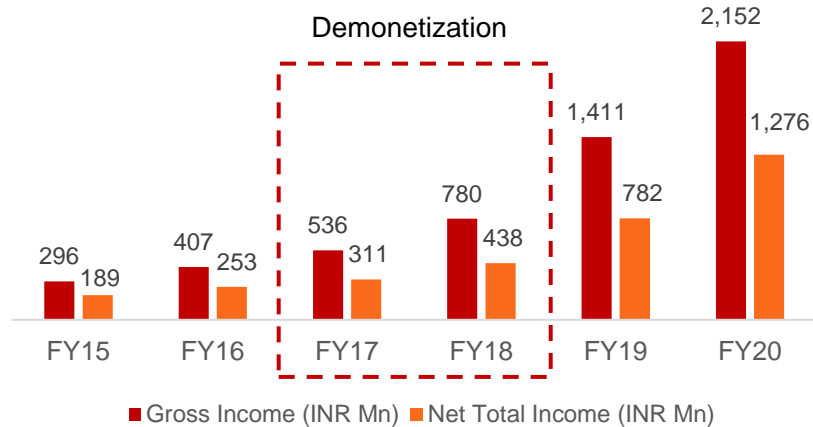
.....While Maintaining Superior Cost Efficiency & Asset Quality



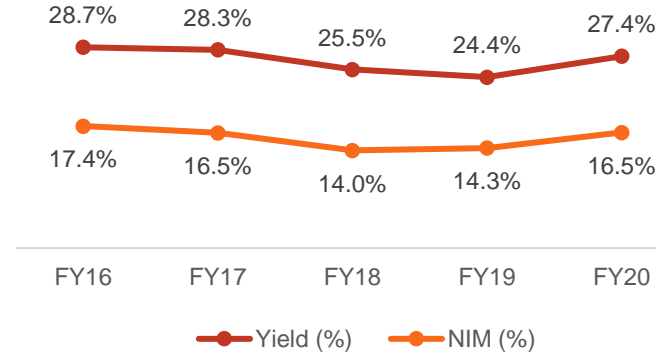
Gross Income and Net Total Income (INR Mn)

CAGR: 49%

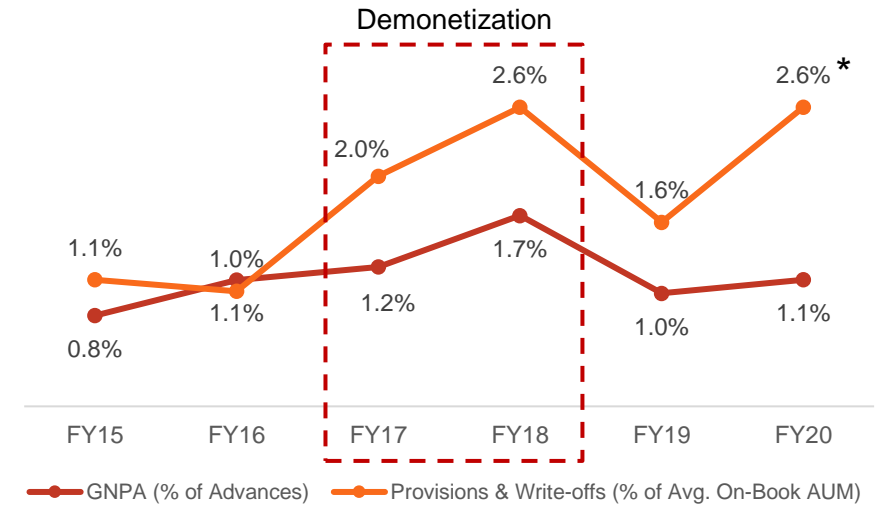
CAGR: 47%



Yield % and NIM %

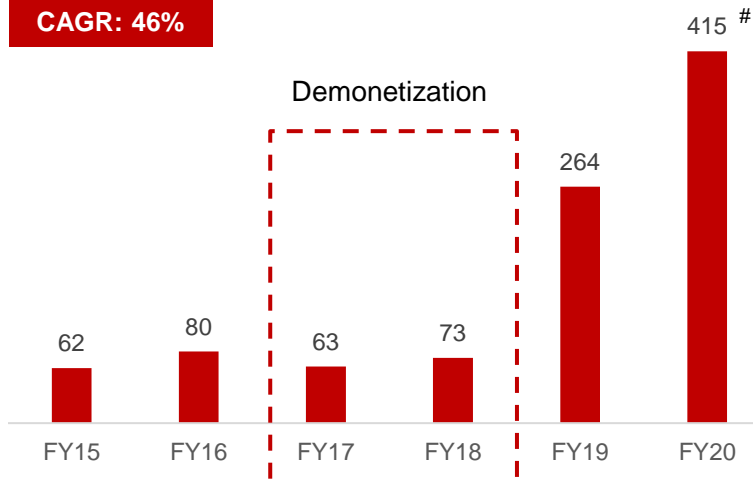


Focus on risk have led to immaculate through-cycle asset quality

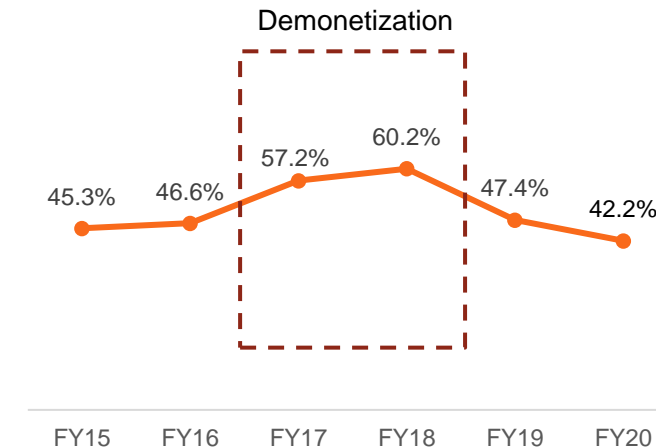


PAT (INR Mn)

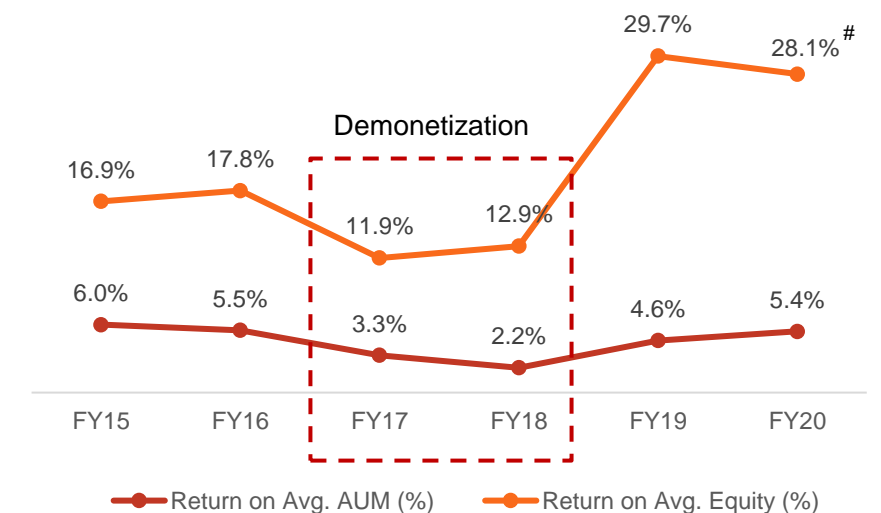
CAGR: 46%



Cost to Income Ratio %



Consistently high through cycle ROA / ROE



Note:

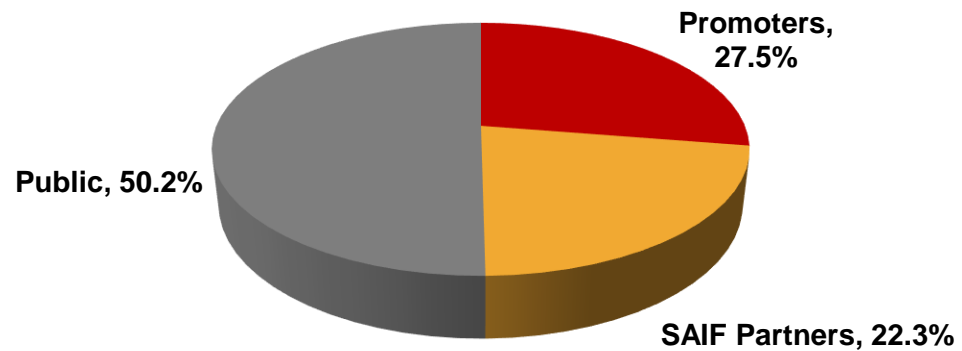
- * Includes Covid specific provisioning of INR 66.8 Mn. [#] Adjusted for the Covid Provisioning of INR 66.8 Mn, PAT would have stood at INR 482 Mn in FY20; and ROE would have been 32.6%
- FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM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



Shareholding Pattern



SHAREHOLDING – 30th September 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 (%)

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

FY20 – Key Metrics (%)

34.7%	23.8%
Yield	NIM
0.5%	0.3%
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



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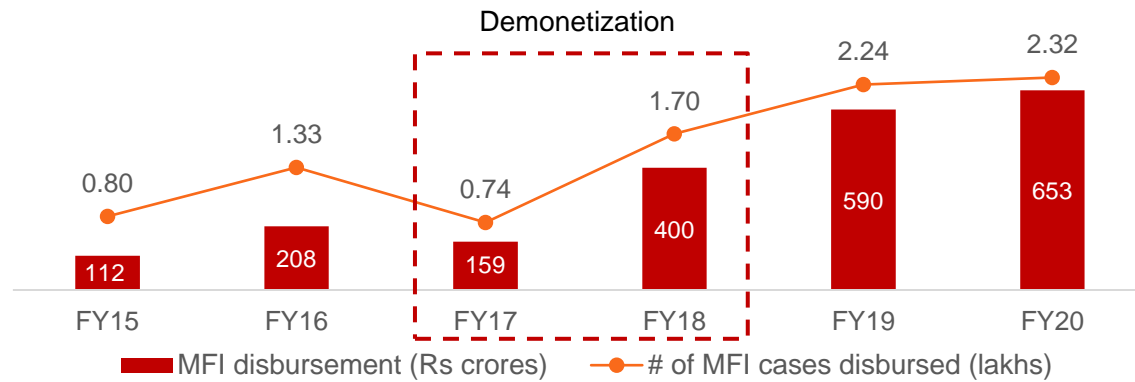
from ACCESS to INCLUSION

Annexures

Microfinance: 5-Year Performance



Disbursement growth is driven by customer & branch addition

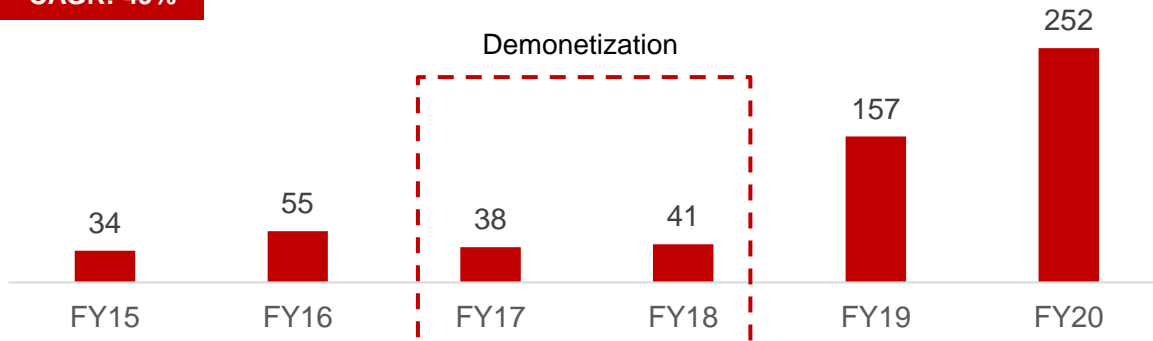


	FY15	FY16	FY17	FY18	FY19	FY20
MFI Branches	39	55	80	107	138	170
Avg. Ticket size (INR)	13,937	15,583	21,477	23,517	26,358	28,133

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

PAT (INR Mn)

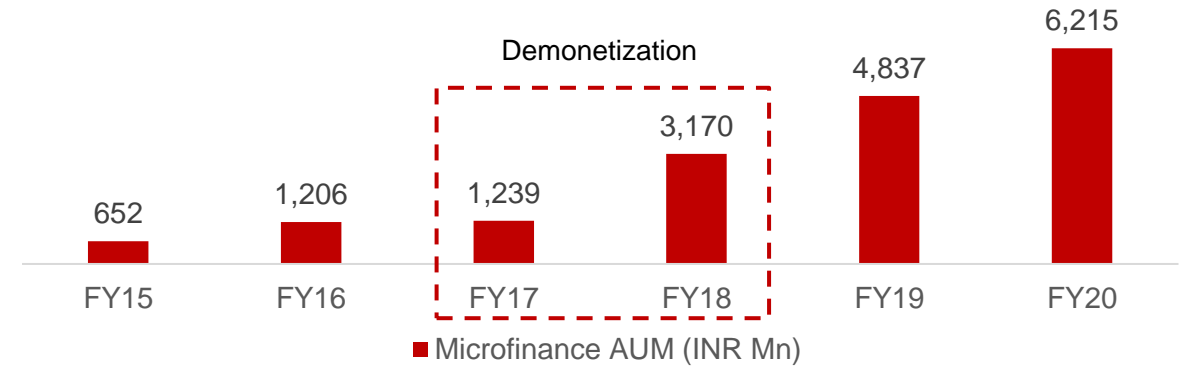
CAGR: 49%



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

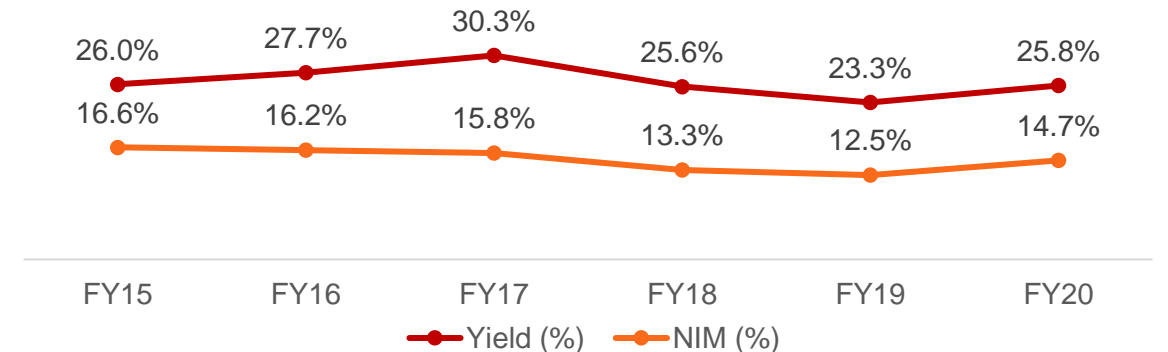
CAGR: 57%



	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

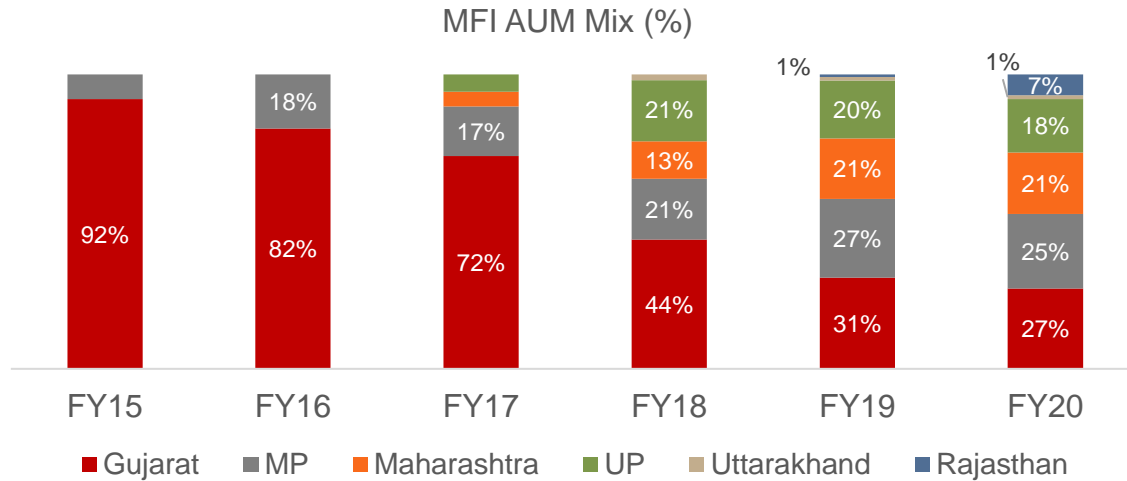
Yields (%) & NIM (%) Trend



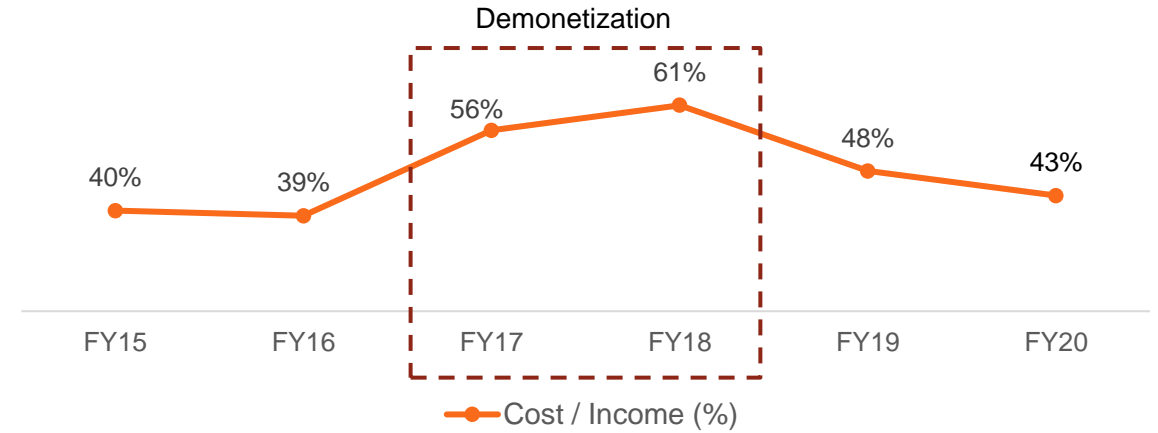
Microfinance: 5-Year Performance



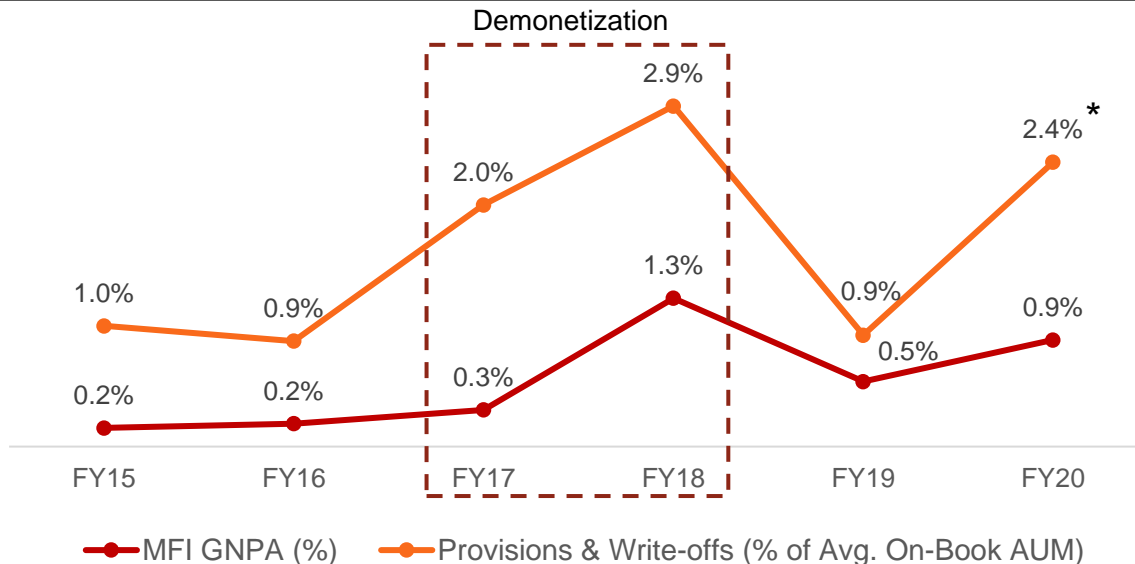
Well diversified across geographies



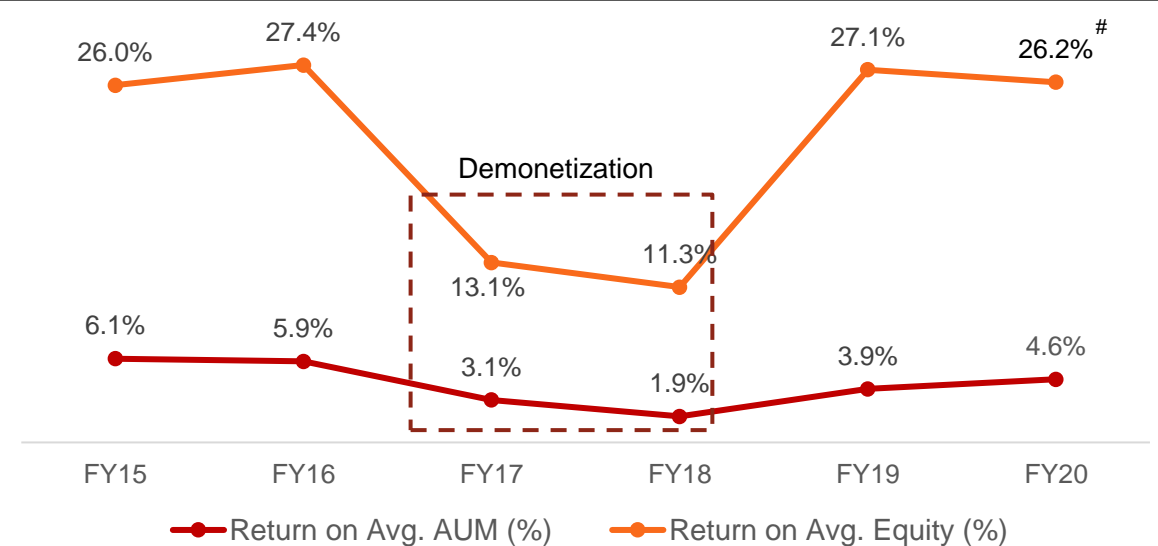
Maintaining high operational efficiency



Through cycle asset quality under control



Sustaining strong ROA (%) & ROE (%)

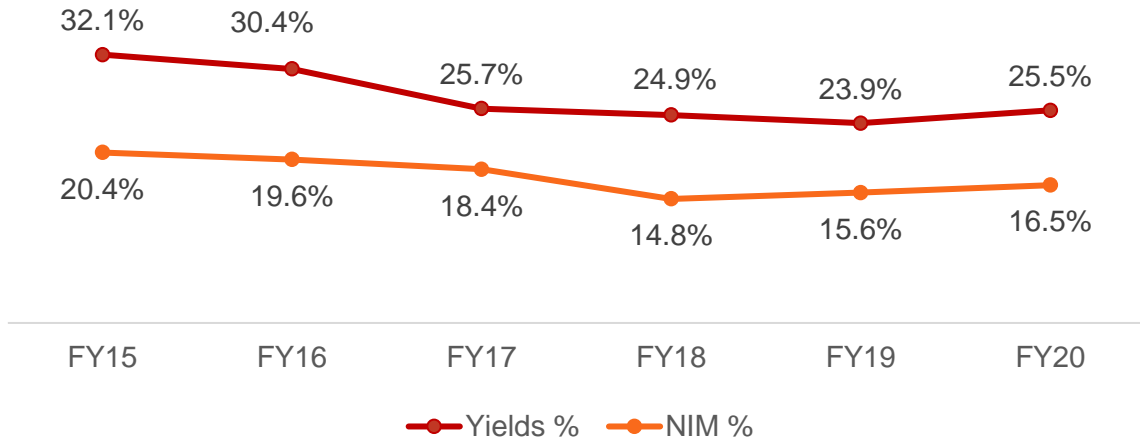


Note: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. * Includes Covid specific provisioning of INR 45.3 Mn. # Adjusted for Covid Provisioning, ROE stood at 30.9% in FY20

2W Loans: 5-Year Performance

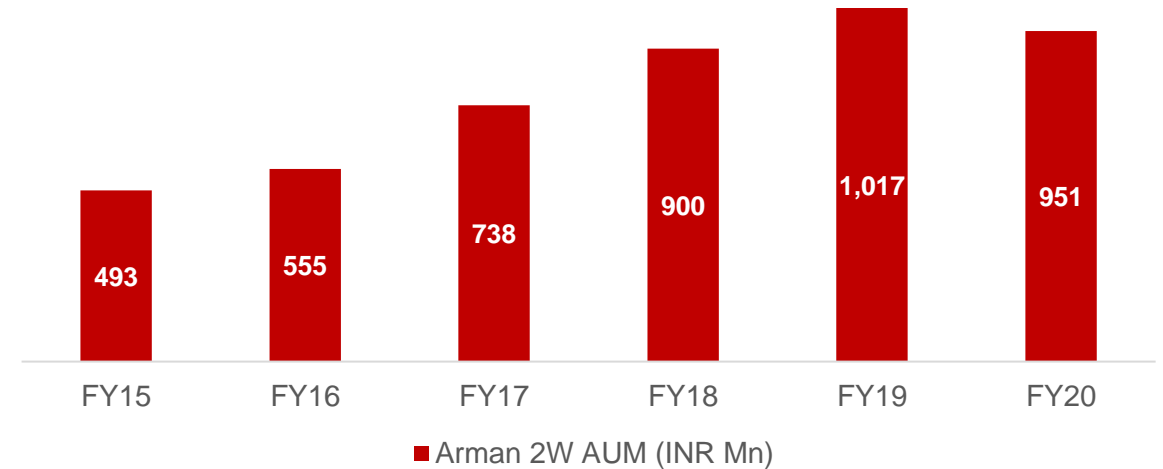


Yields (%) & NIM (%) Trend

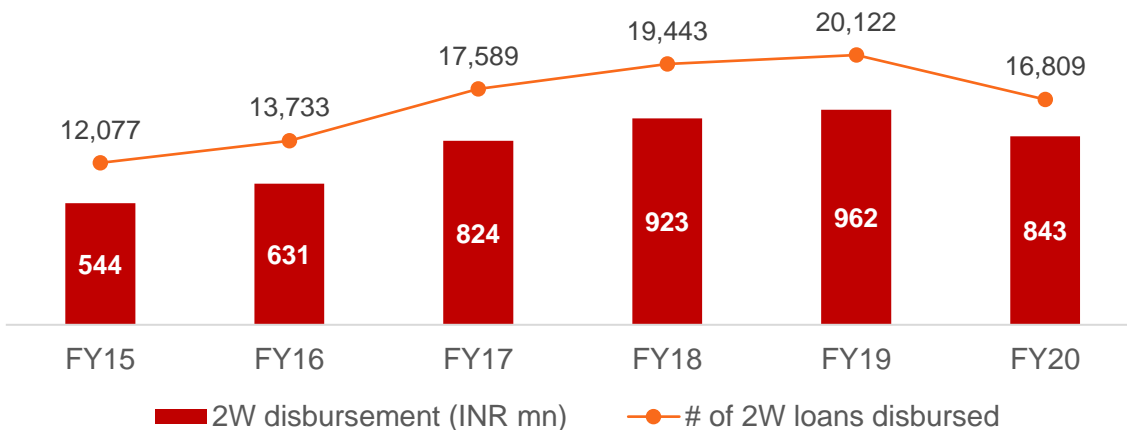


Arman 2W AUM/ has seen steady growth over FY15-20

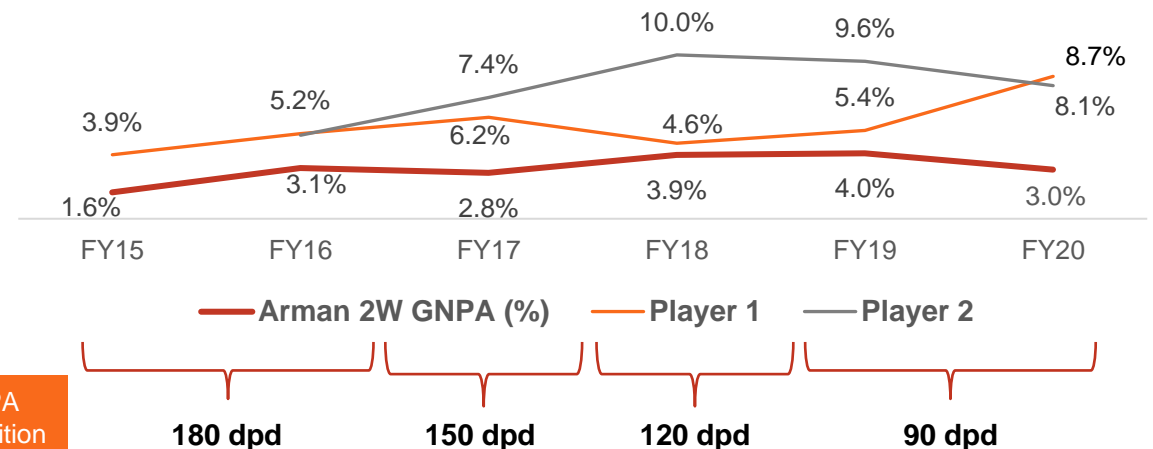
CAGR: 14%



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



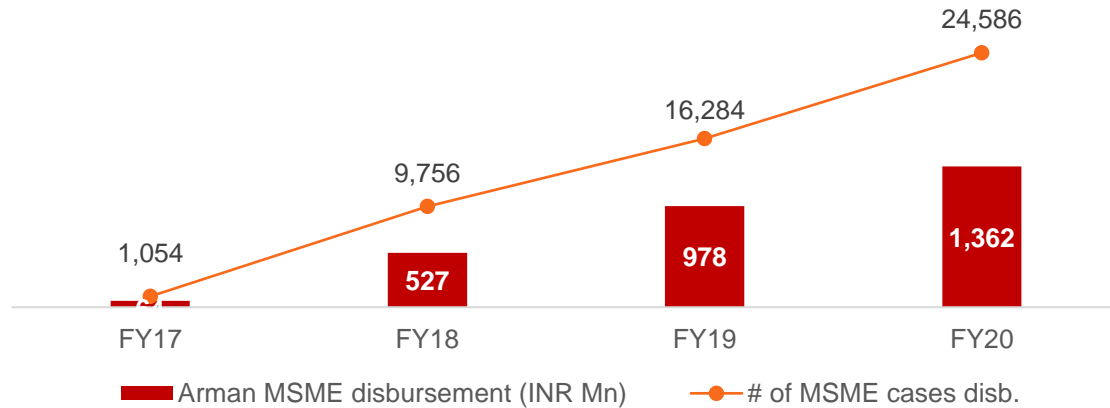
Note: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.

MSME Loans: 3-Year Performance



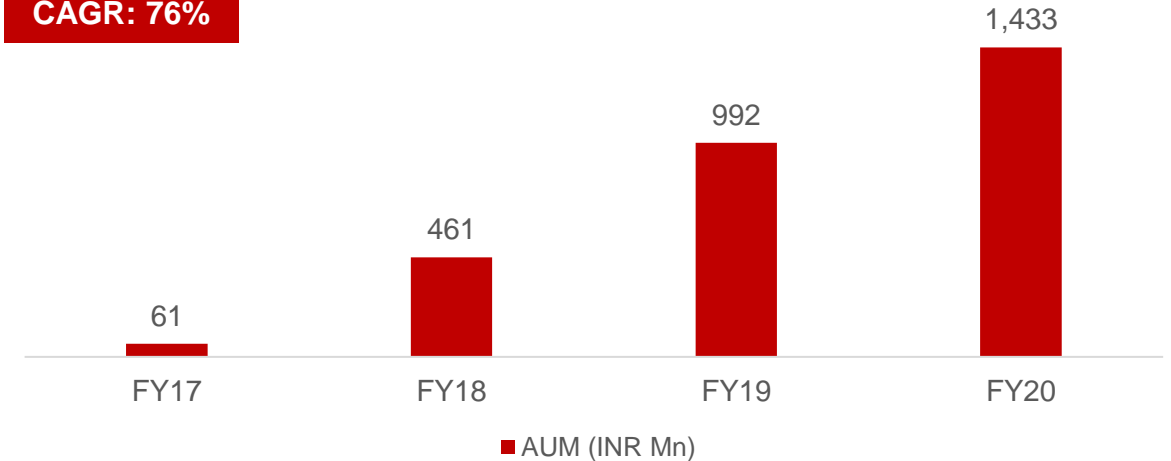
Disbursement Growth

CAGR: 61%

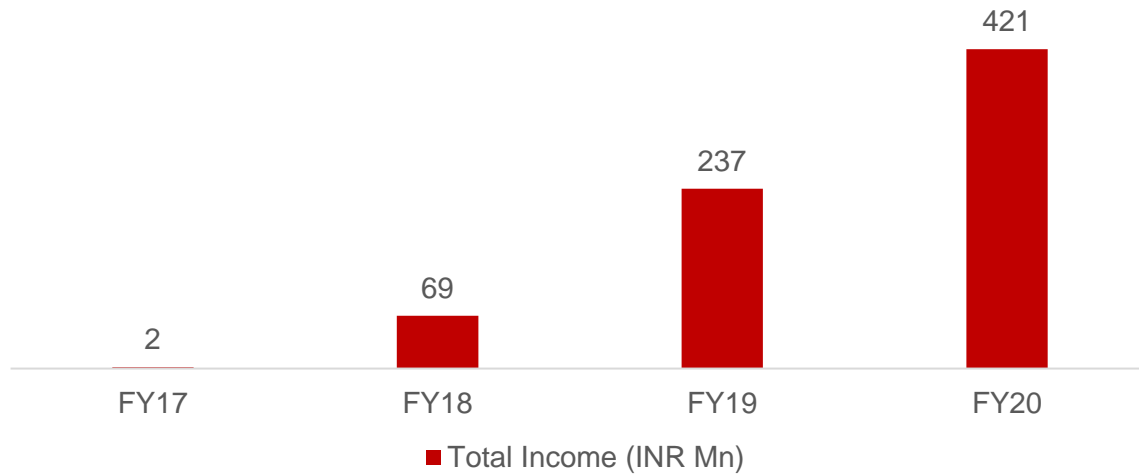


AUM Growth

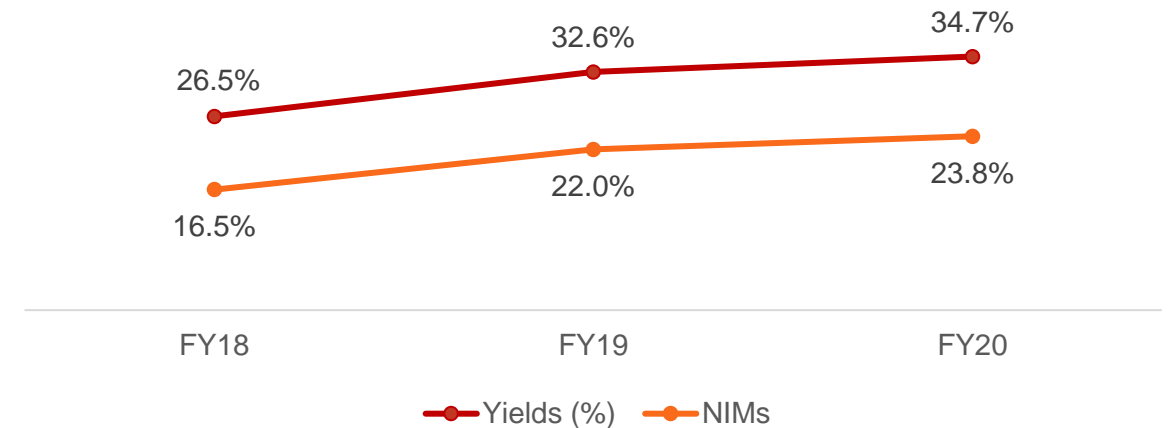
CAGR: 76%



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)