ARMAN FINANCIAL SERVICES LIMITED

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

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

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED ON MARCH 31, 2020

(Rs. In Lakhs except per share data)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Refer note 12	Unaudited	Refer note 12	Audited	Audited
1	**Income from operations**					
	a. Revenue from Operations					
	i. Interest Income	4,825.27	5,449.52	4,009.68	20,037.87	13,482.32
	ii. Gain on assignment of financial assets	450.33	-	-	450.33	-
	iii. Fees and Commision income	200.45	173.80	105.05	646.04	387.71
	iv. Net Gain on Fair Value Changes of Investment Marked To Market	5.45	27.37	-33.32	16.46	21.04
	Total revenue from Operations	**5,481.50**	**5,650.69**	**4,081.40**	**21,150.70**	**13,891.07**
	b. Other Income	73.19	53.26	51.91	364.00	67.19
	Total Income	**5,554.69**	**5,703.95**	**4,133.31**	**21,514.70**	**13,958.26**
2	**Expenses**					
	a. Finance cost	2,488.61	2,129.32	1,881.18	8,759.37	5,833.69
	b. Impairment losses on financial assets	1,193.14	436.50	241.32	2,000.85	651.44
	c. Employees benefits expense	1,062.74	901.61	722.25	3,645.68	2,564.22
	d. Depreciation and amortisation expense	21.02	20.50	11.03	79.84	48.44
	e. Other expenses	493.64	403.99	409.97	1,651.35	1,237.58
	Total Expenses	**5,259.14**	**3,891.93**	**3,265.76**	**16,137.08**	**10,335.37**
3	**Profit / (Loss) before an Exceptional and Tax (1-2)**	**295.55**	**1,812.02**	**867.55**	**5,377.62**	**3,622.89**
4	Exceptional Items	-	-	-	-	-
5	**Profit / (Loss) before Tax (3 - 4)**	**295.55**	**1,812.02**	**867.55**	**5,377.62**	**3,622.89**
6	**Tax Expense (net)**					
	- Current tax	80.98	515.97	283.70	1,423.40	977.10
	- Short / (excess) Provision of Income Tax of earlier years	(2.78)	-	26.35	(2.78)	26.35
	- Deffered tax liability / (asset)	(163.20)	(60.16)	(160.04)	(195.00)	(23.74)
	Net Tax Expenses	**(85.00)**	**455.81**	**150.02**	**1,225.61**	**979.72**
7	**Profit for the period / year from continuing operations (5-6)**	**380.55**	**1,356.22**	**717.53**	**4,152.00**	**2,643.17**
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)**	**380.55**	**1,356.22**	**717.53**	**4,152.00**	**2,643.17**
12	**Other comprehensive income / (loss)**					
	(a) (i) Items that will not be reclassified to profit and loss					
	- Remeasurement of Defined Benefit Obligations	(6.61)	(1.68)	(0.92)	(11.67)	(6.74)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	1.64	0.43	0.36	2.94	1.96
	Sub Total (a)	**(4.97)**	**(1.25)**	**(0.56)**	**(8.73)**	**(4.78)**
	(b) (i) Items that will be reclassified to profit and loss					
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	70.14	20.09	(23.43)	85.68	(90.85)
	(ii) Income tax relating to items that will be reclassified to profit and loss	(20.30)	(5.15)	7.32	(24.29)	26.26
	Sub Total (b)	**49.84**	**14.94**	**(16.11)**	**61.40**	**(64.59)**
	Net Other comprehensive income / (loss) (a)+(b)	**44.87**	**13.68**	**(16.67)**	**52.67**	**(69.36)**
13	**Total Comprehensive Income**	**425.42**	**1,369.90**	**700.86**	**4,204.67**	**2,573.81**
	Paid up Equity Share capital (face value of Rs. 10/-)	**845.09**	**845.01**	**695.23**	**845.09**	**695.23**
14	**Earnings per share (of Rs. 10/- Each)(Not Annualised)**					
	(a) Basic EPS	5.11	16.45	10.34	55.80	38.09
	(b) Diluted EPS	5.09	16.38	8.32	55.54	30.72

SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Notes

1 The unaudited consolidated financial results of the Company and its subsidiary (collectively referred to as the 'Group') have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act 2013 [the 'Act']. The Group has adopted Ind AS from 1 April 2019 with effective transition date of 1 April 2018 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - Interim Financial Reporting, prescribed under section 133 of the Act and the other accounting principles generally accepted in India.

This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by Reserve Bank of India ('RBI') and other generally accepted accounting principles in India (collectively referred to as the 'Previous GMP'). Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2018 and the corresponding adjustments pertaining to comparative previous quarter as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

These audited consolidated financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at 31 March 2020 based on the Press Release issued by the Ministry of Corporate Affairs ('MCA') on 18 January 2016. Any application guidance / clarifications directions Issued by RBI or other regulators are Implemented as and when they are Issued / applicable.

2 The figures have been presented in accordance with the format precribed for the financial statements for a Non-Banking Fmance Company ("NBFC") whose financial statementsare drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015, in Division III of Notificatton dated 11 octcober 2018 issued by the Ministry of Corporate Affairs, Government of India

3 As required by Ind AS 101, the profit reconciliation between the figures previously reported under Previous GAAP and restated as per Ind AS is as under:

Tax Effects on Above Adjustments	Year Ended 31.03.2019	Year Ended 31.03.2019
Profit after tax as reported under previous GAAP	**548.37**	**2,133.32**
Adjustments resulting In Increase/(decrease) In profit after tax as reported under Previous GAAP		
i) Impact on On recognition of financial liabilities at amortised cost by application of Effective Interest Rate method	12.01	114.93
ii) Impact on On recognition of other financial Assets at amortised cost by application of Effective Interest Rate method	(112.58)	(217.83)
iii) Impact on recognition of ECL on Advances	(0.16)	185.25
iv) Impact on Employee stock options at Fair Value Method	72.58	65.63
v) Fair value Impact of Compulsory Convertible Debentures	98.84	387.13
vi) Impact Due to Rerecognition of Securitized portfolio on not qualifying Criteria of Ind AS 32	16.51	16.51
vii) Remeasurement of Defined Benefit Obligations	0.92	6.74
viii) Tax Effects on Above Adjustments	81.03	(48.51)
Profit after tax as reported under Ind AS (A)	**717.53**	**2,643.18**
Other Comprehensive Income /(loss) (net of tax)		
i) Fair Value change on Advances	60.68	(6.74)
ii) Tax Effects on Above Adjustments	(16.97)	1.96
iii) Remeasurement of Defined Benefit Obligations	(85.02)	(90.85)
iv) Tax Effects on Above Adjustments	24.65	26.26
Total Other Comprehensive Income / (loss) (net of tax) (B)	**(16.66)**	**(69.36)**
Total Comprehensive Income as reported under Ind AS (A+B)	**700.87**	**2,573.81**

Particulars	**31-03-19**
Equity Reported under previous GAAP	**7,922.06**
Impact on recognition of financial Assets & Liabilities at Amortized cost by application of Effective Interest Rate Method	(185.33)
Impact on application of Expected Credit Loss method for Loan Loss Provision	(187.20)
Impact on Re Recognition of sell out Portfolio as it is not qualifying for Derecognition	16.51
Employee Benefits (Share Based Payment)	(43.39)
Fair Valuation of Investment in Mutual Funds	61.48
Recognition of Compound Financial Instrument as Financial Asset & Financial Liabilities	4,792.28
Tax Impact on Above Adjustments	(6.24)
Other Comprhensive Income/ (Loss)	
Fair Value Through OCI	(68.84)
Tax impact on Above	20.05
Equity as per IND AS	**12,321.37**

SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

FINANCIAL SERVICES LIMITED AHMEDABAD

4 The audited consolidated financial results for the quarter and year ended 31 March 2020 along with restated comparative period have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 29th June 2020.

5 During the Year Ended on March 31, 2020, the Company has allotted 18,90,417 ordinary equity shares of Rs. 10/- each pursuant to conversion of Compulsorily Convertible Debentures (CCDs) into equity shares on October 11, 2019. Further, the Company has allotted 7,82,908 equity shares of Rs. 10/- each against extinguishment of 12,04,474 Class "A" ordinary equity shares (DVRs) of Rs. 10/- each pursuant approval of scheme of arrangement by Hon'ble NCLT vide it's order dated November 18, 2019.

6 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant slowdown in economic activity and volatility in the global and Indian financial markets. The Government of India announced nation-wide lockdown on March 24, 2020 till April 14, 2020 with subsequent extension till 31st May 2020 to contain the spread of virus. The lockdown has led to significant disruptions, impacting company's regular operations, including disbursements and collections activities due to inability of employees to physically reach out to the borrowers. The company's major operations are in rural parts of India where the impact of COVID-19 has been relatively less. The government has announced series of relief packages for rural India. This is expected to support the rural borrower's repayment capacity. The relaxations announced in the lockdown since June 1, 2020 has helped the company's employees to contact the borrowers and resume business activities.

7 Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020 allowing the lending institutions to offer moratorium to certain class of borrowers on instalments falling due between march 1, 2020 to August 31, 2020. The company has extended / will be extending moratorium to its borrowers in accordance with its board approved policy. In managements view providing moratorium to the borrowers at a large scale based on RBIs directives by itself is not considered to result in a significant increase in the credit risk (SICR) for such borrowers. Further considering the unique and widespread impact of COVID-19 the management has estimated the expected credit loss in its provisions, based on the information available at this point of time.

Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates, 1950.94 lakh (as at 31 March 2019, Rs. 800.28 lakhs which includes potential impact on account of the pandemic of Rs 667.71 lakhs. Based on the current indicators of future economic conditions. the Management considers this provision to be adequate.

These estimates are based on the early indicators that are subject to uncertainty and severity and duration of the pandemic. Given these circumstances the business and financial metrics, including the expected credit losses could be different from that estimated by the management.

8 In terms of the requirement as per RBI notification no. RBI /2019-20/170 DOR (NBFCJ.CC.PD.No.109/22.10. 106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards. Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition asset classification and provisioning IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning). As at 31 March 2020 and accordingly, no amount is required to be transferred to encashment reserve.

9 The Company has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation laws (Amendment) Ordinance, 2019 from the current financial year. Accordingly, the provision for income tax and deferred tax balances have been recorded/remeasured using the new tax rate and the resultant impact is recognised during the year. Pursuant to the selection of this option, the Company has reversed deferred tax assets amounting to Rs. 26.10 lakhs due to reduction in corporate tax rate.

10 The Group has adopted Ind AS 116 "Leases" effective April 01, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 using modified restrospective method. The adoption of this standard did not have any material impact on the profit of the current quarter.

11 the Chief Operating Decision Maker ("CODM") reviews the operations at company level. The Company is engaged primarily on the business of "Financing Activities" only, which is considered to be the only reportable segment in accordance with the provisions of the Ind AS 108 – Operating Segments.

12 Figures for the quarter ended 31st March, 2020 and 31st March, 2019 are the balacing figures between audited figures for the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years.

13 Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

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

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Date: 29.06.2020
Place: Ahmedabad

Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814

SAMIR M. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED

Consolidated Balance Sheet as at 31st March, 2020

(Rs. in Lakhs)

	Particulars	31st March, 2020	31st March, 2019	1st April, 2018
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	5,842.09	3,832.02	798.02
(b)	Bank Balance other than (a) above	3,841.60	3,021.92	2,137.89
(c)	Loans	77,849.33	67,044.82	41,261.24
(d)	Investments	325.90	331.64	310.59
(e)	Other Financial assets	748.47	451.89	494.58
(2)	**Non-financial Assets**			
(a)	Current tax assets (Net)	50.30	-	-
(b)	Deferred tax Assets (Net)	478.68	192.30	253.07
(c)	Property, Plant and Equipment	352.93	325.03	259.13
(d)	Other Intangible assets	17.69	25.88	22.39
(e)	Right of Use Assets	73.93	-	-
(f)	Other non-financial assets	35.52	59.18	34.08
	Total Assets	**89,616.46**	**75,284.67**	**45,570.98**
	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	78.00	96.91	26.57
(b)	Debt Securities	10,570.98	6,686.27	3,302.26
(c)	Borrowings (Other than Debt Securities)	57,705.63	53,016.85	34,551.52
(d)	Subordinated Liabilities	1,500.00	1,500.00	1,500.00
(e)	Other financial liabilities	2,332.66	1,186.88	576.82
(2)	**Non-Financial Liabilities**			
(a)	Provisions	79.98	46.88	26.42
(b)	Current Tax Liabilities (Net)	-	293.55	52.32
(c)	Other non-financial liabilities	126.68	135.96	69.47
(3)	**EQUITY**			
(a)	Equity Share capital	845.09	695.23	692.47
(b)	Other Equity	16,377.44	11,626.14	4,773.12
	Total Liabilities and Equity	**89,616.46**	**75,284.67**	**45,570.98**

SAMIR M. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

ARMAN FINANCIAL SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs)

PARTICULARS	31-Mar-20		31-Mar-19	
Cash from Operating Activities:				
Net profit before taxation		**5,377.61**		**3,622.89**
Adjustment For:				
Depreciation and amortisation	79.84		48.44	
Interest Income	(20,037.87)		(13,482.32)	
Net gain on equity instruments measured through profit and loss	(16.46)		(21.04)	
Finance cost Expense	8,748.57		5,779.79	
Provision for impairment on financial assets	1,150.66		19.03	
(Profit) / loss on sale of property, plant and equipment	-		(6.26)	
Loss / (Profit) on sale of Current Investment	(252.45)		(48.62)	
Remeaurement of define benefit plan	(11.67)		(6.74)	
Employee Stock Option Plan Expense	26.46		59.22	
Interest on shortfall of advance Tax	10.80		53.90	
		(10,302.12)		(7,604.60)
Operating profit before working Capital changes :		**(4,924.50)**		**(3,981.70)**
Adjustment For Increase/(Decrease) in Operating Assets:				
Loans and Advances	(11,852.89)		(24,767.45)	
Financial Assets	(216.97)		33.87	
Non Financial Assets	1.08		(14.16)	
Bank balance other than Cash and Cash equivalents	(819.68)		(884.04)	
Adjustment For Increase/(Decrease) in Operating Liabilities:				
Trade Payables	(18.91)		70.34	
Other Non Financial liability	(9.28)		66.48	
Other Financial Liabilities	669.73		485.49	
Provision	33.10		20.46	
		(12,213.81)		(24,989.01)
Cash Generated From Operations		**(17,138.31)**		**(28,970.71)**
Interest Income Received	19,980.84		13,480.21	
Finance Cost Paid	(8,612.26)		(5,769.03)	
Income tax paid	(1,775.28)	9,593.31	(816.12)	6,895.05
Net Cash From Operating Activities:		**(7,545.00)**		**(22,075.66)**
Cash Flow From Investing Activities:				
Purchase of Property, Plant & Equipment	(84.77)		(176.76)	
Purchase of Current investments	(55,290.00)		(17,050.00)	
Proceeds from Sale/redemption of investments	55,564.64		17,098.62	
Sale of Property, Plant & Equipment	-		65.18	
Net Cash from Investment Activities:		**189.87**		**(62.95)**
Cash Flow From Financing Activities :				
Proceeds from issue of share capital	14.87		13.82	
Dividend paid	(115.70)		(84.61)	
Share Issue Expense	(11.48)		-	
Proceeds from long term borrowings	54,204.63		42,363.74	
Repayment of borrowings	(42,776.14)		(15,035.54)	
Net increase / (decrease) in working capital borrowings	(1,941.07)		(2,084.80)	
Repayment of Principal Component of Lease Liability	(9.91)		-	
Net Cash from Financing Activities:		**9,365.21**		**25,172.62**
Net Increase in Cash & Cash Equivalents		**2,010.08**		**3,034.00**
Cash & cash equivalents at the beginning		3,832.17		798.17
Cash & cash equivalents at the end		**5,842.24**		**3,832.17**

AHMEDABAD

FINANCIAL SERVICES AHMEDABAD

Samir M. Shah & Associates

Samir M. Shah& Associates, Chartered Accountants
Corporate House : "Heaven" 8, Western Park Society, Nr. Inductotherm, Bopal, Ahmedabad, Gujarat - 380 058 (India)
Phone No +91-7622012032

Admin Office : B-516, Gopal Palace, Nr. Shiromani Flats, Opp. Ocean Park, Satellite Road, Ambawadi, Ahmedabad, Gujarat - 380 015 (India)
E-Mail : samir@smshah.co.in
URL : www.smshah.co.in

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

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

Opinion

1. We have audited the accompanying consolidated annual financial results of **Arman Financial Services Limited** (hereinafter referred to as the 'Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as the 'Group'), for the year ended 31 March 2020, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)Regulations, 2015, as amended (the 'Listing Regulations'). In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate audited consolidated financial statements of the subsidiary, the aforesaid consolidated annual financial results:

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate audited financial statements of the subsidiary, the aforesaid consolidated annual financial results:

   a. include the annual financial results of the following entities:

      Namra Finance Limited (Subsidiary Company)

   b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and

   c. gives a true and fair view in conformity with applicable Indian accounting standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the net profit and total comprehensive income and other financial information of the group for the year ended March 31st, 2020.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Companies Act, 2013 (the 'Act'). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Emphasis of Matter

4. As described in Note 6 to the Consolidated Financial Results, the extent to which the COVID-19 pandemic will impact the group's financial performance is dependent on future developments, which are highly uncertain.

   As described in Note 7 to the Consolidated annual financial results, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India COVID-19 Regulatory Package.

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

Management's Responsibilities for the Consolidated Financial Results

5. These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

   The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit / loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by Management and the Directors of the Holding Company, as aforesaid.

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

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

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

6. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Results.

   As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Consolidated Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statement, including the disclosures, and whether the Consolidated Financial Statement represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial results of the entities within the Group to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated annual financial results of which we are the independent auditors. For the other entity included in the consolidated annual financial results, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Our responsibilities in this regard are further described in para (7) of the section titled 'Other Matters' in this audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 issued by the Securities and Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matters

7.1. The consolidated annual financial results include the audited financial results of a subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 66,465.26 lakhs as at 31 March 2020, total revenue (before consolidation adjustments) of Rs. 14,585.38 lakhs, total net profit after tax (before consolidation adjustments) of Rs. 2,519.54 lakhs and net cash inflow of Rs. 2436.65 lakhs for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by its independent auditor. The independent auditor's report on the financial statements of this entity has been furnished to us by Management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditor and the procedures performed by us are as stated in the paragraph above.

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

7.2. The statement includes the results for three month ended 31st March 2020 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the nine months of the current financial year which were subject to limited review by us.

For, Samir M Shah & Associates
Chartered Accountants
(Firm Regd. No: 122377W)

SAMIR M. SHAH & ASSOCIATES
PARTNER
FRN
122377W
CHARTERED ACCOUNTANTS

Place: **Ahmedabad**
Date: **29th June, 2020**

(Samir M Shah)
Partner
(M.No.111052)
(UDIN: 20111052AAAAIS7661)

ARMAN FINANCIAL SERVICES LIMITED

Reg. off: 502-503, SAKAR III, OPP. OLD HIGH COURT, AHMEDABAD-380014 GUJARAT
CIN:L55910GJ1992PLC018623 Ph-079-40507000; E-mail: finance@armanindia.com; Website: www.armanindia.com

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED ON MARCH 31, 2020

(Rs. In Lakhs except per share data)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Refer Note-13	Unaudited	Refer Note-13	Audited	Audited
1	**Income from operations**					
	a. Revenue from Operations					
	i. Interest Income	1,472.90	1,828.14	1,381.20	6,537.65	4,660.15
	ii. Gain on Assignment of Financial Assets	173.66	-	-	173.66	-
	Total revenue from Operations	**1,646.57**	**1,828.14**	**1,381.20**	**6,711.31**	**4,660.15**
	b. Other Income	68.38	72.48	47.64	298.86	177.69
	Total Income	**1,714.95**	**1,900.62**	**1,428.85**	**7,010.17**	**4,837.85**
2	**Expenses**					
	a. Finance cost	605.10	562.44	531.59	2,202.74	1,569.32
	b. Impairment on Financial Assets	408.96	149.03	73.04	668.79	280.49
	c. Employees benefits expense	362.03	339.81	275.24	1,323.12	945.70
	d. Depreciation and amortisation expense	2.83	2.92	2.09	11.15	10.99
	e. Other expenses	154.93	138.99	173.88	521.76	463.70
	Total Expenses	**1,533.85**	**1,193.20**	**1,055.83**	**4,727.56**	**3,270.19**
3	**Profit / (Loss) before an Exceptional and Tax (1-2)**	**181.10**	**707.42**	**373.02**	**2,282.62**	**1,567.66**
4	Exceptional Items	-	-	-	-	-
5	**Profit / (Loss) before Tax (3 - 4)**	**181.10**	**707.42**	**373.02**	**2,282.62**	**1,567.66**
6	**Tax Expense (net)**					
	- Current tax	31.09	188.47	85.85	516.10	297.10
	- Short / (excess) Provision of Income Tax of earlier years	0.78	-	26.35	0.78	26.35
	- Deffered tax liability / (asset)	(66.12)	(24.52)	(86.27)	(58.04)	8.60
	Net Tax Expenses	**(34.25)**	**163.95**	**25.94**	**458.85**	**332.05**
7	**Profit for the period / year from continuing operations (5-6)**	**215.35**	**543.47**	**347.08**	**1,823.77**	**1,235.60**
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)**	**215.35**	**543.47**	**347.08**	**1,823.77**	**1,235.60**
12	**Other comprehensive income / (loss)**					
	(a) (i) Items that will not be reclassified to profit and loss					
	- Remeasurement of Defined Benefit Obligations	(1.80)	(1.03)	3.12	(4.87)	(4.09)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.44	0.27	(0.81)	1.23	1.19
	Sub Total (a)	**(1.36)**	**(0.76)**	**2.31**	**(3.64)**	**(2.90)**
	(b) (i) Items that will be reclassified to profit and loss					
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	40.04	27.41	17.69	46.05	(35.79)
	(ii) Income tax relating to items that will be reclassified to profit and loss	(11.27)	(7.02)	(4.52)	(12.81)	10.36
	Sub Total (b)	**28.77**	**20.39**	**13.17**	**33.24**	**(25.43)**
	Net Other comprehensive income / (loss) (a)+(b)	**27.40**	**19.63**	**15.48**	**29.59**	**(28.33)**
13	**Total Comprehensive Income**	**242.75**	**563.10**	**362.55**	**1,853.36**	**1,207.27**
	Paid up Equity Share capital (face value of Rs. 10/-)	**845.09**	**845.01**	**695.23**	**845.09**	**695.23**
14	**Earnings per share (of Rs. 10/- Each)(Not Annualised)**					
	(a) Basic EPS	2.89	6.59	5.00	24.51	17.81
	(b) Diluted EPS	2.88	6.56	4.13	24.39	14.78

SAMIR M. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Notes

1 The audited standalone financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act 2013 [the 'Act']. The Company has adopted Ind AS from 1 April 2019 with effective transition date of 1 April 2018 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - Interim Financial Reporting, prescribed under section 133 of the Act and the other accounting principles generally accepted in India.

This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by Reserve Bank of India ('RBI') and other generally accepted accounting principles in India (collectively referred to as the 'Previous GMP'). Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2018 and the corresponding adjustments pertaining to comparative previous quarter as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

These audited standalone financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at 31 March 2020 based on the Press Release issued by the Ministry of Corporate Affairs ('MCA') on 18 January 2016. Any application guidance / clarifications directions Issued by RBI or other regulators are implemented as and when they are issued / applicable.

2 The figures have been presented in accordance with the format precribed for the financial statements for a Non-Banking Fmance Company ("NBFC") whose financial statementsare drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015, in Division III of Notificatton dated 11 octcober 2018 issued by the Ministry of Corporate Affairs, Government of India.

3 As required by Ind AS 101, the profit reconciliation between the figures previously reported under Previous GAAP and restated as per Ind AS is as under:

Description	Quarter Ended 31.03.2019	Year Ended 31.03.2019
Profit after tax as reported under previous GAAP	**133.51**	**637.87**
Adjustments resulting In Increase/(decrease) In profit after tax as reported under Previous GAAP		
i) Impact on On recognition of financial liabilities at amortised cost by application of Effective Interest Rate method	12.97	75.97
ii) Impact on On recognition of other financial Assets at amortised cost by application of Effective Interest Rate method	(46.95)	(23.99)
iii) Impact on recognition of ECL on Advances	3.25	(6.30)
iv) Impact on Employee stock options at Fair Value Method	34.13	26.58
v) Fair value Impact of Compulsory Convertible Debentures	98.84	387.13
vi) Impact due to fair valuation of Financial Guarantee	45.34	160.13
vii) Defined Benefit Obligation Through OCI	(3.12)	4.09
viii) Impact Due to Rerecognition of Securitized portfolio on not qualifying Criteria of Ind AS 32	1.35	1.35
ix) Tax Effects on Above Adjustments	67.75	(27.23)
Profit after tax as reported under Ind AS (A)	**347.08**	**1,235.60**
Other Comprehensive Income / (loss) (net of tax)		
- Remeasurement of Defined Benefit Obligations	3.12	(4.09)
- Tax Impact on Above	(0.81)	1.19
- Fair Value change on Advances	17.69	(35.79)
- Tax Impact on Above	(4.52)	10.36
Total Other Comprehensive Income I (loss) (net of tax) (B)	**15.48**	**(28.33)**
Total Comprehensive Income as reported under Ind AS (A+B)	**362.55**	**1,207.27**

Particulars	31.03.2019
Equity Reported under previous GAAP	**4,756.71**
Impact on recognition of financial Assets & Liabilities at Amortized cost by application of Effective Interest Rate Method	129.24
Impact on application of Expected Credit Loss method for Loan Loss Provision	(155.87)
impact on Re Recognition of sell out Portfolio as it is not qualifying for Derecognition	1.35
Employee Benefits (Share Based Payment)	(43.39)
Financial Guarantee To Subsidiary	218.58
Recognition of Compound Financial Instrument as Financial Asset & Financial Liabilities	4,792.28
Tax Impact on Above Adjustments	(96.28)
Other Comphrensive Income/ (Loss)	
Fair Value Through OCI	(30.91)
Tax impact on Above	9.00
Equity as per IND AS	**9,580.72**

SAMIR M. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

4 The audited standalone financial results for the quarter and year ended 31 March 2020 along with restated comparative period have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 29th June 2020.

5 During the year ended March 31, 2020 the Company has made an investment of Rs. 990 lakhs in Namra Finance Limited (WOS), by subscribing 30,00,000 Equity shares of 10/- each at a issue price of Rs. 33/- per share.

6 During the Year Ended on March 31, 2020, the Company has allotted 18,90,417 ordinary equity shares of Rs. 10/- each pursuant to conversion of Compulsorily Convertible Debentures (CCDs) into equity shares on October 11, 2019. Further, the Company has allotted 7,82,908 equity shares of Rs. 10/- each against extinguishment of 12,04,474 Class "A" ordinary equity shares (DVRs) of Rs. 10/- each pursuant approval of scheme of arrangement by Hon'ble NCLT vide it's order dated November 18, 2019.

7 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant slowdown in economic activity and volatility in the global and Indian financial markets. The Government of India announced nation-wide lockdown on March 24, 2020 till April 14, 2020 with subsequent extension till 31st May 2020 to contain the spread of virus. The lockdown has led to significant disruptions, impacting company's regular operations, including disbursements and collections activities due to inability of employees to physically reach out to the borrowers. The company's major operations are in rural parts of India where the impact of COVID-19 has been relatively less. The government has announced series of relief packages for rural India. This is expected to support the rural borrower's repayment capacity. The relaxations announced in the lockdown since June 1, 2020 has helped the company's employees to contact the borrowers and resume business activities.

8 Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020 allowing the lending institutions to offer moratorium to certain class of borrowers on instalments falling due between march 1, 2020 to August 31, 2020. The company has extended / will be extending moratorium to its borrowers in accordance with its board approved policy. In managements view providing moratorium to the borrowers at a large scale based on RBIs directives by itself is not considered to result in a significant increase in the credit risk (SICR) for such borrowers. Further considering the unique and widespread impact of COVID-19 the management has estimated the expected credit loss in its provisions, based on the information available at this point of time.
Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates, 611.10 lakhs (as at 31 March 2019, Rs. 276.94 lakh) which includes potential impact on account of the pandemic of Rs 214.72 lakh. Based on the current indicators of future economic conditions. the Management considers this provision to be adequate.
These estimates are based on the early indicators that are subject to uncertainty and severity and duration of the pandemic. Given these circumstances the business and financial metrics, including the expected credit losses could be different from that estimated by the management.

9 In terms of the requirement as per RBI notification no. RBI /2019-20/170 DOR (NBFCJ.CC.PD.No.109/22.10. 106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards. Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition asset classification and provisioning IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning). As at 31 March 2020 and accordingly, no amount is required to be transferred to encashment reserve.

10 The Company has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation laws (Amendment) Ordinance, 2019 from the current financial year. Accordingly, the provision for income tax and deferred tax balances have been recorded/remeasured using the new tax rate and the resultant impact is recognised during the year. Pursuant to the selection of this option, the Company has reversed deferred tax Liabilities amounting to Rs. 7.15 lakhs due to reduction in corporate tax rate.

11 The Company has adopted Ind AS 116 "Leases" effective April 01, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 using modified restrospective method. The adoption of this standard did not have any material impact on the profit of the current quarter.

12 The Chief Operating Decision Maker ("CODM") reviews the operations at company level. The Company is engaged primarily on the business of "Financing Activities" only, which is considered to be the only reportable segment in accordance with the provisions of the Ind AS 108 – Operating Segments.

13 Figures for the quarter ended 31st March, 2020 and 31st March, 2019 are the balacing figures between audited figures for the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years.

14 Figures of previous reporting periods have been regrouped/ reclassified wherever necessary to correspond with the figures of the current reporting period.

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

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814

Date: 29.06.2020
Place: Ahmedabad

SAMIR M. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED

Standalone Balance Sheet as at 31st March, 2020

(Rs. In lakhs)

	Particulars	31st March, 2020	31st March, 2019	1st April, 2018
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	34.15	460.73	33.88
(b)	Bank Balance other than (a) above	561.29	739.88	646.57
(c)	Loans	22,314.24	19,788.15	11,010.16
(d)	Investments	6,236.69	5,109.17	2,339.69
(e)	Other Financial assets	232.66	143.69	155.13
(2)	**Non-financial Assets**			
(a)	Current tax assets (Net)	130.63	47.40	104.73
(b)	Deferred tax Assets (Net)	106.49	-	57.08
(c)	Property, Plant and Equipment	82.31	77.13	140.99
(d)	Other Intangible assets	0.81	2.13	3.66
(e)	Other non-financial assets	20.44	21.19	16.31
	Total Assets	**29,719.68**	**26,389.46**	**14,508.19**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Debt Securities	6,453.90	3,369.08	-
(b)	Borrowings (Other than Debt Securities)	10,118.97	12,367.05	9,608.58
(c)	Subordinated Liabilities	500.00	500.00	500.00
(d)	Other financial liabilities	498.07	422.29	270.93
(2)	**Non-Financial Liabilities**			
(a)	Provisions	35.21	22.84	14.18
(b)	Deferred Tax Liabilities (Net)	-	52.70	-
(c)	Other non-financial liabilities	39.86	74.78	23.03
(3)	**EQUITY**			
(a)	Equity Share capital	845.09	695.23	692.47
(b)	Other Equity	11,228.60	8,885.49	3,399.01
	Total Liabilities and Equity	**29,719.68**	**26,389.46**	**14,508.19**

SAMIR M. SHAH & ASSOCIATES
AHMEDABAD
CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED
AHMEDABAD

ARMAN FINANCIAL SERVICES LIMITED

STANDLAONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Lakhs)

	PARTICULARS	31-Mar-20		31-Mar-19	
A:	**Cash from Operating Activities:**				
	Net profit before taxation		2,282.62		1,567.66
	Adjustment For:				
	Depreciation and amortisation	11.15		10.99	
	Interest Income	(6,537.65)		(4,660.15)	
	Finance cost Expense	2,195.44		1,553.42	
	Provision for impairment on financial assets	334.15		40.73	
	(Profit) / loss on sale of property, plant and equipment			(6.31)	
	Remeaurement of define benefit plan	(4.87)		(4.09)	
	Employee Stock Option Plan Expense	17.56		29.88	
	Interest on shortfall of advance Tax	7.30		15.90	
	Financial Gaurantee Income	(191.32)		(160.13)	
			(4,168.25)		(3,179.77)
	Operating profit before working Capital changes :		**(1,885.63)**		**(1,612.11)**
	Adjustment For Increase/(Decrease) in Operating Assets:				
	Loans and Advances	(2,814.19)		(8,854.52)	
	Financial Assets	(71.49)		12.54	
	Non Financial Assets	(4.58)		1.05	
	Bank balance other than Cash and Cash equivalents	178.59		(93.31)	
	Adjustment For Increase/(Decrease) in Operating Liabilities:				
	Other Non Financial liability	(34.92)		51.76	
	Other Financial Liabilities	37.74		99.99	
	Provision	12.37	**(2,696.48)**	8.66	**(8,773.84)**
	Cash Generated From Operations		**(4,582.11)**		**(10,385.95)**
	Interest Income Received	6,525.50		4,653.12	
	Finance Cost Paid	(2,136.84)		(1,576.90)	
	Income tax paid	(607.41)	3,781.24	(282.02)	2,794.20
	Net Cash From Operating Activities:		**(800.87)**		**(7,591.74)**
B:	**Cash Flow From Investing Activities:**				
	Purchase of Property, Plant & Equipment	(15.00)		(4.28)	
	Purchase of investments	(990.00)		(2,580.00)	
	Sale of Property, Plant & Equipment	-		65.00	
	Net Cash from Investment Activities:		**(1,005.00)**		**(2,519.28)**
C:	**Cash Flow From Financing Activities :**				
	Proceeds from issue of share capital	14.87		13.82	
	Dividend paid	(115.70)		(84.61)	
	Share Issue Expense	(5.67)		-	
	Proceeds from long term borrowings	9,789.79		17,273.39	
	Repayment of borrowings	(6,925.56)		(5,256.65)	
	Net increase / (decrease) in working capital borrowings	(1,378.44)		(1,408.07)	
	Net Cash from Financing Activities:		**1,379.29**		**10,537.88**
	Net Increase in Cash & Cash Equivalents		**(426.58)**		**426.85**
	Cash & cash equivalents at the beginning		460.73		33.88
	Cash & cash equivalents at the end		**34.15**		**460.73**

SAMIR M. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Samir M. Shah & Associates

Samir M. Shah& Associates, Chartered Accountants
Corporate House : "Heaven" 8, Western Park Society, Nr. Inductotherm, Bopal, Ahmedabad, Gujarat - 380 058 (India)
Phone No. +91-7622012032

Admin Office : B-516, Gopal Palace, Nr. Shiromani Flats, Opp. Ocean Park, Satellite Road, Ambawadi, Ahmedabad, Gujarat - 380 015 (India)
E-Mail : samir@smshah.co.in
URL : www.smshah.co.in

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

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

Opinion

1. We have audited the accompanying Statement of Standalone Financial Result of **Arman Financial Services Limited** (the 'Company') for the year ended March 31, 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 ("the Listing Regulations").

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

   a. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and

   b. gives a true and fair view in conformity with applicable Indian accounting standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the net profit and total comprehensive income and other financial information of the Company for the year ended March 31st, 2020.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Results.

Emphasis of Matter

3. As described in Note 7 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

   As described in Note 8 to the standalone annual financial results, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India COVID-19 Regulatory Package.

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

Management's Responsibilities for the Standalone Financial Results

4. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited Standalone Financial Statements. The Company's Board of Directors are responsible for the preparation and presentation of the Standalone Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company in accordance with Indian accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, as amended.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

5. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Results.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statement, including the disclosures, and whether the Standalone Financial Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

6. The statement includes the results for three month ended 31st March 2020 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the nine months of the current financial year which were subject to limited review by us.

For, Samir M Shah & Associates
Chartered Accountants
(Firm Regd. No: 122377W)

SAMIR M. SHAH & ASSOCIATES
PARTNER
FRN
122377W
CHARTERED ACCOUNTANTS

Place: Ahmedabad
Date: 29th June, 2020

(Samir M Shah)
Partner
(M.No.111052)
(UDIN: 20111052AAAAIR8785)

Arman Financial Services Ltd.

Arman Financial Reports Highest Ever Annual Profit After Tax of ₹ 41.5 Crores in FY20

Consolidated AUM grows to ₹ 860 Crores; up 26% Y-o-Y

Ahmedabad, India, 29 June 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 fourth quarter and full year ended 31st March 2020.

Particulars (In ₹ Crores)	Q4 FY20	Q4 FY19	YoY%	FY20	FY19	YoY%
Assets Under Management (AUM)	**859.9**	**684.8**	**26%**	**859.9**	**684.8**	**26%**
Total Disbursement	229.2	220.5	4%	873.6	783.6	12%
Gross Total Income	55.5	41.3	34%	215.1	139.6	54%
Pre-Provisioning Operating Profit	**14.9**	**11.1**	**34%**	**73.8**	**42.7**	**73%**
Total Provisioning & Write-Offs	11.9	2.4	396%	20.0	6.5	207%
Provisioning & Write-Offs *	5.2	2.4	117%	13.3	6.5	105%
Addl. COVID Specific Provisioning	6.7	-	-	6.7	-	-
Profit After Tax	**3.8**	**7.2**	**(47%)**	**41.5**	**26.4**	**57%**
Profit After Tax (Adj. for Covid Provision)	**10.5**	**7.2**	**46%**	**48.2**	**26.4**	**82%**
GNPA %	*1.1%*	*1.0%*	*6 bps*	*1.1%*	*1.0%*	*6 bps*
NNPA %	*0.2%*	*0.5%*	*(28 bps)*	*0.2%*	*0.5%*	*(28 bps)*
*RoE % ***	*8.9%*	*23.8%*	*(1489 bps)*	*28.1%*	*29.7%*	*(161 bps)*
RoE %** (Adj. for Covid Provisioning)	***24.7%***	***23.8%***	***84 bps***	***32.6%***	***29.7%***	***291 bps***

Note: * Provisioning & Write-offs also includes ₹ 3.9 crores for aggressive write-offs for Pre-Covid NPAs during Q4 FY20.
***** RoE figures have been computed a fully diluted equity base and annualized for Q4 FY20 & Q4 FY19***

Consolidated Financial Highlights – Q4 FY2020

- **Assets under management** as on 31 March 2020 stood at ₹ 860 crores (+26% YoY). Covid induced disruption in March led to a lower booking in AUM by ₹ ~75-80 crores. Adjusted for this the AUM growth would have been in the range of 35-40% YoY. *(AUM in Feb-20 was ₹ 890 crores – higher by 37% YoY vis-a-vis ₹ 650 crores in Feb-19)*
- **Disbursements** were marginally higher at ₹ 229.2 crores in Q4 compared to the same quarter in the previous year. Due to the Covid disruption in March, disbursements were only 20% of the targeted volumes as majority of disbursement occur in last week of the month. Adjusting for this, the growth in disbursements would have been 35-40% YoY. *(Disbursements for "Jan-Feb 2020" were higher by 33% YoY)*
- **Shareholders Equity** stood at ₹ 172.2 crores as on 31 March'20 (BVPS is ₹ 204)
- **Comfortable Leverage Position:** Debt-Equity Ratio as on 31 March'20 was 4.1x (excludes direct assignment)
- **Net Total Income** increased by 36% YoY to ₹ 30.7 crores up from ₹ 22.5 crores
- **Pre-Provisioning Operating Profit** rose by 34% YoY to ₹ 14.9 crores as against ₹ 11.1 crores, driven by strong growth in Net Total Income and efficient cost management
- **Provisions** during the quarter increased to ₹ 11.9 crores, as the company prudently created a 1) contingency provision of ₹ 6.7 crores on account of Covid, and further 2) took aggressive write-offs of ₹ 3.9 crores for pre-Covid NPAs
- **Profit after tax** stood lower at ₹ 3.8 crores. Adjusted for the contingency provision due to Covid - 1) PAT growth would have been 46% on YoY basis, and the 2) ROE would have been 24.7%
- **Asset quality continued to remain robust – Consolidated GNPA stood stable at 1.1%, and NNPA improved to 0.2%**
- **Total operational branches** as on 31 March 2020 stood at 211 (170 in MFI, 35 in MSME and 6 in 2W)

Consolidated Financial Highlights – FY2020

- **Net Total Income** increased by 57% YoY to ₹ 127.6 crores up from ₹ 81.2 crores
- **Pre-Provisioning Operating Profit** rose by 73% YoY to ₹ 73.8 crores compared to ₹ 42.7 crore

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Arman Financial Services Ltd.

- **Profit after tax** grew by 57% YoY to ₹ 41.5 crores despite the higher provisioning taken on account of Covid. Adjusted for the contingent Covid provisioning - 1) PAT growth would have been 82% YoY, and 2) ROE would have been 32.6%

Update on Liquidity

- Sufficient reserves to cover the 1) necessary operational expenses for the next 6 months, and 2) other immediate liabilities. The company did not seek any moratorium from lenders in March 2020 and received moratorium from most of its lenders in April & May 2020.
- Liquidity position has improved substantially in June driven by the pick-up in collections. As a result, for June, the company has repaid all obligations that were due and not applied for any moratorium.
- Successfully raised ₹ 160 crores in Q4 FY20, and ₹ 75 crores since the lockdown to bolster liquidity. ₹ 30 crores was received from NABARD and ₹ 35 crores received from SIDBI at very attractive rates of 7.1% and 7.0%, respectively.

Commenting on the company's performance in FY20, ***Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services*** *said, "Arman reported its highest ever annual net profit of ₹ 41.5 crores in FY20, despite facing multiple external and macro-economic challenges during the year. To deal with any potential deterioration in the asset quality in FY21, we have prudently earmarked ₹ 6.7 crores (0.8% of AUM) as contingent provision for Covid and further undertaken an aggressive write-off of ₹ 3.9 crores for the pre-Covid NPAs. A combination of sustained strong growth in the MFI and the MSME book, higher NIMs, and an improved cost-to-income ratio helped us to deliver a robust operating performance with the pre-provision operating profit rising by 73% to ₹ 73.8 crores. Further, the gross and net NPA levels have continued to remain low, and steady vis-à-vis FY19.*

Post the announcement of the nation-wide lockdown in March, we had temporarily closed all of our branches and suspended our operations. We gradually re-started our branch operations from May onwards, with the majority of the collection operations resuming post 1st June 2020. As of today, almost all of our branches are fully operational, with a few of them operating from different locations as they were originally located in containment zones. In-line with the broader microfinance industry, and as advised by SRO bodies like MFIN and Sa-Dhan, we extended moratorium to all our MFI and MSME customers for the months of April & May 2020. Meanwhile, in the 2W segment, we continued to accept collections in April & May, granting a moratorium to only the customers that specifically requested for it.

We have resumed our MFI and MSME collections from 1st June onwards, and so far, we have received very encouraging response as a majority of our customers have repaid their dues for the month of June and have not requested for any further moratorium. In the 2-wheeler segment, collections in June have seen a material improvement compared to April & May. It is a positive sign that a majority of our customers are willing to repay even though the RBI has extended the moratorium until 31st August. As the bulk of our MFI & MSME customers are based in rural India (>85% of AUM) and engaged in essential activities they are relatively less impacted. Moreover, the various economic relief measures announced by the Government for the bottom-of-the-pyramid is also expected to support quicker on-ground recovery. Repayment rates for June 2020 dues are expected to close at ~59% for the MFI segment; 84% for the MSME segment; and 85% for the 2-wheeler segment. The remining customers remain under moratorium, though most have expressed a desire to resume repayments in 1 or 2 months and are not expected to use the full moratorium tenor available until August 31, 2020.

While is it difficult to predict the trajectory that the Covid-19 pandemic will take in the coming months and the year, as things stand today operationally speaking, we feel that the worst is behind us and in the next few months we will be focused on getting the repayment rates back to a semblance of normalcy, towards which we have made significant strides in the Month of June 2020. Going forward, we expect our collection efficiency to improve substantially over the next 2-3 months as the unlocking of economy gains pace and the RBI mandated moratorium ends in August 2020. Our primary focus will be on protecting our asset quality & improving collections from the field, maintaining a healthy liquidity position, and keeping our operating costs in check. The situation on the ground will require us to be nimble and constantly adapt to changing circumstances, a difficult task even during normal times, much less a global pandemic.

A special thanks to all the stakeholders of Arman, especially the employees who many times went above and beyond the call of duty to ensure the best interests of the company, and many who had to 're-learn' and 'un-learn' their jobs to adapt to the changing ground situations. Our mostly rural customers remain resilient as ever and will need credit in the coming months and years to rebuild their businesses; to that end, our mission to help the bottom of the pyramid becomes more critical than before. On the whole, we remain confident of overcoming these near-term challenges, and getting back on our growth trajectory as the conditions gradually normalize. We thank everyone for their outpouring of wishes and encouragement during the exceedingly difficult past few months. Together, we will persevere, and come out stronger and more resilient than ever before.

Arman Financial Services Ltd.

Segmental Performance Update – Q4 & FY2020 v/s. Q4 & FY2019

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q4 FY20	Q4 FY19	YoY%	FY20	FY19	YoY%
Assets Under Management	**621.5**	**483.8**	**28%**	**621.5**	**483.8**	**28%**
Total Disbursement	180.2	165.7	9%	653.1	589.6	11%
Gross Total Income	39.0	27.8	40%	148.4	94.0	58%
Pre-Provisioning Operating Profit	**9.4**	**7.1**	**33%**	**46.2**	**25.9**	**79%**
Total Provisioning & Write-Offs	7.8	1.7	367%	13.3	3.7	259%
Provisioning & Write-Offs *	3.3	1.7	97%	8.8	3.7	137%
Addl. COVID Specific Provisioning	4.5	-	-	4.5	-	-
Profit After Tax	**2.1**	**4.2**	**(50%)**	**25.2**	**15.7**	**61%**
Profit After Tax (Adj. for Covid Provision)	**6.6**	**4.2**	**59%**	**29.7**	**15.7**	**90%**
GNPA %	*0.9%*	*0.5%*	*38 bps*	*0.9%*	*0.5%*	*38 bps*
*NNPA % ****	*0.9%*	*0.5%*	*38 bps*	*0.9%*	*0.5%*	*38 bps*
NNPA % (after ECL Impact)	*0.0%*	*0.1%*	*(5 bps)*	*0.0%*	*0.1%*	*(5 bps)*

Note: * Provisioning & Write-offs also includes ₹ 2.4 crores for aggressive write-offs for Pre-Covid NPAs during Q4 FY20.
****** Provisioning for NBFC-MFIs are on Standard Assets. The NNPA% does not consider provisioning on Standard Assets***

- **MFI AUM stood at ₹ 621.5 crores – higher by 28% YoY** vis-à-vis last year. **Disbursements rose by 9% YoY to ₹ 180.2 crores in Q4 FY20**, even as the disruption caused by Covid impacted the March disbursements by ₹ 50-55 crores. Notwithstanding the Covid disruption, the AUM and Disbursement growth would have been higher at 40-45% YoY.
- **Gross NPAs were slightly higher at 0.9% in Q4 FY20. Post ECL adjustment, NNPA % stood at 0.01%**
- **The company adopted a conservative stance and took higher provisioning in Q4 FY20** to account for any potential deterioration in asset quality in FY21. This includes recognizing contingent provision for Covid of ₹ 4.5 crore and an aggressive write-off of ₹ 2.4 crore for pre-covid NPA's over and above the ECL provision.
- PAT in Q4 FY20 was lower at ₹ 2.1 crores on account of higher provisioning. Despite the higher provisioning, for the full-year FY20, the net profit grew by 61% YoY to ₹ 25.2 crores. Adjusted for contingent Covid provisioning, the PAT growth for Q4 FY20, and for full-year FY20 would have been 59% YoY and 90% YoY, respectively.

Two-Wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q4 FY20	Q4 FY19	YoY%	FY20	FY19	YoY%
Assets Under Management	238.4	201.0	19%	238.4	201.0	19%
Total Disbursement	49.0	54.8	(11%)	220.5	194.0	14%
Gross Total Income	17.2	14.3	20%	70.1	48.4	45%
Pre-Provisioning Operating Profit	**5.9**	**4.5**	**32%**	**29.5**	**18.5**	**60%**
Total Provisioning & Write-Offs	4.1	0.7	460%	6.7	2.8	138%
Provisioning & Write-Offs *	1.9	0.7	159%	4.5	2.8	60%
Addl. COVID Specific Provisioning	2.2	-	-	2.2	-	-
Profit After Tax	**2.1**	**3.5**	**(38%)**	**18.2**	**12.4**	**48%**
Profit After Tax (Adj. for Covid Provision)	**4.4**	**3.5**	**24%**	**20.4**	**12.4**	**65%**
GNPA %	*1.5%*	*2.2%*	*(69 bps)*	*1.5%*	*2.2%*	*(69 bps)*
NNPA %	*0.7%*	*1.5%*	*(79 bps)*	*0.7%*	*1.5%*	*(79 bps)*

Note: * Provisioning & Write-offs also includes ₹ 1.5 crores for aggressive write-offs for Pre-Covid NPAs during Q4 FY20.

- **2W & MSME AUM increased by 19% YoY to ₹ 238.4 crores in Q4 FY20**
  - MSME book continued to see good traction – recording a growth of 44% YoY to ₹ 143 crores
  - 2W AUM declined by 7% YoY to ₹ 95 crores, as the portfolio growth was adversely impacted by the ongoing slump in two-wheeler sales, and the Covid induced disruption in March.

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

- Notwithstanding the Covid disruption which hampered disbursements in March, the growth in the standalone AUM and Disbursements in Q4 FY20 would have been significantly higher at 32% YoY and 39% YoY, respectively.
- GNPA % and NNPA % improved to 1.5% and 0.7%, respectively
- **Provisions increased to ₹ 4.1 crores in Q4 FY20 as against ₹ 0.7 crores in Q4 FY19. This increase in provisions is primarily due to creation of contingent provision of ₹ 2.2 crores on account of Covid (MSME: ₹ 0.3 crores, 2W: ₹ 1.9 crores).** Further, the company had raised standard provisioning on the MSME book to 1.0% compared to 0.4% earlier, resulting in additional 0.6% provision on standard assets for possible future COVID impairments. The company has also taken an aggressive write-off for the pre-Covid NPAs resulting in an increase of ₹ 1.5 crores in provisioning for Q4 FY20. This is above and beyond the ECL and statutory provisioning requirements.
- **Net Profit declined to ₹ 2.1 crores in Q4 FY20 primarily due to higher provisioning. However, for the full-year FY20, PAT grew by 48% YoY to ₹ 18.2 crores for full-year** Notwithstanding the contingent Covid related provision, the growth in net profit for Q4 FY20 and full-year FY20 would have been higher at 24% YoY and 65% YoY, respectively.

About Arman Financial Service Limited

Arman Financial Services Ltd (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 underserviced 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 70+ 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
Mandar Kapse, Investor Relations
Dickenson World
Tel: +91 98675 50004
armanfinancial@dickensonworld.com

For, Arman Financial Services Limited

B. Patel

Director

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Arman Financial Services Ltd.

Arman Financial Services Ltd.

Q4 FY20 - Investor Presentation

July 2020

DISCLAIMER

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

CONTENTS

Arman Financial Services Ltd.

Arman Financial Services Ltd.

Financial Performance Update – Q4 & FY20

Q4 & FY20 - Financial Performance Highlights

- ✓ **Total AUM increased by 26% YoY to INR 8,599 Mn (Q4 FY19 AUM: INR 6,848 Mn)**
  Adjusted for the lower new loan booking of INR 750-800 Mn due to Covid, the FY20 AUM would have grown by 35-40% YoY
- ✓ **Total Disbursements Grew by 4% YoY to INR 2,292 Mn in Q4 FY20; and 12% YoY to INR 8,736 Mn in FY20**
  Adjusted for the lower disbursements due to Covid, disbursements growth in Q4 FY20 would have been ~40% YoY, and 21% YoY in FY20
- ✓ **Shareholders Equity Stood at INR 1,722 Mn in Q4 FY20 (BVPS is INR 204)**
- ✓ **Net Total Income increased by 36% YoY to INR 307 Mn in Q4 FY20; and 57% YoY to INR 1,276 Mn in FY20**
- ✓ **Total PPoP increased by 34% YoY to INR 149 Mn in Q4 FY20; and 73% YoY to INR 738 Mn in FY20**
- ✓ **Q4 FY20 PAT declined to INR 38 Mn in Q4 FY20. However, for the full year FY20, PAT recorded strong growth of 57% YoY to INR 415 MN**
  Adjusted for the contingent provision created for the Covid, Profit After Tax would have stood at INR 105 Mn (+46% YoY) in Q4 FY20 ; and INR 482 Mn (+82% YoY) for the full-year FY20

Impact of Covid-19 Pandemic on the Operations – (1/2)

Impact on Assets under Management and Disbursements

All Figures in INR Mn	AUM Impact - Segment Wise					Disbursement Impact - Segment Wise									
	Q4 FY20 vs. Q4 FY19					Q4 FY20 vs. Q4 FY19					Full-Year FY20 vs. FY19				
Business Segment	Q4 FY19	Q4 FY20 (Reported)	(COVID Impact)	COVID Adjusted	YOY % (Adjusted)	Q4 FY19	Q4 FY20 (Reported)	(COVID Impact)	COVID Adjusted	YOY % (Adjusted)	FY19	FY20 (Reported)	(COVID Impact)	COVID Adjusted	YOY % (Adjusted)
Consolidated	**6,848**	**8,599**	**800**	**9,399**	***37.3%***	**2,205**	**2,292**	**800**	**3,092**	***40.2%***	**7,836**	**8,736**	**800**	**9,536**	***21.7%***
Microfinance	4,838	6,215	530	6,745	*39.4%*	1,657	1,802	530	2,332	*40.7%*	5,896	6,531	530	7,061	*19.8%*
MSME	992	1,433	200	1,633	*64.6%*	335	333	200	533	*59.1%*	978	1,362	200	1,562	*59.7%*
2W	1,017	951	70	1,021	*0.4%*	213	157	70	227	*6.5%*	962	843	70	913	*-5.1%*

Impact on Loan Losses & Provisions, and Profitability

All Figures in INR Mn	Q4 FY20					Full-Year FY20				
Business Segment	Reported PAT	Contingent Provisioning (COVID)	COVID Adjusted PAT	Adjusted ROAA %	Adjusted ROE*	Reported PAT	Contingent Provisioning (COVID)	COVID Adjusted PAT	Adjusted ROAA %	Adjusted ROE*
Consolidated	38	67	105	5.0%	24.7%	415	67	482	6.2%	32.6%
Microfinance	21	45	66	4.4%	23.4%	252	45	297	5.4%	30.9%
Standalone	22	22	44	7.4%	30.4%	182	22	204	9.3%	39.7%

Note: Standalone figures include MSME & 2W Business Segments

Update on Operations

- Following the announcement of lockdown on 25th March, Arman had temporarily closed down all its Branches and the HO. Centre meetings and door-step collections were suspended. The company commenced gradual re-opening of the branches in a phased manner from May onwards. **As of today, almost all of our branches are fully operational, with a few of them operating from different locations as they were originally located in containment zones.**

Update on Liquidity

- Sufficient reserves to cover 1) necessary operational expenses for the next 6 months, and 2) other immediate liabilities. The company received moratorium from most of its lenders in April & May 2020
- **Liquidity position has improved substantially in June driven by the pick-up in collections, and incremental debt capital raised since lockdown. As a result, for the month of June, the company has repaid all the obligations that were due and not applied for any moratorium.**
- Successfully raised INR 1,600 Mn in Q4 FY20, and INR 750 Mn since the lockdown to bolster liquidity. Funds raised since lockdown are at a lower rate than blended cost of funds

Impact of Covid-19 Pandemic on the Operations – (2/2)

Update on Collections

- **MSME & MFI:**
  - In-line with the broader microfinance industry, and as advised by SRO bodies like MFIN and Sa-Dhan, Arman had extended moratorium to almost all of its MFI and MSME customers for the months of April & May 2020. Further, government restrictions and multiple on-ground challenges also prevented the field officers from physically meeting and collecting cash from customers during this period.
  - However, throughout this period, the company's field officers remained in regular touch with the customers (via phone calls) – 'to enquire about their safety, understanding of the situation on the ground, and assessing the income impact.
  - ***The company resumed has collections from 1st June onwards, and so far, response has been very satisfactory, as a majority of the MFI & MSME customers have repaid their dues for the month of June. Repayments rates against June dues closed at ~59% for the MFI segment and 85% for the MSME segment (see the table below for details)***
- **2-Wheeler**
  - In the 2W segment, as the collections are received in the electronic form via "NACH/Direct Debit", the company continued to accept collections in April & May, granting moratorium to only the customers that specifically requested for it. In April & May, the bounce rates were 45-50% compared to the normalized level of 15-20%
  - ***In June, collection levels have seen a material improvement driven by unlocking of the economy. Repayments rates against June dues closed at ~95% for the 2W segment (see the table below for details)***
- ***It is a positive sign that a majority of our customers are willing to repay even though the RBI has extended the moratorium period until 31st August***
- ***"Overall, the collection efficiency to improve substantially over the next 2-3 months as the unlocking of economy gains pace, restrictions are further relaxed, and the RBI's moratorium period comes to an end in August"***

Collection Efficiency % for June 2020

Business Segment	Demand (Jun'20)	Amount Collected (Jun'20)	Repayment Rate % (Jun'20)
Microfinance	672	393	59%
MSME	140	119	85%
Two-wheeler	72	68	95%
Total	**883**	**580**	**66%**

Note: All the amounts are in INR Mn

Q4 & FY20 – Consolidated Profit & Loss Statement

As per IND-AS

Particulars (INR Mn)	Q4 FY20	Q4 FY19	YoY (%)	FY20	FY19	YoY (%)
Assets Under Management (AUM)	**8,599**	**6,848**	***26%***	**8,599**	**6,848**	***26%***
Disbursements	**2,292**	**2,205**	***4%***	**8,736**	**7,836**	***12%***
Shareholder's Equity *	**1,722**	**1,232**	***40%***	**1,722**	**1,232**	***40%***
Income from Operations	548.2	408.1	*34%*	2,115.1	1,389.1	*52%*
Other Income	7.3	5.2	*41%*	36.4	6.7	*442%*
Gross Total Income	**555.5**	**413.3**	***34%***	**2,151.5**	**1,395.8**	***54%***
Finance Costs	248.9	188.1	*32%*	875.9	583.4	*50%*
Net Total Income (NTI)	**306.6**	**225.2**	***36%***	**1,275.5**	**812.5**	***57%***
Employee Benefits Expenses	106.3	72.2	*47%*	364.6	256.4	*42%*
Depreciation and Amortisation	2.1	1.1	*90%*	8.0	4.8	*65%*
Other Expenses	49.4	41.0	*20%*	165.1	123.8	*33%*
Pre-Provision Operating Profit	**148.9**	**110.9**	***34%***	**737.8**	**427.4**	***73%***
Regular Provisions & Write-offs *	52.5	24.1	*118%*	133.3	65.1	*105%*
Additional Covid-Specific Provision	66.8	-	-	66.8	-	-
Profit Before Tax	**29.6**	**86.8**	***(66%)***	**537.8**	**362.3**	***48%***
Profit After tax	**38.1**	**71.8**	***(47%)***	**415.2**	**264.3**	***57%***
Profit After tax (Adjusted for Covid Provision)	**104.9**	**71.8**	***46%***	**482.0**	**264.3**	***82%***
GNPA %	***1.1%***	***1.0%***	***6 bps***	***1.1%***	***1.0%***	***6 bps***
NNPA %	***0.2%***	***0.5%***	***(28 bps)***	***0.2%***	***0.5%***	***(28 bps)***
Return on Avg. AUM %	***1.8%***	***4.5%***	***(272 bps)***	***5.4%***	***4.6%***	***73 bps***
Return on Avg. Equity % #	***8.9%***	***23.8%***	***(1487 bps)***	***28.1%***	***29.8%***	***(161 bps)***

Note:

- ** Provisioning & Write-offs include aggressive INR 39 Mn of write-offs for Pre-Covid NPAs during Q4 FY20*
- *# Fully-diluted equity base*
- There may be minor variations between Namra + Standalone figures and the consolidated figures due to eliminations / knock-offs
- *RoE = PAT / Avg. Fully Diluted Equity; GNPA % = GNPA / AUM (On + Off-Book); NNPA % = NNPA / AUM (On + Off-Book). RoE and Return on Avg. AUM figures are annualized*

Q4 & FY20 – Microfinance "Namra" Performance Update

Particulars (INR Mn)	Q4 FY20	Q4 FY19	YoY (%)	FY20	FY19	YoY (%)
Asset Under Management	**6,215**	**4,838**	***28%***	**6,215**	**4,838**	***28%***
Disbursements	**1,802**	**1,657**	***9%***	**6,531**	**5,896**	***11%***
Income from Operations	385.5	273.3	*41%*	1,458.5	934.8	*56%*
Other Income	4.6	5.0	*-7%*	25.6	5.0	*417%*
Gross Total Income	**390.1**	**278.3**	***40%***	**1,484.2**	**939.8**	***58%***
Finance Costs	190.4	138.3	*38%*	670.3	438.2	*53%*
Net Total Income (NTI)	**199.8**	**140.0**	***43%***	**813.9**	**501.6**	***62%***
Employee Benefits Expenses	70.1	44.7	*57%*	232.3	161.9	*43%*
Depreciation and Amortisation	1.8	0.9	*103%*	6.9	3.7	*83%*
Other Expenses	33.9	23.6	*43%*	113.0	77.4	*46%*
Pre-Provision Operating Profit	**94.0**	**70.8**	***33%***	**461.8**	**258.6**	***79%***
Regular Provision & Write-offs *	32.9	16.8	*97%*	87.9	37.1	*137%*
Addl. Covid-Specific Provision	45.3	-	-	45.3	-	-
Profit After Tax	**20.8**	**41.6**	***(50%)***	**252.0**	**156.8**	***61%***
Profit After Tax (Adj. for Covid Provision)	**66.1**	**41.6**	***59%***	**297.3**	**156.8**	***90%***
GNPA %	***0.9%***	***0.5%***	***38 bps***	***0.9%***	***0.5%***	***38 bps***
NNPA % #	***0.9%***	***0.5%***	***38 bps***	***0.9%***	***0.5%***	***38 bps***
NNPA % (after ECL impact)	***0.0%***	***0.1%***	***(5 bps)***	***0.0%***	***0.1%***	***(5 bps)***
Return on Avg. AUM %	***1.4%***	***3.8%***	***(238 bps)***	***4.6%***	***3.9%***	***64 bps***
Return on Avg. Equity %	***7.4%***	***21.8%***	***(1,442 bps)***	***26.2%***	***27.1%***	***(92 bps)***

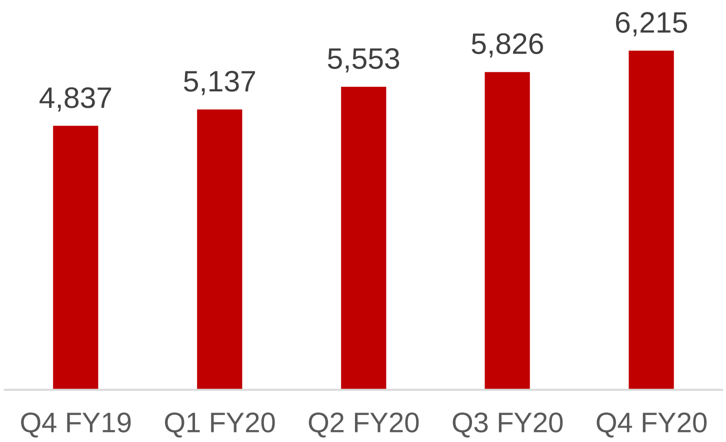
- Witnessed healthy traction in AUM (+28 YoY) driven by an increase in customer base and average ticket size
- *Covid disruption hampered disbursements in March, leading to lower booking in AUM by INR 500-550 Mn. Adjusting for this, the AUM growth would have been in the corridor of 35-40% in Q4 FY20*
- In Q4 FY20, Net total income grew by 43% YoY to INR 199.8 Mn led by higher NIM's (NIM improved by 60 bps YoY to 13.3% in Q4 FY20 as against 12.7% in Q4 FY19)
- Increase in Opex (+53% YoY) was on account of branch expansion (170 in Q4 FY20 vs 128 in Q4 FY19), and further the company had also made recruitments earlier in Q4 FY20 with a view to expand branch network in Q1 FY21.
- Higher opex combined with lower income booking due to Covid resulted in a higher Cost-to-Income Ratio at 52.9% in Q4 FY20 (+350 bps YoY)
- **Net Profit came in lower primarily due to recognition of higher provisions (to deal with any potential deterioration in asset quality in FY21) -**
  - Recognized additional Covid specific provision of INR 45.3 Mn
  - Regular provision & write-offs include INR 24 Mn of aggressive write-offs for pre-Covid NPAs.
- **Adjusted for the Covid provisioning of INR 45.3, the Profit After Tax would have stood at INR 66.1 Mn in Q4 FY20 (higher by 59% YoY)**
  - **Q4 FY20 Adjusted ROE : 23.4% (as against 7.4%)**
  - **Q4 FY20 Adjusted ROAA : 4.4% (as against 1.4%)**
- GNPA and NNPA (post ECL adjustment) stood steady at 0.9%.and 0.01%
- **Repayment rates for June 2020 dues are expected to close at ~59%. *Collections are expected to pick-up substantially in the next 2-3 months as the economy opens-up further and the RBI's moratorium period comes to end in August***

Note:

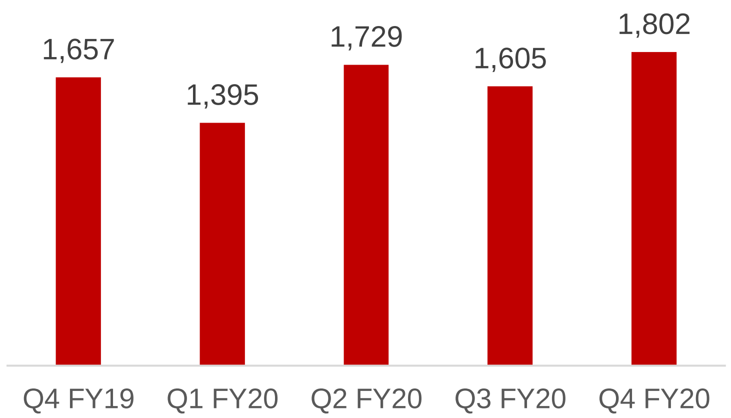
- * Regular Provision & Write-offs include INR 24 Mn of aggressive write-offs for pre-Covid NPAs. # Provisioning for NBFC-MFIs are on Standard Assets. The NNPA% does not consider provisioning on Standard Assets.
- Income from Operations includes: Interest Income on loans and managed assets; processing 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

Q4 FY20 - Microfinance Performance Update

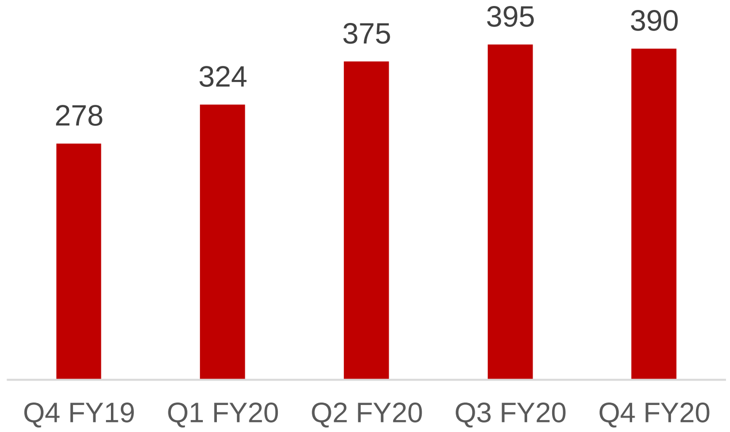
AUM (INR Mn)



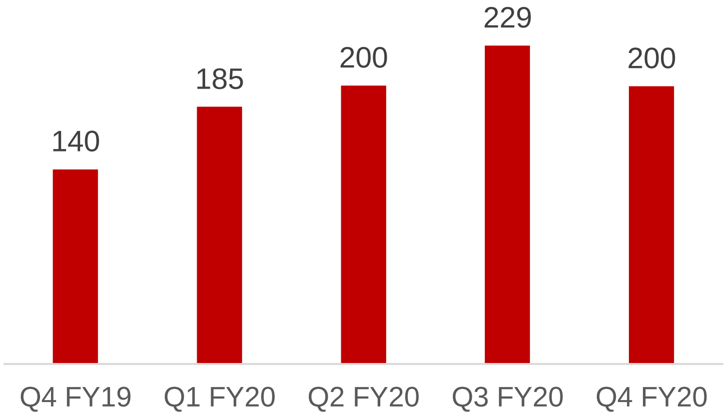
Disbursement (INR Mn)



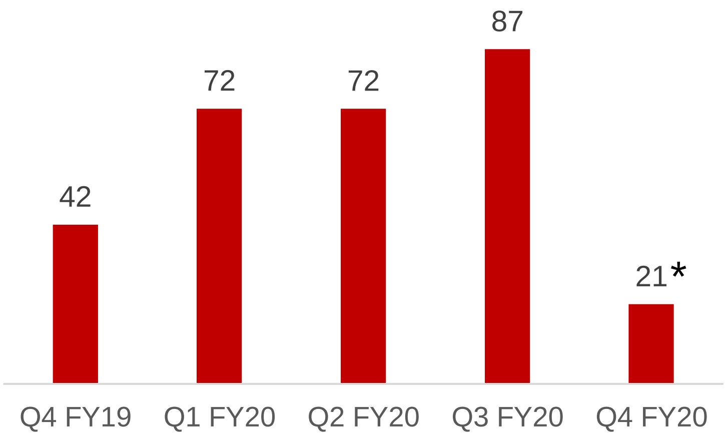
Gross Total Income (INR Mn)



Net Total Income (INR Mn)



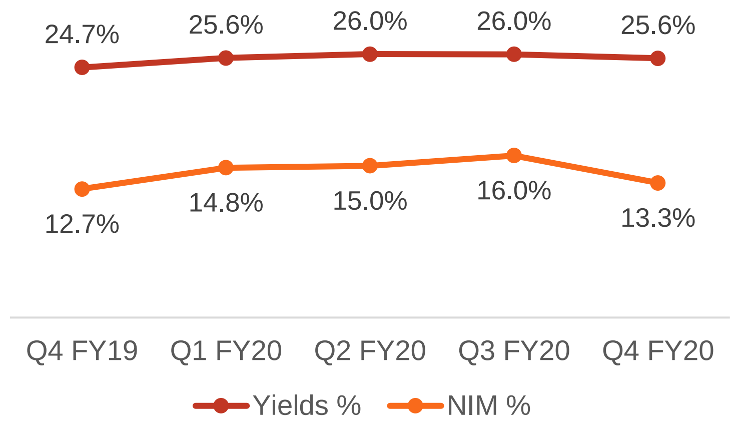
PAT (INR Mn)



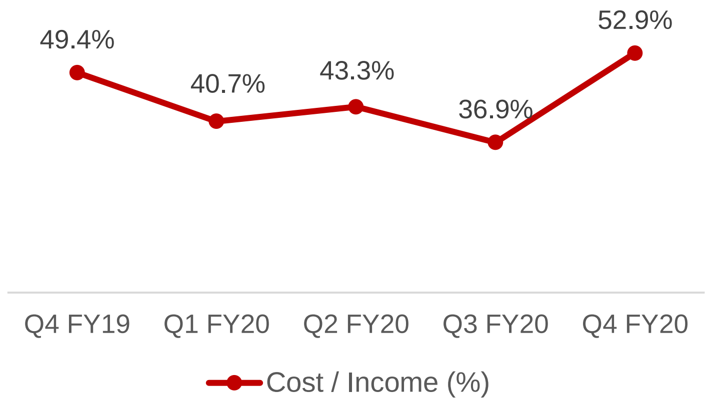
Note:
- * Adjusted for the Covid provisioning of INR 45.3 Mn, the Profit After Tax would have stood at INR 66.1 Mn in Q4 FY20
- All the figures are as per IND-AS accounting standards
- *Net Total Income = Gross Total Income – Finance Cost*

Q4 FY20 - Microfinance Performance Update

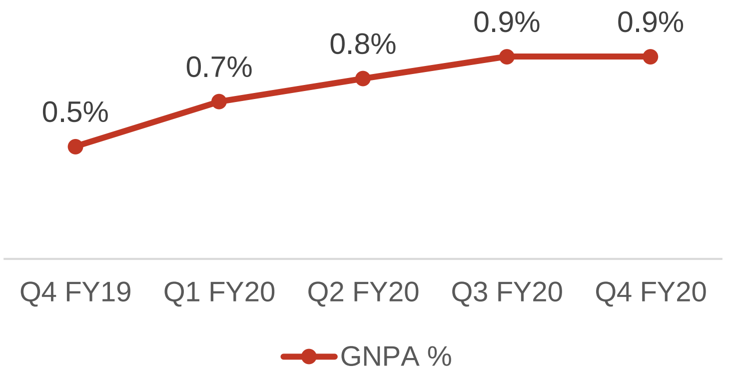
Yields % and NIM %



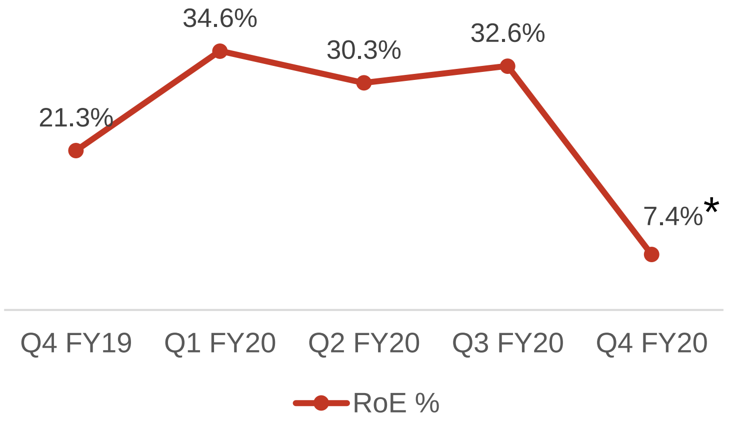
Cost-to-Income Ratio %



Asset Quality



ROE %



Note:

- * Adjusted for the Covid provisioning of INR 45.3 Mn, the Return on Equity would have stood at 23.3% in Q4 FY20
- All the figures are as per IND-AS accounting standards
- *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;* NNPA % = NNPA / AUM; *RoE = PAT / Avg. Equity. RoE, Yields and NIM % figures are annualized*

Q4 & FY20 – Standalone Performance Update (2W & MSME)

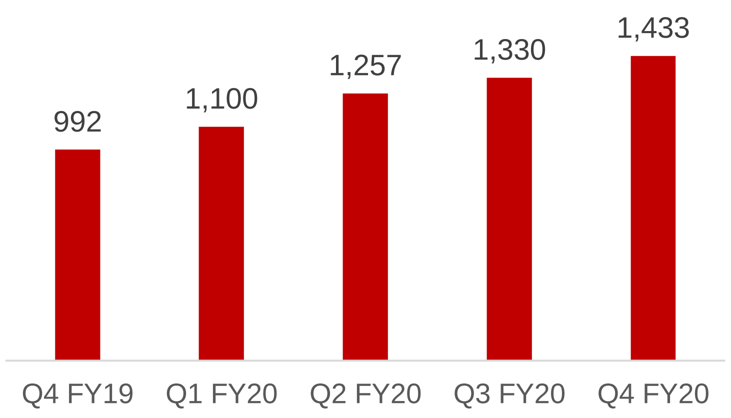
Particulars (INR Mn)	Q4 FY20	Q4 FY19	YoY (%)	FY20	FY19	YoY (%)
Asset Under Management	**2,384**	**2,010**	***19%***	**2,384**	**2,010**	***19%***
Disbursements	**490**	**548**	***(11%)***	**2,205**	**1,940**	**14%**
Income from Operations	164.7	138.1	*19%*	671.1	466.0	*44%*
Other Income	6.8	4.8	*44%*	29.9	17.8	*68%*
Gross Total Income	**171.5**	**142.9**	***20%***	**701.0**	**483.8**	***45%***
Finance Costs	60.6	53.2	*14%*	220.3	156.9	*40%*
Net Total Income (NTI)	**111.0**	**89.7**	***24%***	**480.7**	**326.9**	***47%***
Employee Benefits Expenses	36.2	27.5	*32%*	132.3	94.6	*40%*
Depreciation and Amortisation	0.3	0.2	*35%*	1.1	1.1	*1%*
Other Expenses	15.5	17.4	*(11%)*	52.2	46.4	*13%*
Pre-Provision Operating Profit	**59.0**	**44.6**	***32%***	**295.1**	**184.8**	***60%***
Regular Provision & Write-offs *	18.9	7.3	*159%*	45.0	28.0	*60%*
Addl. Covid-Specific Provision	22.0	-	-	22.0	-	-
Profit After Tax	**21.5**	**34.7**	***(38%)***	**182.4**	**123.6**	***48%***
Profit After Tax (Adj. for Covid Provision)	**43.5**	**34.7**	***25%***	**204.4**	**123.6**	***65%***
GNPA %	***1.5%***	***2.2%***	***(69 bps)***	***1.5%***	***2.2%***	***(69 bps)***
NNPA %	***0.7%***	***1.5%***	***(79 bps)***	***0.7%***	***1.5%***	***(79 bps)***
Return on Avg. AUM %	***4.0%***	***7.3%***	***(327 bps)***	***8.3%***	***7.3%***	***98 bps***
Return on Avg. Equity %	***15.0%***	***32.3%***	***(1727 bps)***	***35.4%***	***32.5%***	***286 bps***

- Witnessed strong growth in MSME AUM (+44% YoY) to INR 1,433 Mn as the no. of loans disbursed increased by 29% YoY
- 2W AUM de-grew in Q4 FY20, impacted by the ongoing slowdown in two-wheeler sales and by the disbursements being hampered in March by the Covid disruption However, Rural 2W saw good traction as AUM grew by 68% YoY to INR 114 Mn
- *Covid disruption impacted the MSME & 2W disbursements in March, leading to lower booking in AUM by INR 270 Mn. Adjusting for this, the AUM growth would have been in the corridor of 30-35%*
- Net total income grew by 24% YoY to INR 111.0 Mn in Q4 FY20. NIM's remained steady at ~19%
- Cost-to-Income Ratio improved by ~345 bps YoY to ~47% in Q4 FY20 (~50% in Q4 FY19) resulting in higher growth in the Pre-provisioning Operating Profit (+32% YoY)
- **Net Profit declined owing to recognition of higher provisions (to deal with any potential deterioration in asset quality in FY21) -**
  - Recognized additional Covid specific provision of INR 22.0 Mn
  - Regular provision & write-offs include INR 15 Mn of aggressive write-offs for pre-Covid NPAs.
- Prudent lending and lower NPA's in 2W segment helped in reporting lower NPA levels *– GNPA and NNPA improved to 1.5%, and 0.7% respectively (lower by 70-80 bps)*
- **Adjusted for the Covid provisioning of INR 22 Mn, the Profit After Tax would have stood at INR 43.5 Mn in Q4 FY20 (higher by 25% YoY)**
  - **Q4 FY20 Adjusted ROE : 30.4% (as against 15.0%)**
  - **Q4 FY20 Adjusted ROAA : 7.4% (as against 4.0%)**
- ***Repayment rates for June 2020 dues closed at ~85% for the MSME segment; and ~95% for the 2-wheeler segment. Primary focus will be on getting collections close to normalized levels in the next 2-3 months***

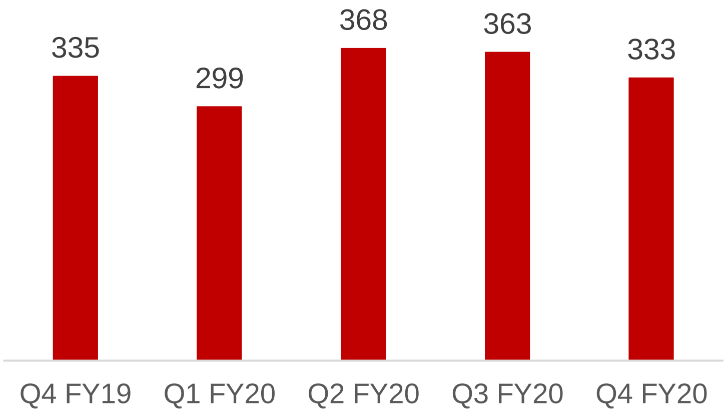
Note:
- * Provisioning & Write-off include INR 15 Mn of aggressive write-offs for Pre-Covid NPAs during Q4 FY20
- All the figures are as per IND-AS accounting standards
- Income from operations includes interest income on loans and managed assets, other Income includes processing fees, other charges 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). Return on Avg. AUM figures are annualized*

Q4 FY20 - MSME Performance Update

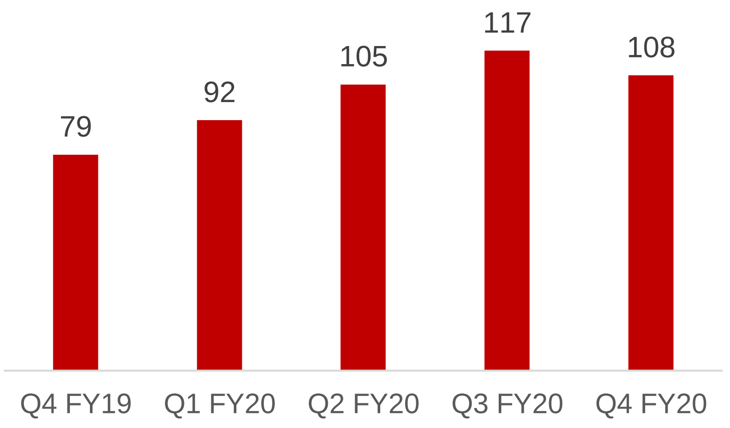
AUM (INR Mn)



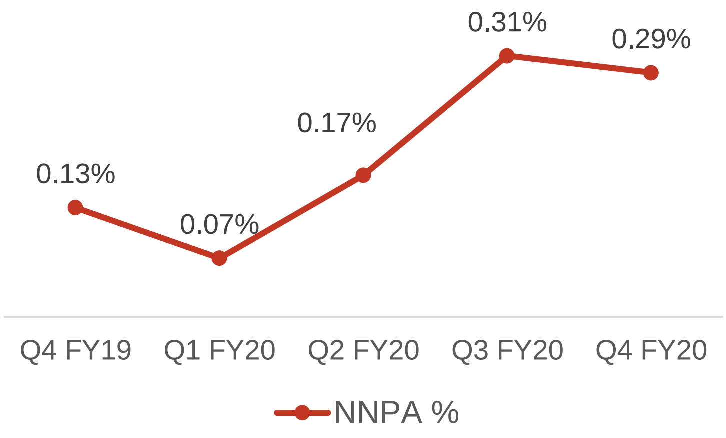
Disbursements (INR Mn)



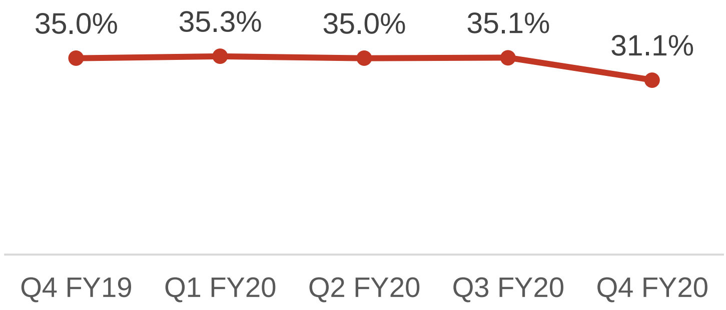
Gross Interest Income (INR Mn)



Asset Quality



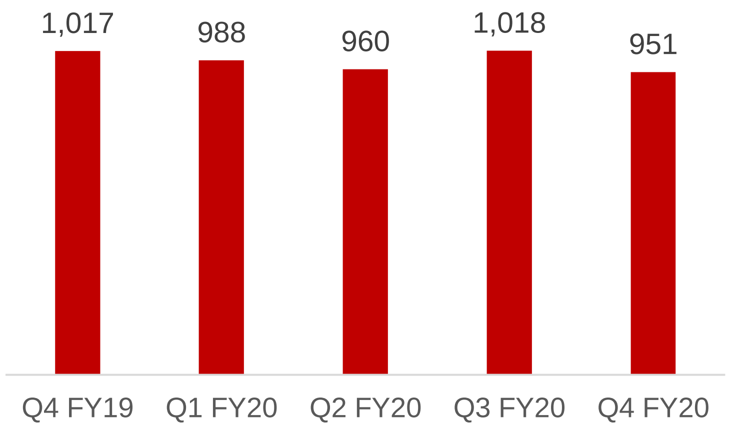
Yields %



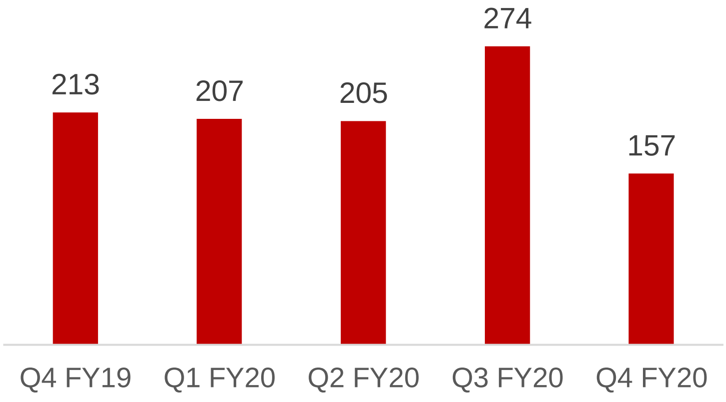
Note:
- All the figures are as per IND-AS accounting standards
- *Gross Interest Income = Interest Income + processing fees / other charges, Yields = Gross Interest Income / Avg. AUM (On + Off-Book);* NNPA % = NNPA / AUM. Yields % figures are annualized.

Q4 FY20 - 2W Performance Update

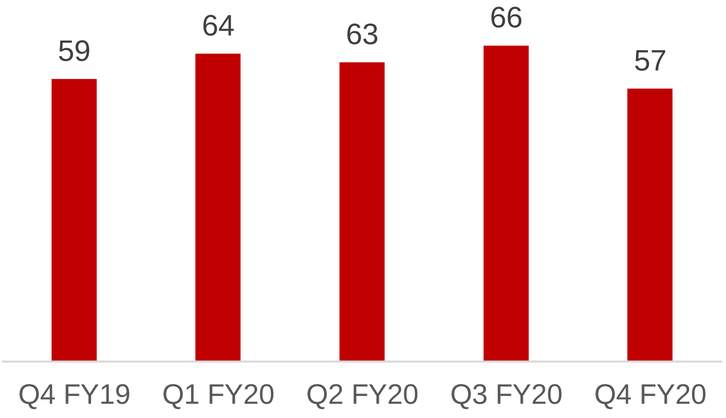
AUM (INR Mn)



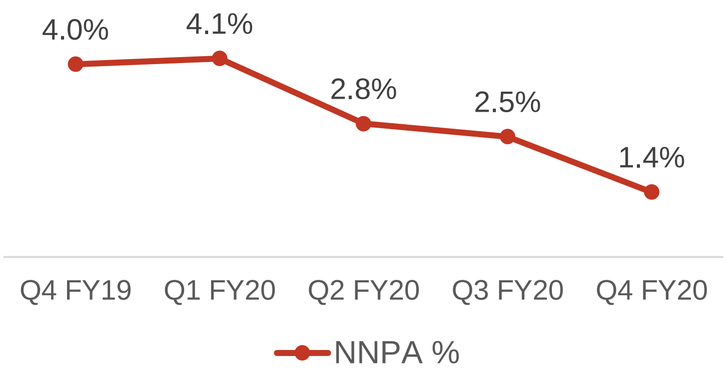
Disbursement (INR Mn)



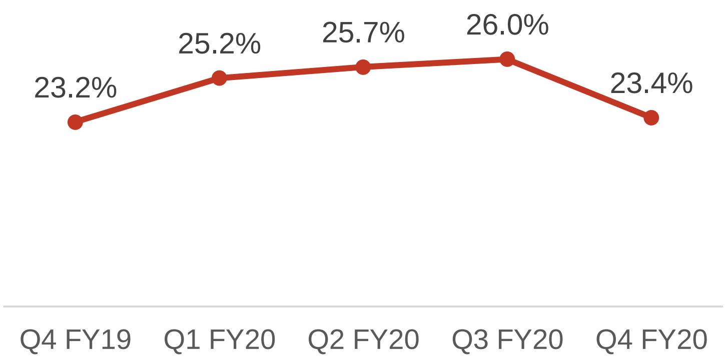
Gross Interest Income (INR Mn)



Asset Quality



Yields %



Note:

- All the figures are as per IND-AS accounting standards
- *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.

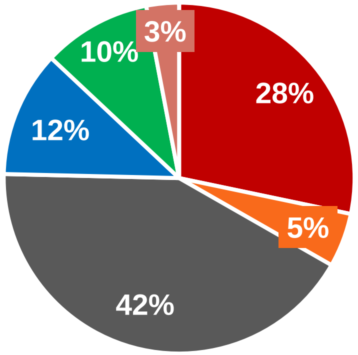
Liability Overview

Efficient Liability Management

Funding profile is well diversified with increase in share of funds from Banks/SFB's and NCDs

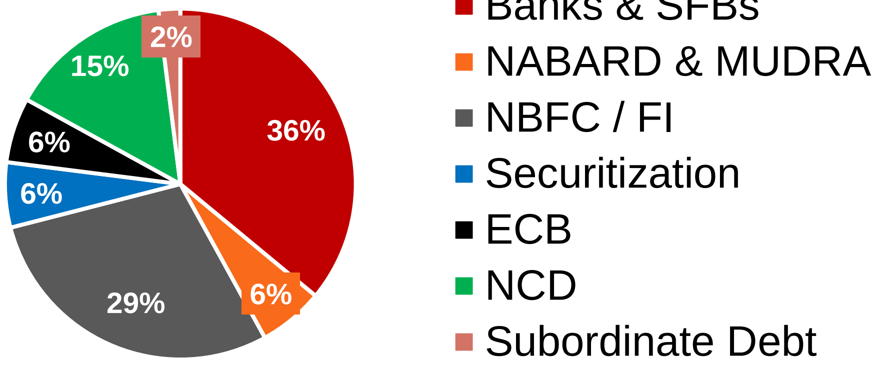
Q4 FY19 - Borrowing Mix %

INR 5,885 Mn



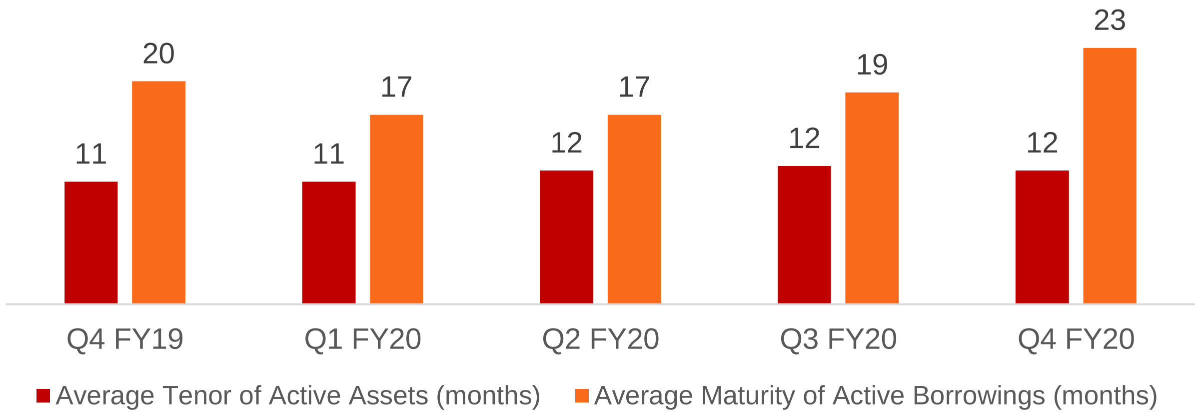
Q4 FY20 - Borrowing Mix %

INR 7,655 Mn *



Note: * INR 7,655 Mn includes direct assignment of INR 581 Mn

Positive ALM (in Months)



- Well-diversified borrowing mix with increasing share of NCD's, ECB's, NABARD Refinance, MUDRA, Sub-ordinate Debt and Securitization
  - Share of NCD's, ECB's, MUDRA, NABARD Refinance, Subordinate Debt and Securitization represented **~35% of borrowings in Q4 FY20**
- **Share of Banks / SFB's increased from 28% to 36%**
- **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 FY-20 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

AU Small Finance Bank
Andhra Bank
Bank of Baroda
DCB Bank
Dena Bank
Dhanlaxmi Bank
Federal Bank
Fincare Small Finance Bank
HDFC Bank
ICICI Bank
IDBI Bank
IDFC First Bank
State Bank of India
Vijaya Bank
Union Bank of India
Yes Bank
Oriental Bank of Commerce
Axis Bank
Bank of Maharashtra

Non-Bank Borrowings

Avanse Financial Services
MAS Financial Services Ltd.
Tata Capital
Manappuram Finance Limited
Nabsamruddhi Finance Limited
NABARD
Northern Arc
UGRO Capital
SIDBI
Vivriti Capital
Hinduja Leyland Finance
Oiko Credit
Reliance Commercial Finance
HeroFinCorp.
Magma
United Bank of India
Mudra

Securitization Partners

AU Small Finance Bank
DCB Bank
ICICI Bank
IndusInd Bank
Kotak Mahindra Bank
niyogin
IDFC First Bank
Jana Small Finance Bank

NCDs & ECB

Agents for Impact
symbiotics

Arman Financial Services Ltd.

Company Overview

Key Strengths

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% (FY20)**
- **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 8,599 Mn in FY20**
- **Microfinance – 72% of AUM** *(via 100% owned subsidiary **"Namra Finance"**)*
- **MSME Loans – 17% of AUM**
- **2-Wheeler Loans – 11% of AUM**
- **Healthy Spreads:** Yields 27.4%, NIM 16.5% (FY20)

Arman Financial Services Ltd.

Strong Financial Performance

- **High-Growth Trajectory (FY2015-20 CAGR) :**
  - **AUM: 50%**
  - **PAT: 46%**
- **Consolidated debt to equity ratio of 4.1:1 –** Sufficient Capital to drive growth going forward
- **High Return Ratios:**
  - **FY20 - ROE (%): 28.1% , ROAA* (%): 5.4%**

Strong Retail Presence & Wide Distribution Network

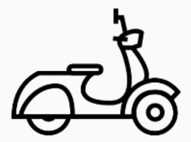
- 211 branches; 70+ 2-Wheeler dealerships
- 78 Districts, 6 states
- 4.48 lakh live customers (+33% YoY)
- Undertaken contiguous expansion from Gujarat since 2014 to achieve geographic diversification

Efficient Liability Management

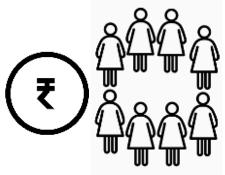
- **Comfortable Liquidity Position: Positive ALM**
  - Avg. lending tenor at origination: ~18 months; Avg. tenor of debt at origination: ~36 months
- Diversified Borrowing Profile with Relationship across 34 Banks & other Financial Institutions

Note:
- * Return on Avg. AUM
- *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



- **1992** – Company incorporated. Started bill discounting & machine leasing
- **1995** – Listing on BSE – Issue subscribed 22x
- **1998** – Launched 2W Loans
- **2010** – Launched Microfinance business
- **2011** – Raised PE funding from Incofin; Disbursement crosses 50 Cr
- **2013** – Demerged MFI operations into "**Namra Finance**"; Disbursement crosses 100 Cr
- **2014-16** – Expanded to Maharashtra, MP, UP & Uttarakhand; listing on NSE
- **2017** – Launched MSME Loans business
- **2017-18** – Crosses 100 branches across 5 states & 3 products; Disbursement crosses 500 Cr
- **2018** – Raised PE funding from SAIF Partners
- **2019** – Disbursement crosses 750 Cr; 100% Cashless disbursements; Expanded into Rajasthan



Product Snapshot

ARMAN FINANCIAL SERVICES LTD.

- 28 years of existence
- Active customer base of 4.48 lakh
- Employee strength of 1,812 employees
- Completely in-house operations – Sourcing, Credit & Collections

	Microfinance	MSME Loans	2-Wheeler Loans	Rural 2W Loans
% of Total AUM	72%	17%	11%	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

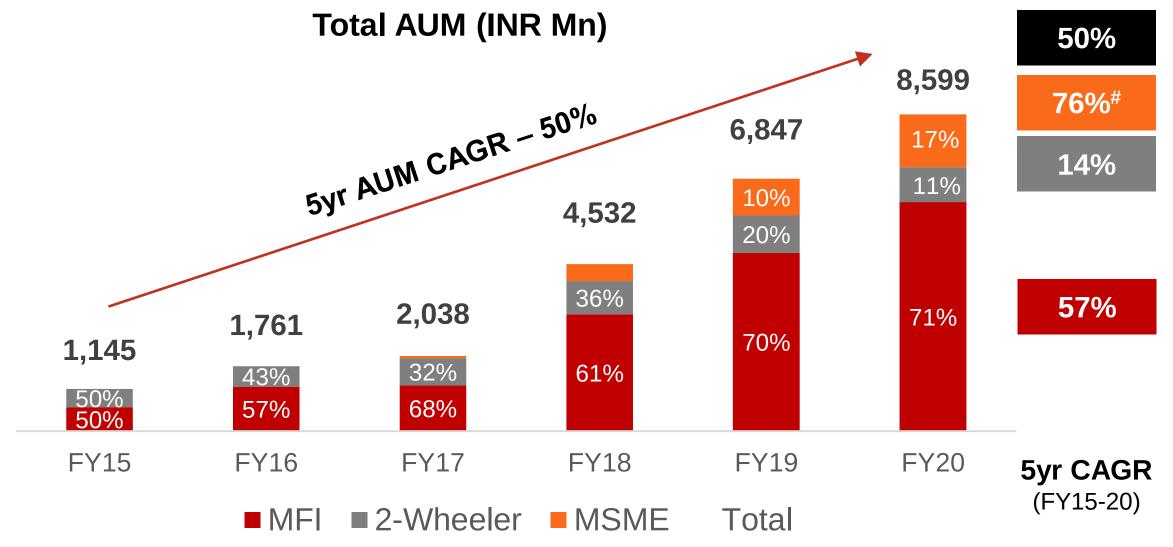
Diversifying products, geographies, sources of funds and delivering **growth by increase in volumes** rather than ticket sizes

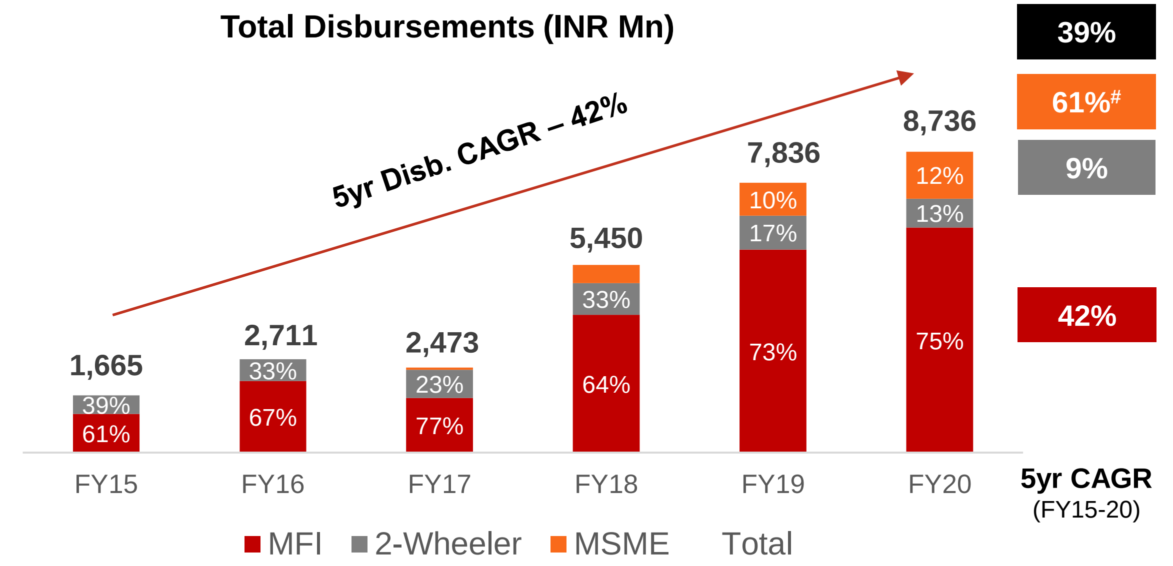
Conservative operations framework with focus on risk & asset quality

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%

Strong Growth in AUM & Disbursements…..





- Diversified portfolio of 8,599 Mn in Q4 FY20 split between –
  - Microfinance: INR 6,215 Mn (71%),
  - MSME Loans: INR 1,433 Mn (17%)
  - 2-Wheeler Loans: INR 951 Mn (11%)
- **Strategically forayed into MSME Loans in 2017**. Successfully scaled up the business to INR 1,433 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

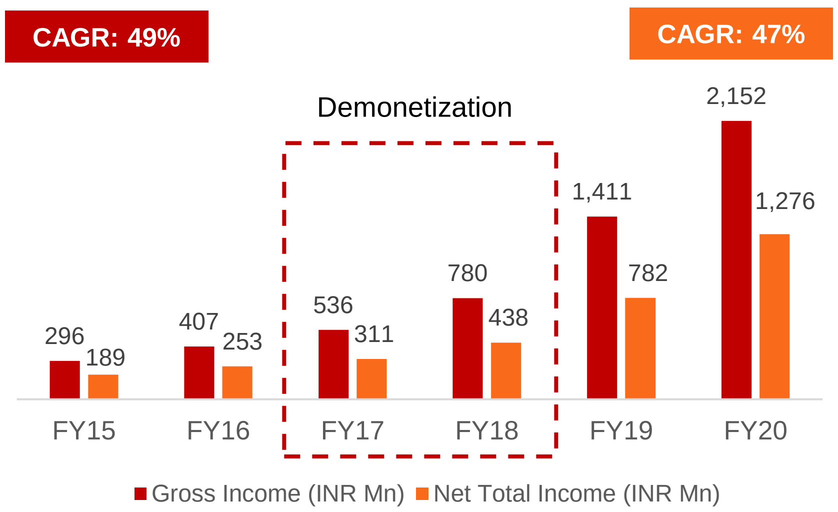
Rigorous collections practices – in-house, feet-on-street model

Aim to deliver 3-5% post-tax ROA

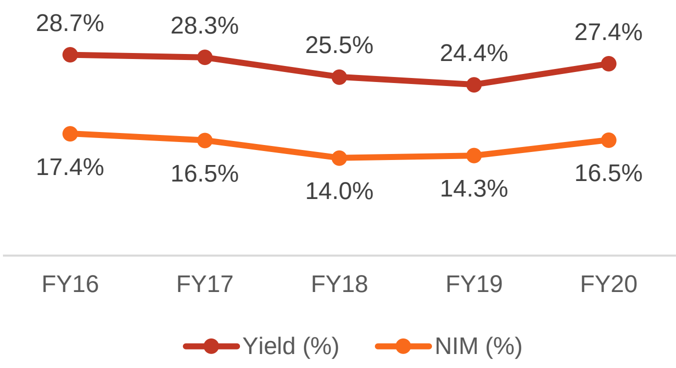
Note: *FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. # - MSME started in FY17; MSME CAGR is 2yr CAGR (FY18-20)*

…..While Maintaining Superior Cost Efficiency & Asset Quality

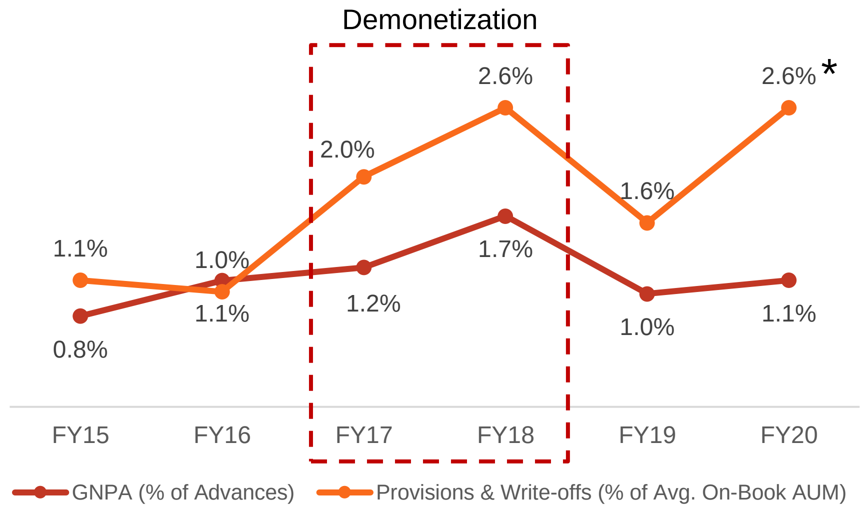
Gross Income and Net Total Income (INR Mn)



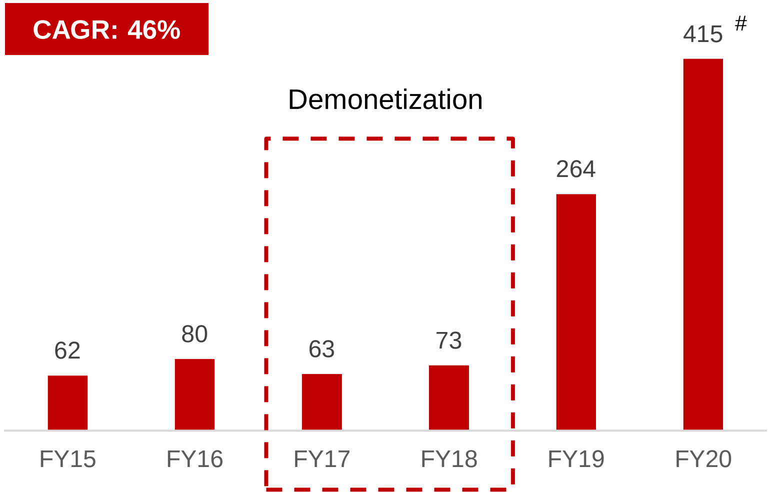
Yield % and NIM %



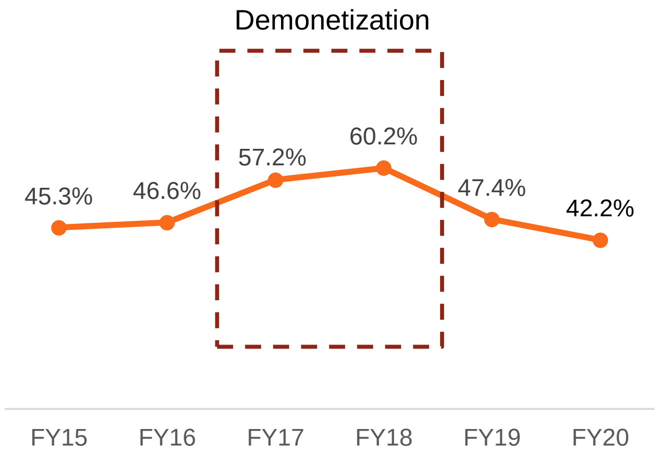
Focus on risk have led to immaculate through-cycle asset quality



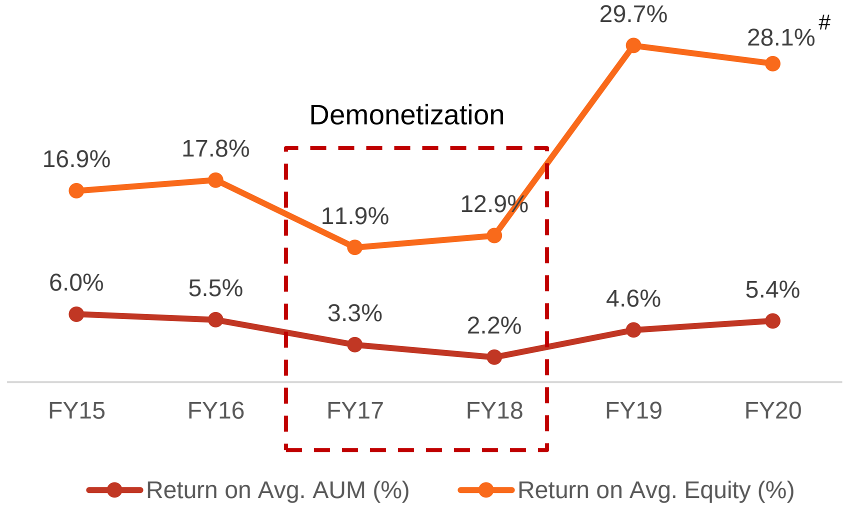
PAT (INR Mn)



Cost to Income Ratio %



Consistently high through cycle ROA / ROE

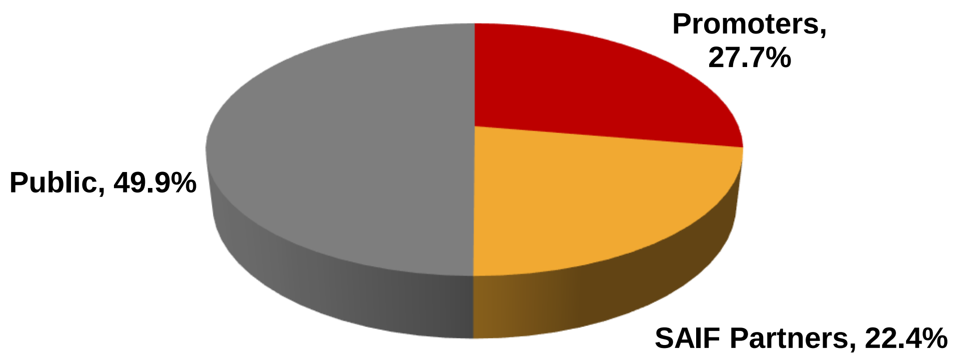


Note:

- * 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 March 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 22.4%
- **Mr. Mridul Arora, MD at SAIF Partners is a Nominee Director on the Arman Board**

Arman Financial Services Ltd.

Product Overview

Product Overview: Microfinance

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; 3.73 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)

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

FY20 – Key Metrics (%)

Yield	NIM	ROAA	GNPA	NNPA	ROE
25.8%	14.7%	4.6%	0.9%	0.01%	26.2%

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)

AUM (INR Mn)	951
Disbursement (INR Mn)	843
Total Income (INR Mn)	251
Avg. Ticket Size (INR)	42,000

FY20 – Key Metrics (%)

Yield	25.5%
NIM	16.5%
GNPA	3.0%
NNPA	1.4%

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

FY20 – Key Metrics (%)

34.7% Yield	**23.8%** NIM
0.5% GNPA	**0.3%** 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 & work place
- **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

Arman Financial Services Ltd.

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

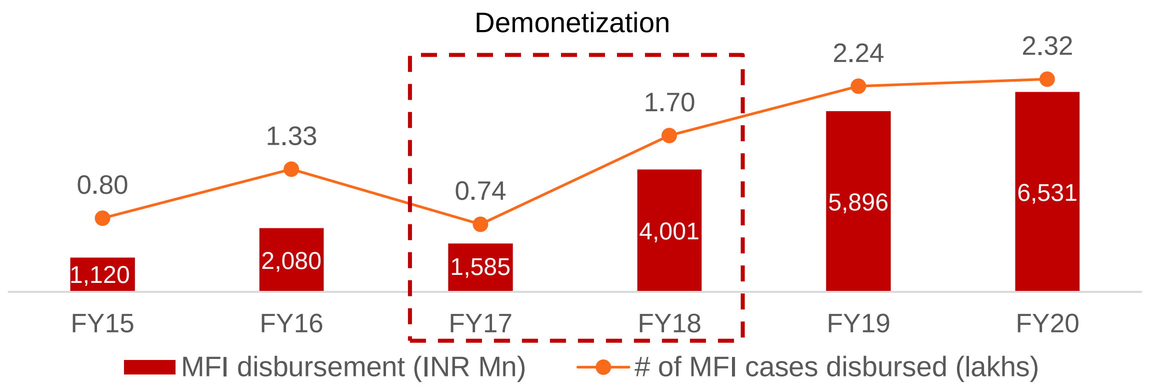
DICKENSON

Mandar Kapse / Chintan Mehta
Dickenson World
Tel : + 91 9867550004 / +91 9892183389
Email : armanfinancial@dickensonworld.com

Annexures

Microfinance: 5-Year Performance

Disbursement growth is driven by customer & branch addition

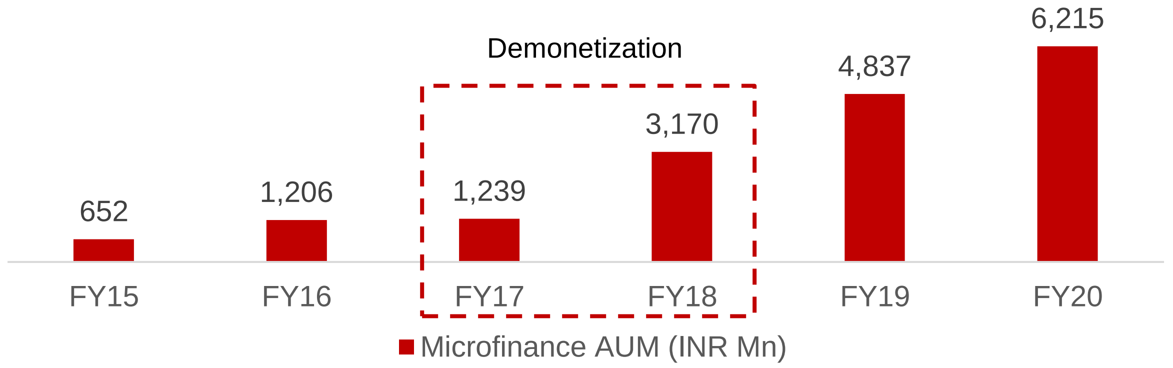


	FY15	FY16	FY17	FY18	FY19	FY20
MFI Branches	39	55	80	107	138	170
Avg. Ticket size (INR)	13,937	15,583	21,477	23,517	26,358	28,133

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

AUM growth exceeds MFI industry growth rates

CAGR: 57%

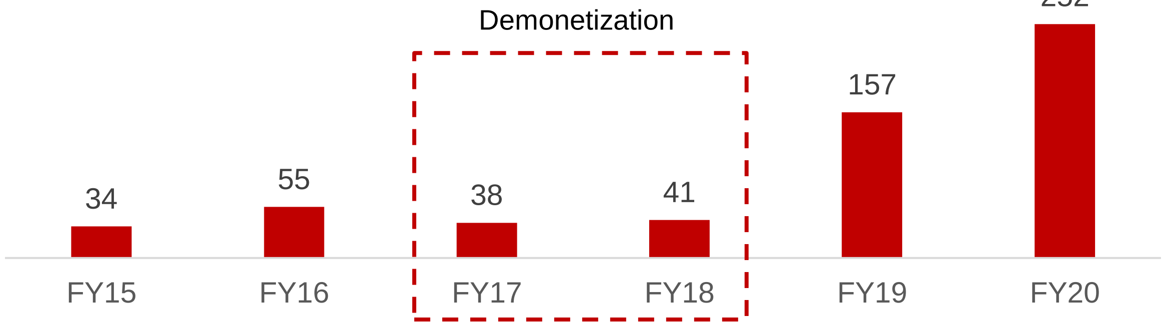


	5yr AUM CAGR (%)	FY20 AUM growth (%)
MFI Industry	23%	18%
Namra (MFI Operations)	57%	29%

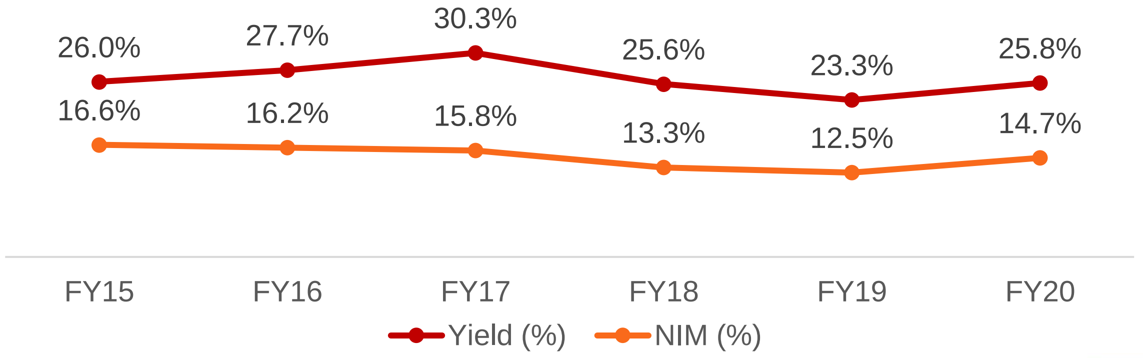
**MFI Industry = NBFC-MFIs + SFBs only. Source - MFIN Micrometer Q4FY20*

PAT (INR Mn)

CAGR: 49%



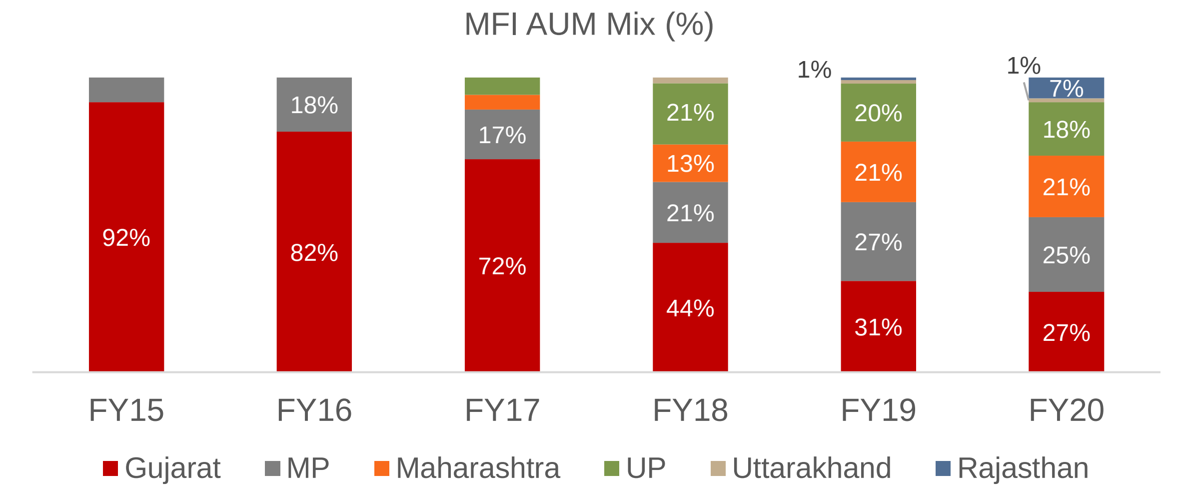
Yields (%) & NIM (%) Trend



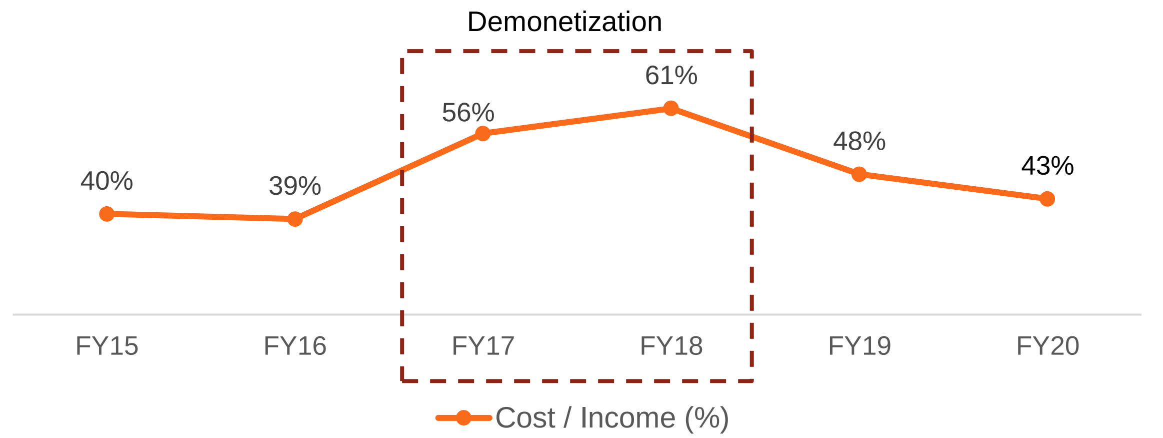
***Note:** FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.*

Microfinance: 5-Year Performance

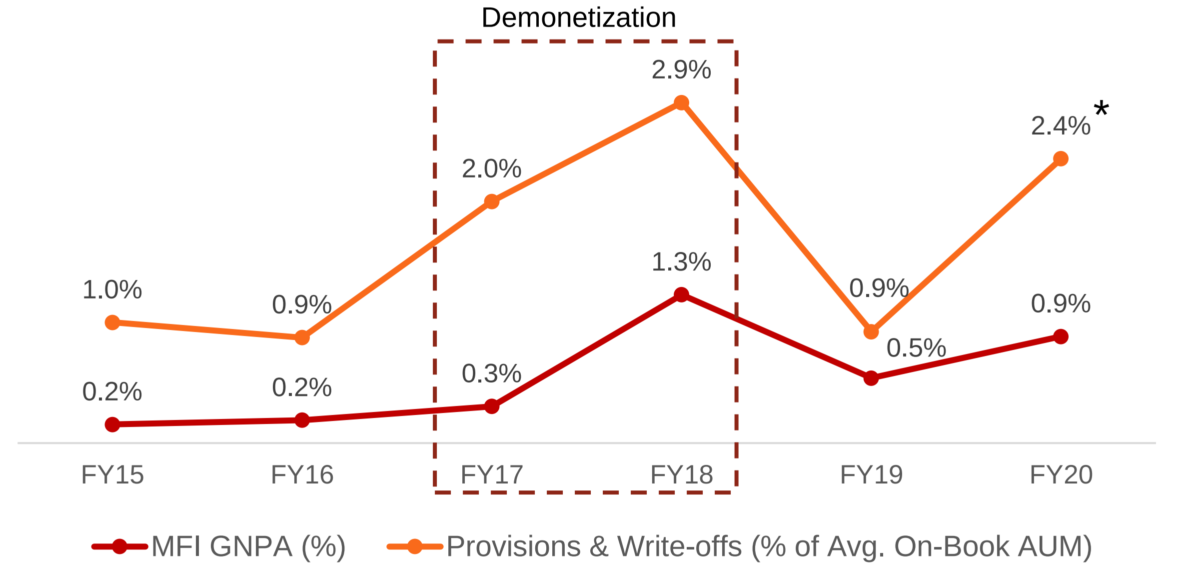
Well diversified across geographies



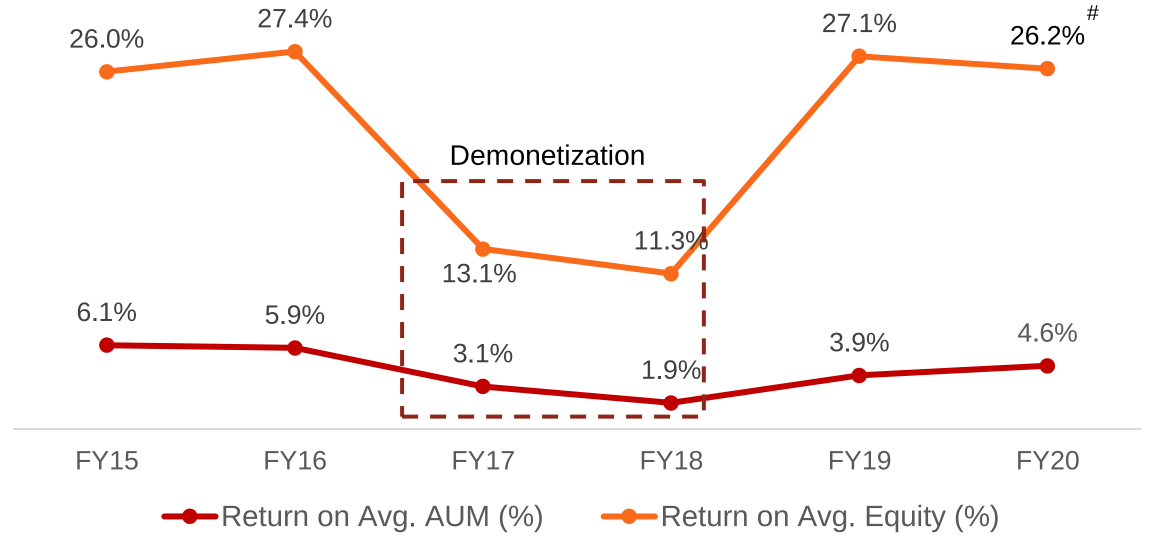
Maintaining high operational efficiency



Through cycle asset quality under control



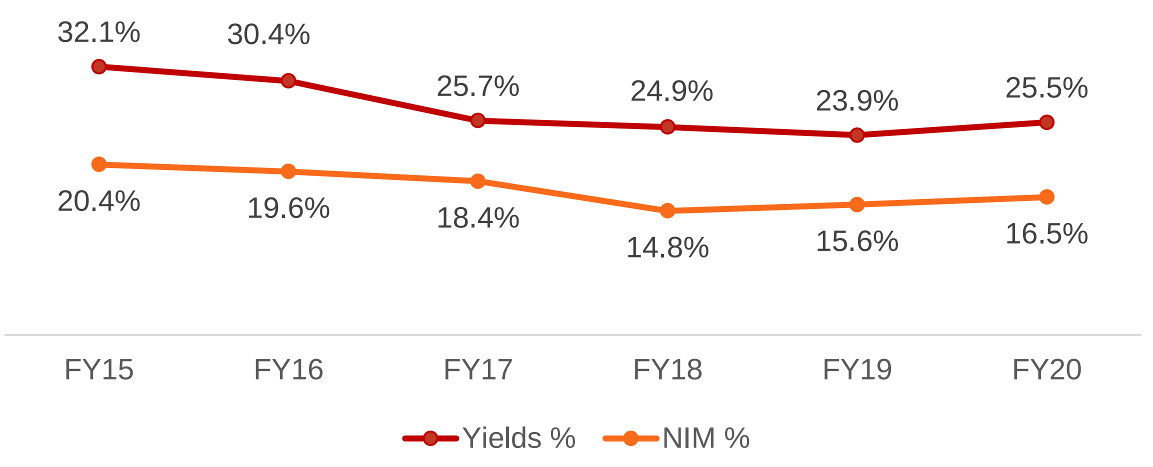
Sustaining strong ROA (%) & ROE (%)



Note: *FY20 & 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

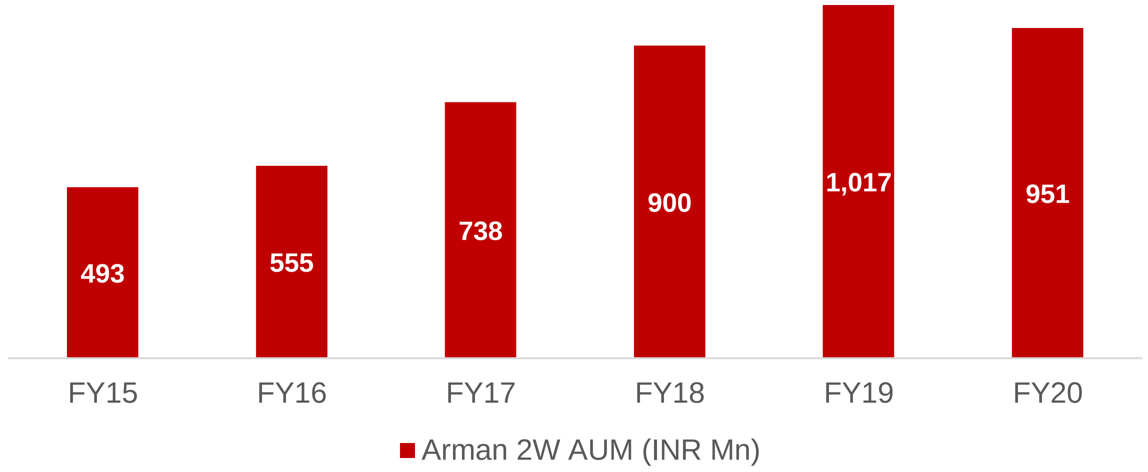
2W Loans: 5-Year Performance

Yields (%) & NIM (%) Trend

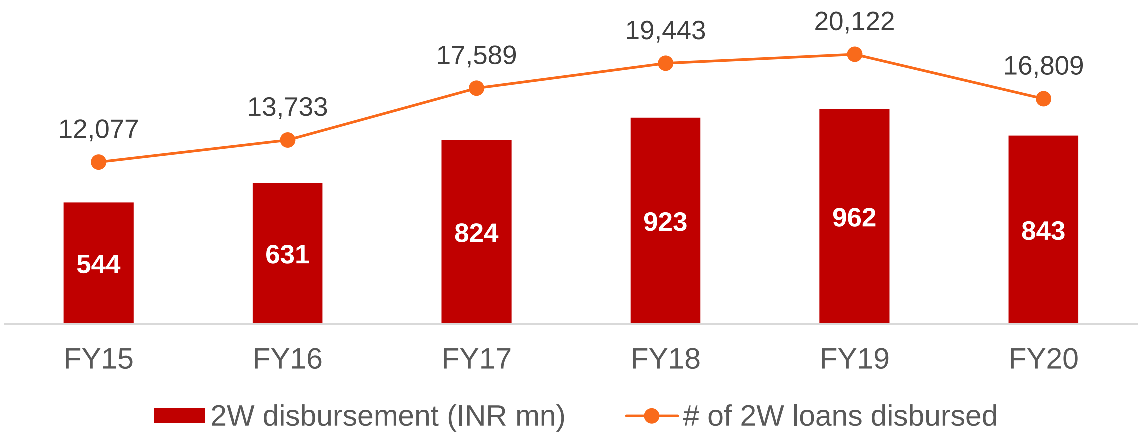


Arman 2W AUM/ has seen steady growth over FY15-20

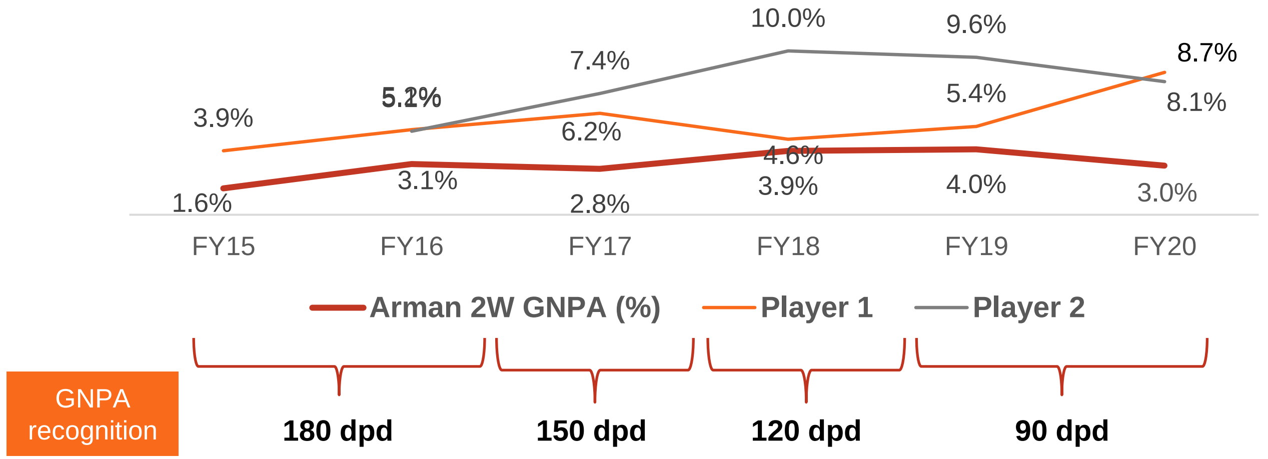
CAGR: 14%



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

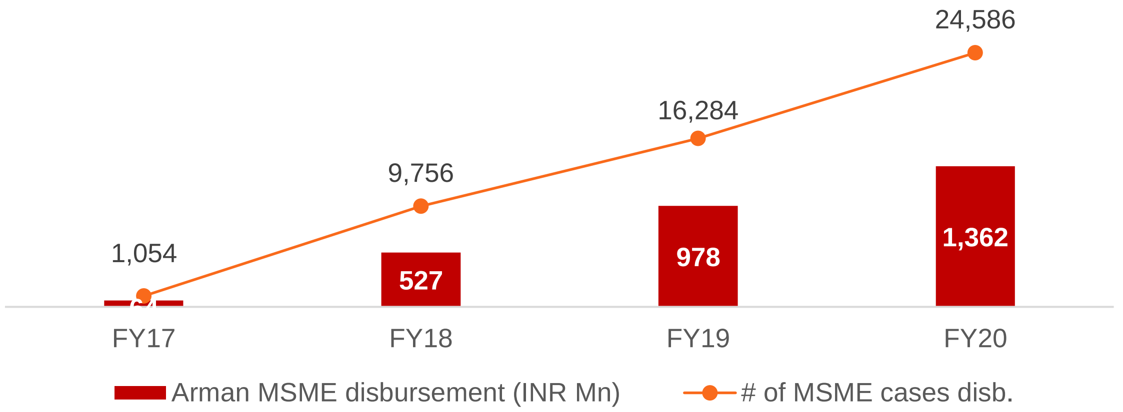


Note: *FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP.*

MSME Loans: 3-Year Performance

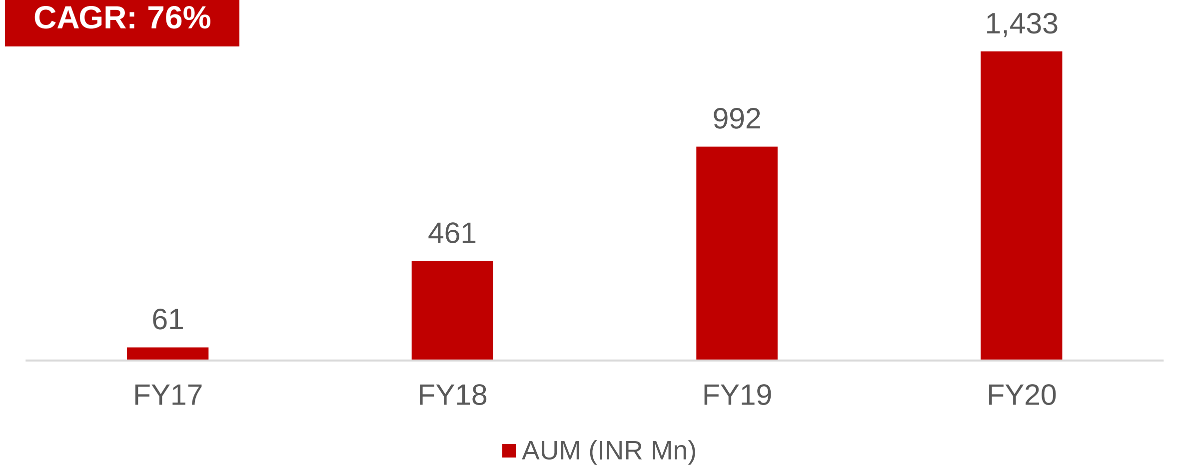
Disbursement Growth

CAGR: 61%

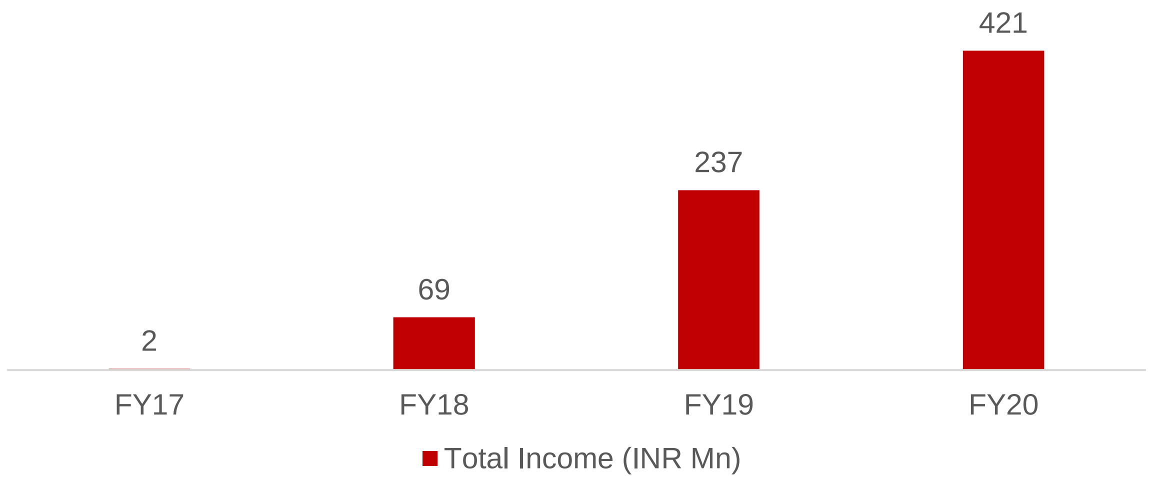


AUM Growth

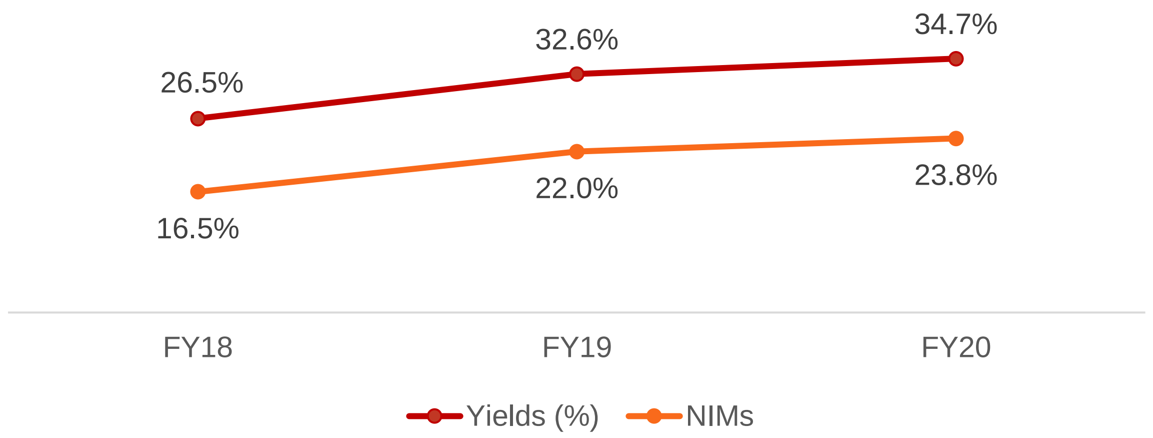
CAGR: 76%



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)*