



Arman Financial Services Ltd.

Arman Financial Services Limited declares its Q4 & FY22 results, ends FY22 with record high AUM

- **Consolidated AUM at ₹1,233 Crores - up by 51% YoY**
- **Disbursements for the quarter at ₹ 337 Crores - up 23% YoY**
- **Q4 Pre- Provision Operating Profit at ₹ 33 Crores - up 202% YoY**
- **Q4 PAT at ₹ 16 Crores compared to ₹ 1 Crore the previous year**

Ahmedabad, India, 31st May 2022: Arman Financial Services Ltd (Arman), a Gujarat based non-banking financial company (NBFC), with interests in microfinance, two-wheelers, and micro-enterprise (MSME) loans, announced its financial results for the quarter and year ended 31st March 2022 and displayed solid all round performance in a challenging macro environment.

Particulars (In ₹ Crores)	Q4 FY22	Q4 FY21	YoY%	FY22	FY21	YoY%
Assets Under Management (AUM)	1,233.2	814.4	51%	1,233.2	814.4	51%
Total Disbursement	337.5	275.2	23%	1023.3	509.7	101%
Gross Total Income	75.8	45.2	68%	235.0	195.0	20%
Pre-Provisioning Operating Profit	32.8	10.9	202%	82.9	66.4	25%
Total Provisioning & Write-Offs	10.7	11.0	-2%	37.3	54.6	-32%
Profit After Tax	16.3	0.9	1772%	31.7	10.6	199%
GNPA %	4.08%	4.58%	(50bps)	4.08%	4.58%	(50bps)
NNPA %	0.70%	0.63%	7bps	0.70%	0.63%	7bps
RoE* %	32.02%*	1.90%*	3012bps	31.20%	11.58%	1962bps

*No's annualized

Consolidated Financial Highlights – Q4 FY2022

- **Assets Under Management (AUM):** As on 31st March 2022, Company's AUM stood at ₹ 1,233.2 crores, higher by 51% YoY led by enhanced branch network which helped catering to new customers and geographies and increased demand from existing geographies.
- **Disbursements picked up across all segments:** Loan Disbursements during Q4 FY22 stood at ₹ 337.5 crores, up by 23% YoY; and by 12% QoQ. Higher disbursements were aided by Increase in number of branches and revival in demand in rural economy.
- **Shareholders' Equity:** Stood at ₹ 212.7 crores as on 31st March 2022 (Book Value per Share is ₹ 250).
- **Comfortable Leverage Position:** Debt-Equity Ratio as on 31st March'22 was 4.65.
- **Gross Total Income:** Increased by 68% YoY to ₹ 75.8 crores and Net Total Income increased by 104% YoY to ₹ 51.1 crores. The increase in gross & net income was due to strong growth in portfolio.
- **Finance cost:** Increased by 22% YoY to ₹ 24.7 crores in line with the portfolio growth.
- **Operational costs:** Increased by 29% to 18.3 crores as a result of expansion in MFI/MSME branches and recruitment of staff for the branch expansions. Further the increase is also due to the growth in the loan portfolio.
- **Loan Impairment cost:** Provisions and write-offs (Impairment Losses on Financial Assets) during the quarter was ₹ 10.8 Crores, Cumulative Total Provisions and write-off for the year was ₹ 37.3 Crores as on 31st Mar'22,



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The total provisions on the books stood at ₹ 65.3 crores as on 31st March 2022 covering 5.73% of the on-book AUM.

- **Profit after tax increased sharply to ₹ 16.3 crores** in Q4FY22 compared to ₹ 0.9 crores in Q4FY21 aided by strong growth in portfolio.
- **Consolidated GNPA stood at 4.08%; NNPA stood at 0.70% for March 22.**
- **Total operational branches:** As on 31st March 2022 stood at 292 (236 in MFI, 50 in MSME and 6 in 2W).

Update on Collections Efficiency- Aligning towards pre-covid levels

Business Segment	Jan 2022	Feb 2022	Mar 2022
Microfinance	93%	95%	98%
MSME	95%	94%	94%
Two-Wheeler	96%	95%	96%
Total Collection Efficiency %	94%	95%	98%

- **Collections in microfinance business has remained at healthy levels and improved further to 98% in March. MSME and 2-wheeler segments performed excellently with 94% and 96% collections respectively in March 2022.**

Update on Liquidity

- **Healthy Liquidity position with ₹ 150.4 crore in cash/bank balance, liquid investments, and undrawn CC limits:** Pick-up in collections along with the incremental debt capital raised has materially improved the Company's liquidity position. The Company has duly repaid all the debt obligations that were due in Q4 FY22. ALM continues to remain positive, and the Company continues to have access to new sources of funds.

Commenting on the company's performance during Q4 & FY22, Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services said, "The year gone by had its fair set of challenges starting with second wave to ending with the threat of third wave led by omicron variant of COVID-19. Despite such challenges its immensely satisfying that the company has delivered the best quarterly and yearly performance on many parameters which stands testimony to our consistent dedication, expertise and strong business model. Over the years the company has emerged stronger and has overcome many challenges and disruptions led by regulatory changes, macro environment issues, and natural disasters, such as the ongoing pandemic.

The company has achieved significant milestones in terms of disbursement for the year ended March 2022 with disbursement of ₹1,023 crore, up by 101% YoY, which is our best ever disbursement for the year. Also, monthly disbursement crossed ₹150 crore mark (₹127 crore for MFI & 23 crore for MSME & 2W) in the month of March 22. Higher disbursements were aided by improvement in demand scenario, passionate on ground workforce and enhanced branch networks which helped catering to new geographies.

While we focus on growth, our foremost priority remains the asset quality and to maintain the quality of our loan book the loans are given only after thoroughly analysing the customers cashflows, payback capability and good credit history. Result of which is our collection efficiency, which remains robust at above 95% for Q4 FY22 and scaling towards its pre covid levels of 98%.



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We have successfully completed our branch expansion plan and added 30 new branches in the MFI and MSME segment. Our total branch network as on 31st March 2022 stands at 292 branches. The expansion has not only given us deeper penetration by tapping into newer districts in existing states but has also given us an opportunity to explore new geographies.

During the quarter, the RBI announced regulatory framework for microfinance loans which provides a level playing field for all players, while allowing us to price in the increased riskiness of Microfinance loans. While the new regulation is targeted more towards bringing different categories of lender, that is NBFCs, banks, SFBs, etc., under one regulatory umbrella, the NBFC-MFIs stand to gain the most.

We remain optimistic about the overall economy and our endeavour is to serve the most underserved and unserved population of India so that they could also be made part of India's growth story. I would like to express my gratitude to the employees, customers, Government and RBI for their unwavering support and guidance during these turbulent times."

Segmental Performance Update – Q4 FY22 v/s. Q4 FY21

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q4 FY22	Q4 FY21	YoY%	FY22	FY21	YoY%
Assets Under Management (AUM)	1022.0	643.1	59%	1022.0	643.1	59%
Total Disbursement	279.5	229.7	22%	840.1	417.6	101%
Gross Total Income	55.9	33.6	66%	173.0	135.7	27%
Pre-Provisioning Operating Profit	23.0	7.8	194%	57.2	41.3	38%
Total Provisioning & Write-Offs	9.8	7.7	28%	30.0	36.7	-18%
Profit After Tax	9.8	0.9	1044%	18.4	4.9	276%
GNPA %	3.68%	4.13%	-44bps	3.68%	4.13%	-44bps
NNPA %	0.59%	0.57%	3bps	0.59%	0.57%	3bps
RoE %	25.01%*	2.84%*	2217bps	17.46%	4.19%	1327bps

*No's annualized

- **MFI AUM increased by 59% YoY and stood at ₹ 1022.0 crores.** Improvement in cash flows with the borrowers and return of the economy to normalcy led to growth in the portfolio.
- Gross NPA % is lower at 3.68% in Q4 FY22 compared to 4.13% in Q4 FY21. Improvement in NPA is a result of stricter underwriting resulting in robust collection from the Post covid disbursements. Post ECL provisioning NNPA stood at 0.59%.
- PAT for the quarter increased sharply to ₹ 9.8 crores in Q4FY22 compared to ₹ 0.9 crores in Q4FY21 on the back of strong growth of loan portfolio and better operational efficiencies.
- **Strengthened the provision Coverage with additional provision of ₹ 4.4 crores. Additionally, the company also took an aggressive write-off of ₹ 5.4 crores.**
- **Cumulative total ECL Provisions as on 31st March'22 were ₹ 47.2 crores covering 5.0% of the total AUM.**



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Two-Wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q4 FY22	Q4 FY21	YoY%	FY22	FY21	YoY%
Assets Under Management (AUM)	211.2	171.3	23%	211.2	171.3	23%
Total Disbursement	58.0	45.5	27%	183.2	92.1	99%
Gross Total Income	21.0	13.9	51%	66.2	63.5	4%
Pre-Provisioning Operating Profit	10.9	3.5	211%	28.6	27.3	5%
Total Provisioning & Write-Offs	0.9	3.3	-72%	7.3	17.9	-59%
Profit After Tax	7.6	0.5	1454%	16.2	8.0	103%
GNPA %	7.67%	6.74%	93 bps	7.67%	6.74%	93 bps
NNPA %	1.51%	0.89%	62 bps	1.51%	0.89%	62 bps
RoE %	15.27%*	1.12%*	1415 bps	8.49%	4.08%	441 bps

*No's annualized

- **2W & MSME AUM stood at ₹ 211.2 crores in Q4 FY22**
 - MSME AUM increased by 32% YoY to ₹ 165.1 crores
 - 2W AUM was flat at ₹ 46.1 crores.
- **Pre-Provisioning Operating Profit increased by 211% YoY and stood at ₹ 10.9 crores**
- **GNPA % and NNPA % stood at 7.67% and 1.51% respectively**
- Total Provisions as on 31st March'22 were ₹18.1 crores covering 8.6% of the total AUM

For, Arman Financial Services Limited

Director



Arman Financial Services Ltd.

About Arman Financial Services Limited

Arman Financial Services Ltd (NSE: ARMANFIN; BSE: 531179) is a category 'A' Non-Banking Finance Company (NBFC) active in the 2-Wheeler, MSME, and Microfinance Lending business. The Microfinance division is operated through its wholly-owned subsidiary, Namra Finance Ltd, an NBFC-MFI. The group operates mostly in unorganized and underserved segment of the economy and mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, Rajasthan, Haryana, and Bihar through its network of 292 branches.

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

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For. Arman Financial Services Limited

Director