



ARMAN FINANCIAL SERVICES LIMITED

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

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

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

(Rs. In Lakhs except per share data)

Sr.No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	a. Revenue from Operations						
	i. Interest Income	4,958.00	4,745.79	5,181.08	9,703.79	9,763.07	20,037.87
	ii. Gain on assignment of financial assets	-	-	-	-	-	450.33
	iii. Fees and Commission Income	124.46	120.53	140.81	244.99	271.79	646.04
	iv. Net Gain on Fair Value Changes of Investment Marked To Market	(5.18)	39.41	(58.45)	34.23	(16.37)	16.46
	Total revenue from Operations	5,077.28	4,905.73	5,263.44	9,983.01	10,018.50	21,150.70
	b. Other Income	91.71	32.97	173.08	124.68	237.55	364.00
	Total Income	5,168.99	4,938.70	5,436.52	10,107.69	10,256.05	21,514.70
2	Expenses						
	a. Finance cost	1,863.70	2,234.87	2,269.83	4,098.57	4,141.44	8,759.37
	b. Impairment losses on financial assets	1,865.52	1,024.43	223.16	2,889.95	371.21	2,000.85
	c. Employees benefits expense	909.63	829.88	880.70	1,739.51	1,681.32	3,645.68
	d. Depreciation and amortisation expense	20.23	20.73	22.47	40.96	38.32	79.84
	e. Other expenses	313.68	166.06	388.63	479.74	753.72	1,651.35
	Total Expenses	4,972.76	4,275.97	3,784.79	9,248.73	6,986.01	16,137.09
3	Profit / (Loss) before an Exceptional and Tax (1-2)	196.23	662.73	1,651.73	858.96	3,270.04	5,377.61
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	196.23	662.73	1,651.73	858.96	3,270.04	5,377.61
6	Tax Expense (net)						
	- Current tax	355.00	408.90	377.67	763.90	826.45	1,423.40
	- Short / (excess) Provision of Income Tax of earlier years	-	-	-	-	-	(2.78)
	- Deferred tax liability / (asset)	(310.15)	(277.03)	69.88	(587.18)	28.36	(195.00)
	Net Tax Expenses	44.85	131.87	447.55	176.72	854.81	1,225.62
7	Profit for the period / year from continuing operations (5-6)	151.38	530.86	1,204.18	682.24	2,415.23	4,151.99
8	Profit / (loss) from discontinued operations	-	-	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-	-	-
10	Profit / (loss) from discontinued operations (after tax) (8-9)	-	-	-	-	-	-
11	Profit for the period / year (7+10)	151.38	530.86	1,204.18	682.24	2,415.23	4,151.99
12	Other comprehensive income / (loss)						
	(a) (i) Items that will not be reclassified to profit and loss						
	- Remeasurement of Defined Benefit Obligations	(2.91)	(2.92)	(1.69)	(5.83)	(3.37)	(11.67)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.74	0.73	0.37	1.47	0.86	2.94
	Sub Total (a)	(2.17)	(2.19)	(1.32)	(4.36)	(2.51)	(8.73)
	(b) (i) Items that will be reclassified to profit and loss						
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	303.19	(6.81)	66.63	296.38	(4.55)	85.68
	(ii) Income tax relating to items that will be reclassified to profit and loss	(77.25)	1.71	(19.57)	(75.54)	1.16	(24.29)
	Sub Total (b)	225.94	(5.10)	47.07	220.84	(3.38)	61.39
	Net Other comprehensive income / (loss) (a)+(b)	223.77	(7.29)	45.75	216.48	(5.89)	52.66
13	Total Comprehensive Income	375.15	523.57	1,249.93	898.72	2,409.34	4,204.65
	Paid up Equity Share capital (face value of Rs. 10/-)	848.76	845.09	698.13	848.76	698.13	845.09
14	Earnings per share (of Rs. 10/- Each)(Not Annualised)						
	(a) Basic EPS	1.79	6.28	17.31	8.07	34.72	55.80
	(b) Diluted EPS	1.79	6.26	13.89	8.06	27.65	55.54



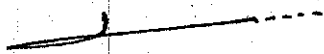
Notes

- 1 These unaudited financial results of Arman Financial Services Limited (the "Parent") and its subsidiary (collectively referred to as the "Group") have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 The unaudited Consolidated financial results for the quarter / half year ended September 30, 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on November 11, 2020.
- 3 The Company reports quarterly financial results of the Group on a consolidated basis, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with circular dated July 5, 2016. The standalone financial results are available on the website of the Company at www.armanindia.com, the website of BSE Limited ("BSE") at www.bseindia.com and on the website of National Stock Exchange of India Limited ("NSE") at www.nseindia.com.
- 4 The parent Company, during the quarter ended September 30, 2020 has allotted 36,740 equity shares of Rs. 10/- each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
- 5 **Moratorium in accordance with the Reserve Bank of India (RBI) guidelines**
The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Pursuant to the guidelines issued by RBI dated, March 27, 2020, April 17, 2020 and May 23, 2020 relating to COVID-19 Regulatory Package, the Group has granted moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to the eligible borrowers. For the purpose of asset classification on all such accounts, the number of days past due as on September 30, 2020 excludes the moratorium period to the respective borrower, as per the Group's policy.
- 6 **Estimation of uncertainty relating to COVID-19 global health pandemic**
In assessing the recoverability of loans, receivables and investments, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these consolidated financial results. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic condition and external developments including the final decision of the Hon'ble Supreme Court of India in relation to moratorium and other related matters, the eventual outcome of impact of the aforesaid factors may be different from those estimated as on the date of approval of these consolidated financial results and the Group will continue to monitor any material changes to the future economic conditions, which will be given effect to in the respective future period.
- 7 The Code on Social Security, 2020 (the "Code") has been enacted. The date of coming into force of the various provisions of the Code is to be notified and the rules thereunder are yet to be announced. The potential impact of the change will be estimated and accounted in the period of notification.
- 8 The Group is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 9 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

Date: 11.11.2020
Place: Ahmedabad



For, Arman Financial Services Limited


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814



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CONSOLIDATED BALANCE SHEET AS ON SEPTEMBER 30, 2020

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





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

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



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

To,
The Board of Directors of
Arman Financial Services Limited

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **Arman Financial Services Limited** (the "Parent") and its subsidiary (the Parent and its subsidiary together referred to as the "Group"), **for the quarter and six months ended September 30, 2020** (the "Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Name of the Company	Relationship
Namra Finance Limited	Wholly owned Subsidiary



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

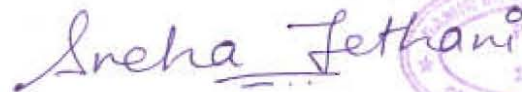
Our conclusion on the Statement is not modified in respect of this matter.

7. We did not review the interim financial information/financial results of one subsidiary included in the Statement, whose interim financial information/financial results reflect total assets of ₹ 58,588.56 lakhs as at September 30, 2020, total revenues of ₹ 3561.50 lakhs and ₹ 6,895.78 lakhs for the quarter and six months ended September 30, 2020 respectively, total net profit after tax of ₹ 64.07 lakhs and ₹ 330.26 lakhs for the quarter and six months ended September 30, 2020 respectively, total comprehensive income of ₹ 282.60 lakhs and ₹ 281.28 lakhs for the quarter and six months ended September 30, 2020 respectively and net cash out flows of ₹ 4735.84 Lakhs for the six months ended September 30, 2020, as considered in the Statement. These interim financial information/ financial results have been reviewed by the other auditors whose reports have been furnished to us by the Management, and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

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

Place : AHMEDABAD
Date : 11th NOVEMBER, 2020

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



SNEHA JETHANI
(PARTNER)

MEMBERSHIP No.: 160932
UDIN: 20160932AAAABP8468





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

(Rs. In Lacs except per share data)

Sr.No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	a. Revenue from Operations						
	i. Interest Income based on Effective Interest Method	1,641.85	1,617.88	1,674.67	3,259.73	3,236.61	6,537.65
	ii. Gain on Assignment of Financial Assets	-	-	-	-	-	173.66
	iii. Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	1.65	-	-	1.65	-	-
	Total revenue from Operations	1,643.50	1,617.88	1,674.67	3,261.38	3,236.61	6,711.31
	b. Other Income	99.44	65.73	103.37	165.17	158.00	298.86
	Total Income	1,742.94	1,683.61	1,778.04	3,426.55	3,394.61	7,010.17
2	Expenses						
	a. Finance cost	496.96	531.30	548.68	1,028.26	1,035.19	2,202.74
	b. Impairment losses on financial assets	684.51	447.14	48.32	1,131.65	110.80	668.79
	c. Employees benefits expense	292.49	257.41	320.25	549.90	621.28	1,323.12
	d. Depreciation and amortisation expense	2.66	2.71	2.91	5.37	5.40	11.15
	e. Other expenses	72.18	48.46	102.02	120.64	227.84	521.76
	Total Expenses	1,548.80	1,287.02	1,022.17	2,835.82	2,000.51	4,727.56
3	Profit / (Loss) before an Exceptional and Tax (1-2)	194.14	396.59	755.87	590.73	1,394.10	2,282.61
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before Tax (3 - 4)	194.14	396.59	755.87	590.73	1,394.10	2,282.61
6	Tax Expense (net)						
	- Current tax	184.70	199.00	136.41	383.70	296.54	516.88
	- Deferred tax liability / (asset)	(160.66)	(127.92)	77.87	(288.58)	32.61	(58.04)
	Net Tax Expenses	24.04	71.08	214.28	95.12	329.15	458.84
7	Profit for the period / year from continuing operations (5-6)	170.10	325.51	541.59	495.61	1,064.95	1,823.77
8	Profit / (loss) from discontinued operations	-	-	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-	-	-
10	Profit / (loss) from discontinued operations (after tax) (8-9)	-	-	-	-	-	-
11	Profit for the period / year (7+10)	170.10	325.51	541.59	495.61	1,064.95	1,823.77
12	Other comprehensive income / (loss)						
	(a) (i) Items that will not be reclassified to profit and loss						
	- Fair valuation gain / (loss) on financial instruments measured at FVOCI	-	-	-	-	-	-
	- Remeasurement of Defined Benefit Obligations	(1.22)	(1.22)	(1.02)	(2.44)	(2.04)	(4.87)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	0.30	0.31	0.23	0.61	0.52	1.23
	Sub Total (a)	(0.92)	(0.91)	(0.80)	(1.83)	(1.52)	(3.64)
	(b) (i) Items that will be reclassified to profit and loss						
	- Fair Value changes on Advances	(76.14)	(6.75)	(54.75)	(82.89)	(21.40)	46.05
	(ii) Income tax relating to items that will not be reclassified to profit and loss	18.21	1.70	15.19	19.91	5.48	(12.81)
	Sub Total (b)	(57.93)	(5.05)	(39.55)	(62.98)	(15.91)	33.24
	Net Other comprehensive income / (loss) (a)+(b)	(58.85)	(5.96)	(40.35)	(64.81)	(17.43)	29.59
13	Total Comprehensive Income	111.25	319.55	501.24	430.80	1,047.51	1,853.36
	Paid up Equity Share capital (face value of Rs. 10/-)	848.76	845.09	698.13	848.76	698.13	845.09
14	Earnings per share (in Rs.) (Not Annualised)						
	(a) Basic EPS	2.01	3.85	7.79	5.86	15.31	24.51
	(b) Diluted EPS	2.01	3.84	6.43	5.86	12.44	24.39




Notes

- 1 These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 The unaudited standalone financial results for the quarter / half year ended September 30, 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on November 11, 2020.
- 3 The Company, during the quarter ended September 30, 2020 has allotted 36,740 equity shares of Rs. 10/- each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
- 4 **Moratorium in accordance with the Reserve Bank of India (RBI) guidelines**
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- 7 The Company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 8 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

Date: 11.11.2020
Place: Ahmedabad



For, Arman Financial Services Limited


Jayendra Patel
Vice Chairman & Managing Director
DIN-00011814



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STANDALONE BALANCE SHEET AS ON SEPTEMBER 30, 2020

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





ARMAN FINANCIAL SERVICES LIMITED

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

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

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

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



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

To,
The Board of Directors of
Arman Financial Services Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of Arman Financial Services Limited (the "Company"), for the quarter and six months ended September 30, 2020 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended).
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. We draw attention to Note 5 to the standalone financial results in which the Company describes the uncertainties arising from the COVID 19 pandemic.

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

Place : AHMEDABAD
Date : 11th NOVEMBER, 2020

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

Sneha Jethani

SNEHA JETHANI
(PARTNER)

MEMBERSHIP No.: 160932
UDIN: 20160932AAAABO2554





Arman Financial Services Ltd.

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

Ahmedabad, India, 12 November 2020: Arman Financial Services Ltd (Arman), a Gujarat based non-banking financial company (NBFC), with interests in microfinance, two-wheelers, and micro-enterprise (MSME) loans, announced its financial results for the second quarter and half year ended 30th September 2020.

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

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

Consolidated Financial Highlights – Q2 & H1 FY 2021

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





Arman Financial Services Ltd.

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

Update on Collections

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

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

Update on Liquidity

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

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

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

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

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

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





Arman Financial Services Ltd.

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

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

Microfinance - Financial Highlights

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

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

Two-Wheeler & MSME – Financial Highlights

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

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





Arman Financial Services Ltd.

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

About Arman Financial Services Limited

Arman Financial Services Ltd (NSE: ARMANFIN; BSE: 531179) is a category 'A' Non-Banking Finance Company (NBFC) active in Microfinance, Micro-Enterprise, and 2-Wheeler Lending business. The Microfinance division is operated through its wholly-owned subsidiary, Namra Finance Ltd, an NBFC-MFI. The group operates mostly in unorganized and underserved segment of the economy and mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, and Rajasthan through its network of 211 branches and 55+ dealer touchpoints.

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

For more information, contact



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

For, Arman Financial Services Limited

Director

