



# Arman Financial Services Limited

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Date: May 27, 2024

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

Dear Sir,

**SUB: PRESENTATION ON FINANCIAL PERFORMANCE**

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and our previous letter dated May 27, 2024 vide which the Company has published the standalone / consolidated financial results for the quarter / year ended on March 31, 2024, we are enclosing a presentation on financial performance of the Company.

Kindly take it on your record.

Thanking you,

Yours faithfully,

**For, Arman Financial Services Limited**

Jaimish Patel  
Company Secretary  
M. No.- A42244



# **Arman Financial Services Limited**

**Investor Presentation – May 2024**





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## Business Update



# FY24 Performance Highlights



Assets Under Management

INR 2,639 Crore  
(+36% Y-o-Y)

Provisions and Write offs

INR 65 Crore  
*Cumulative Provisions stood at ~INR 90.2 Crore (covering 3.4% of the consolidated AUM, 4.2% on-book)*

Disbursement

INR 2,297 Crore  
(+30% Y-o-Y)

Asset Quality

GNPA: 2.88%  
NNPA: 0.31%

Shareholder's Equity

INR 813 Crore\*  
CRAR: **Arman (Standalone)**: 62.7%;  
CRAR: **Namra** : 32.8%

Return Ratios<sup>#</sup>

ROAA: 7.6%  
\$ROE: 27.8%

Profit Before Tax

INR 228 Crore  
(+83% Y-o-Y)

Collection Efficiency

Steady and healthy 97.7% for FY24

Profit After Tax

INR 174 Crore  
(+85% Y-o-Y)

Active Customer Base

Approximately 8 Lakhs

# Recent Fund Raises (1/2)



## December – 2023

Company raised INR 230 crore via Qualified Institutional Placements of Equity Shares

### Issue Details

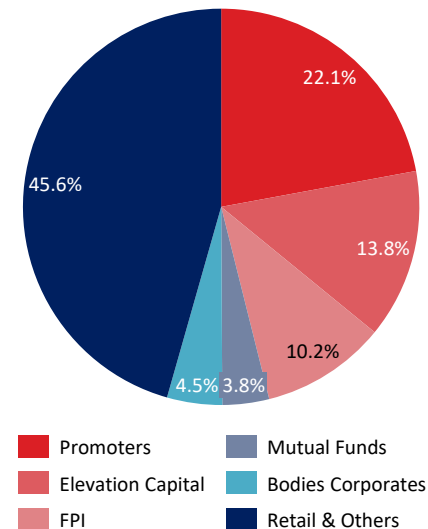
- **Size of QIP:** INR 230 Crores / 10,47,835 Shares
- **Price per Share:** INR 2,195 per equity share, with a face value of Rs. 10.
- **Fully Diluted Net Worth Post QIP (Q3:FY24 Balance Sheet):** 769.8 Crores
- The QIP saw interest from investors like Whiteoak, Sundaram Mutual Fund, UTI Mutual Fund, Kotak Life, amongst many others

## September - 2022

Company raised INR 115 crore via allotment of CCDs and OCRPS on a preferential basis

- Allotment of 6,24,388 Unsecured Compulsorily Convertible Debentures (“CCDs”) on preferential basis to Investors
  - The total amount raised was approximately Rs. 76.8 crores.
  - Some of the marquee investors included fund(s) controlled by Singapore based Sixteenth Street Capital and USA based Seven Canyons Advisors.
  - Other investors included both domestic and foreign individuals.
  - Instruments has been converted in full as on March 2024.
- Allotment of 3,10,972 Optionally Convertible Redeemable Preference Shares (“OCRPS”) on preferential basis.
  - The total amount raised was approximately Rs. 38.2 crore.
  - The investors included a mix of individuals and family offices.
  - All the investors have exercised the option and the OCRPS have been converted as per scheme as on March 24

## Shareholding Pattern as on 31<sup>st</sup> March, on Fully diluted basis



**Total Shares Outstanding (Fully Diluted) : 1,04,76,774.**

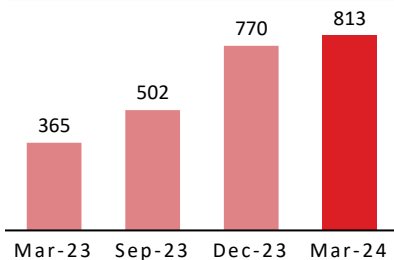
*The mix of Tier I & II equity capital will be used to fund the targeted growth plans of taking the organization to INR 5000+ crores with a healthy capital adequacy and debt-equity ratio by leveraging our presence in the MFI, MSME, Two-Wheeler, and other loan segments which will enables the company to achieve a sustained growth momentum in the coming few quarters.*

# Recent Fund Raises (2/2)

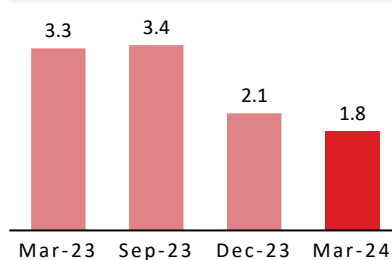


Calculated as per IND-AS

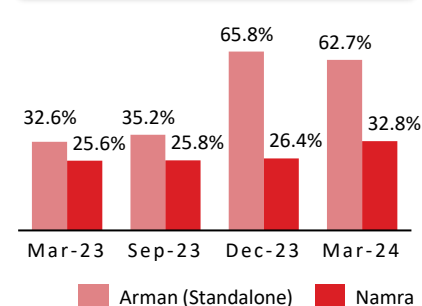
## Net worth (INR Crore)



## Debt/Equity (x)<sup>#</sup>



## CRAR (%)



<sup>#</sup>After adjusting overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 226 Crore.

Shareholders' Funds	As on 31st March 2024		As on 31st March 2023	
	Amount (INR Crore)	No of shares	Amount (INR Crore)	No of shares*
Shareholders fund (excluding CCD & OCRPS; INDS-AS equity component)	812.7	1,04,76,774	301.9	84,92,334
Unsecured Compulsorily Convertible Debentures (CCDs)	-	-	76.8	6,24,388
Optionally Convertible Redeemable Preference Shares (OCRPS)	-	-	38.2	3,10,972
<b>Total</b>	<b>812.7</b>	<b>1,04,76,774</b>	<b>416.9</b>	<b>94,27,694</b>

\*on fully diluted basis





## Annual household income limit raised to INR 3 Lakh



- Increased annual household limit from INR 1.25 Lakh to INR 3 Lakh will provide more headroom to NBFC-MFIs to lend to more customers.
- This will help microfinance lenders to service consumers from diverse segments.

## Maximum FOIR of 50% considering all outstanding loans of the household

- The regulator has capped the monthly loan repayment of borrowers, it should not exceed half the monthly household income.
- This will reduce the pressure of EMI repayments on the borrowers, as well as lead to lower delinquency and lower credit costs for the industry.



## Removal of Pricing Cap



- The RBI removal of the interest rate ceiling on loans offered by NBFC-MFIs has put all microfinance lenders including banks, small finance banks, NBFC and not-for-profit companies on a uniform regulatory platform.
- This has allowed lenders to go for risk-based pricing.

## Qualifying assets limit revised from 85% of net assets to 75% of the total assets

- Increasing the non-qualifying asset limit provide MFIs more flexibility to experiment and innovate new products and achieve more balanced lending portfolio, reduce the cyclicality and volatility impact on the balance sheet, and strengthen the ability of institutions to weather any external risks.





## About the Company



# About Arman Financial Services



## About the Company

- 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 having a **combined experience of 100+ years** in the Lending Business

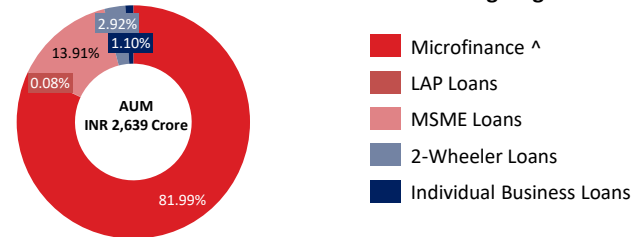
## Strong Financial Performance

- High-Growth Trajectory (FY16-24 CAGR):
  - AUM: ~**41%**
  - Net Interest Income: ~**41%**
  - PAT: ~**47%**
- Consolidated debt to equity ratio of 1.8:1– Sufficient Capital to drive growth going forward<sup>#</sup>
- **High Return Ratios - ROE: 28.2%; ROAA: 7.6%**

## Efficient Liability Management

- Consistent rating upgrades backed by strong financial & operating performance
- Upgraded to A- (Stable Outlook) from BBB+ (Stable Outlook) by CARE Ratings for Arman and Namra in March 2024
- MFI-1 (MFI One) rating has been awarded to Namra Finance Limited, the wholly owned subsidiary offering microfinance loans
- 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

### Presence in Attractive Retail Lending Segments – FY24



**402**

Branches

**149**

Districts

**10**

States

**~8 Lakh**

Live Customers

**50+**

Two-Wheeler dealerships

**Positive ALM**

Comfortable Liquidity Position

**51+**

Diversified Borrowing Profile &  
Relationship with Banks & FIs

Began operations in Gujarat and has continuously undertaken expansion since 2014 to achieve geographic diversifications

<sup>#</sup>After adjusting the impact of CCDs and OCRPS, debt component as per IND-AS and overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 226 Crore.

<sup>^</sup>Company's wholly owned subsidiary 'Namra Finance Limited' offers microfinance loans

# Journey so Far



1992

- Company Incorporated
- Started bill discounting & Machine leasing

1995

- Listing on BSE – Issue subscribed 22x

1998

- Launched 2W Loans

2010

- Launched Microfinance business

2018

- Raised PE funding from SAIF Partners

2017

- Launched MSME Loans business
- Crosses 100 branches across 5 states & 3 products
- Disbursement crosses INR 500 Crore

2014-16

- Expanded to Maharashtra, MP, UP & Uttarakhand
- Listing on NSE

2013

- Demerged MFI operations into “Namra Finance”
- Disbursement crosses INR 100 Crore

2011

- Raised PE funding from Incofin
- Disbursement crosses INR 50 Crore

2019

- Disbursement crosses INR 750 Crore
- 100% Cashless disbursements
- Expanded into Rajasthan

2020

- Disbursement crosses INR 875 Crore

2021

- AUM crossed INR 1,000 Crore

2022

- Raised ~INR 115 Crore through allotment of CCDs and OCRPs on preferential basis
- Commenced operations in states of Haryana and Bihar

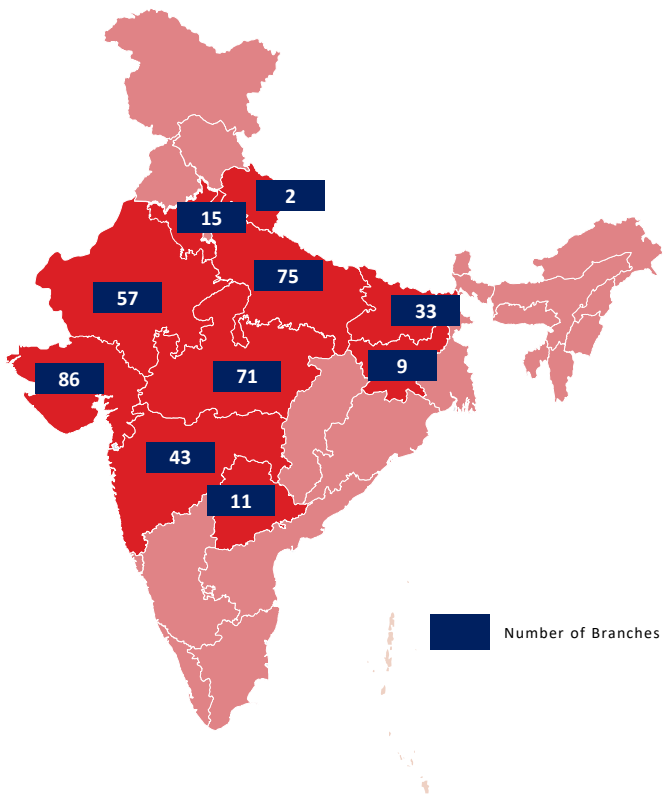
2023

- Namra Finance received CARE Ratings' highest MFI-1 grading
- Doubled the AUM to INR 2,000 Crore in 18 months
- Raised ~INR 230 Crore through QIP

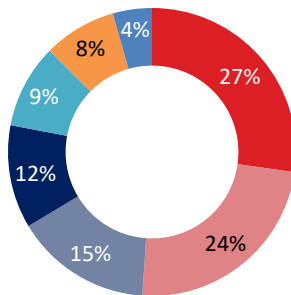
2024

- Upgraded to A- (Stable Outlook) from BBB+ (Stable Outlook) by CARE Ratings for Arman and Namra in March 2024
- Crossed INR 2,500 Crore AUM mark in Feb-24
- Entered new states of Telangana and Jharkhand

# Geographical Footprint



## Geographical AUM Mix (Consolidated)



Number of Branches	FY24	FY23
Microfinance	319	274
MSME	79	58
2W & Rural 2W	4	4
<b>Total</b>	<b>402</b>	<b>336</b>

**402**

Branches

**~8 Lakh**

Active Customers

**3,805**

No of Employees

**3,142**

No of Loan Officers

*After successful entry in Bihar and Haryana, the Company is now expanding its footprints in states of Telangana and Jharkhand*



# Strong Underwriting Measures by Leveraging Digital Transformation



## Loan Management

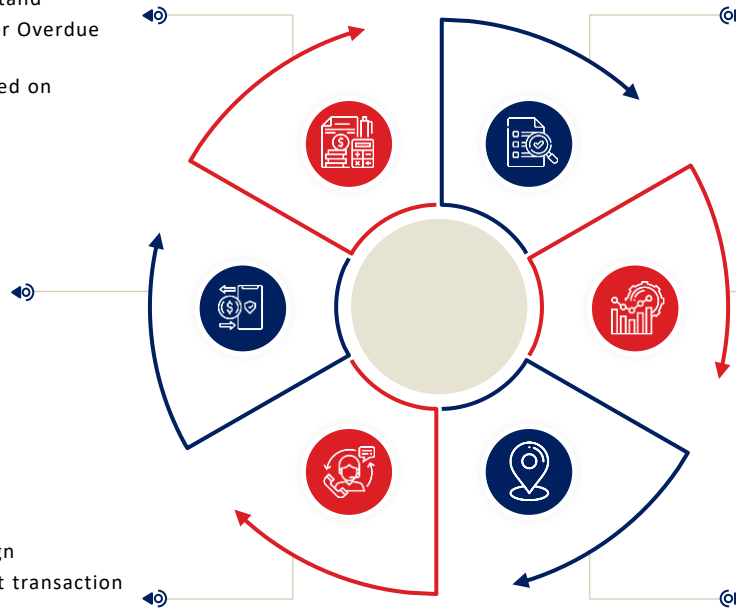
- Loan Utilization check
- Instant pre-closure and pre-settlement and its simulation for the customer to understand
- Hassle-free check in case of advance or Overdue collection
- Centre & Customer categorization based on repayment trends

## Superior Collection

- Mobile-based collection at Point of transaction
- Customized UPI QR code to each customer facilitating them to Go Cashless
- An easy way out to Prepone and postpone the due dates in case of Holidays
- Instant acknowledgment SMS to the customer in vernacular languages

## Customer Gain

- Paperless disbursement through eSign
- Providing intimation of each relevant transaction through SMS to every customer
- Tele-calling will happen through the system with a call recording facility
- Will develop customer facing app post implementation



## Instant Verification Of Key Details

- The LOS\* & LMS\* System facilitates instant verification
- KYC Validation through OCR and face recognition
- Mobile No. verification through OTP
- Customer identity verification through UPI System
- Bank Account verification through "penny-drop"

## Instant First-level Credit Assessment

- Immediate household-based credit assessment through Credit Bureau API integration and robust rule engine
- Algorithm based risk assessment
- Fully compliant with new RBI regulations for household income assessment
- Overlapping customers will be alerted by the system across products and divisions to avoid over indebtedness

## Traceability

- Better customer traceability by 4D customer Verification, which includes geotagging (Latitude, Longitude), House Picture, auto address capture, and Mobile verification
- Centre Branch Geo fencing to avoid any slippages in the defined process
- Audit trail of each stage

**~50% Reduction in TAT between sourcing documents and fund disbursement**



## Alok N. Prasad *Chairman*

- A veteran banker with over 35 years of regulatory, banking and financial services experience, with Senior positions at RBI, NHB, and Citi Bank.
- He was the founder CEO of MFIN, the Industry Body and Self-Regulatory Organization (SRO) for Microfinance Institutions (MFIs) in India.
- He has served on a number of committees of the Ministry of Finance, Govt of India.

## Jayendrabhai B. Patel *Vice Chairman & Managing Director*

- He has been an entrepreneur for 45 years. He was involved in a pharmacy business in a USA early in his career followed by running a textile start-up in Gujarat.
- He founded Arman in 1992 and has been at the helm of management since then.
- He is the founder member of the Gujarat Finance Companies Association and presently serves as Vice-Chairman of the Association.

## Aalok J. Patel *Joint Managing Director*

- He has 16 years of banking and finance experience, including 12 years at Arman. Prior to Arman, he worked as an independent auditor at KPMG in US.
- He is a licensed Certified Public Accountant (CPA) from USA. He also has served as a visiting professor at HL College of Commerce and is a guest lecturer at IIM-A.
- He holds a Bachelor's in Accounting & Finance and Master's in Accountancy from Drake University, USA.

## Yash K. Shah *Independent Director*

- He is a Chartered Accountant and currently a partner at DBS & Co.
- He is an expert in the fields of Mergers & Acquisitions and Valuations. Prior to DBS, he was at KPMG in the MA division.
- He has written various papers on Domestic Transfer Pricing and Cross Border Transactions and also given numerous lectures in the topic of M&A.

## Ritaben J. Patel *Non-Executive Director*

- She holds Banking qualifications from First National Bank of Chicago, USA and has worked with various other USA banks like Golf Mill Bank and Morton Grove Bank in various capacities for more than a decade. She holds a B. A. in Economics.

## Aakash J. Patel *Non-Executive Director*

- He has over 18 years of Information Technology, Computer Science, and business experiences. Currently, he works as a Manager- PMO for Bullhorn Inc.
- Prior to that, he worked at various other roles such as IT Consulting with Deloitte, software developer at Intellitools, and other companies such as Hewlett Packard, EMC Corporation, Softscape Inc and Sumtotals Systems.
- He holds a MBA from Bentley College, USA.

## Ramakant Nagpal *Independent Director*

- He is a Chartered Accountant with over three decades of senior level banking and finance experience. He has worked at Centurion Bank, Central Bank, and was the MD/CEO of Central Bank Housing Finance.
- He was heading Internal audit at Central Bank of India, and as statutory auditor of a Cooperative Bank.
- He also headed the Finance Department of a Leading Central Government Pharma Company.

## Geeta Haresh Solanki *Independent Director*

- She is a serial social entrepreneur in Women's health, hygiene, and social development.
- She co-founded a company for educating and providing women hygiene care to bottom of the pyramid customers.
- She received the 'Bharat Ki Laxmi' award from The Ministry of Women and Child Development, and also serves as an expert on numerous panels and summits on Women's hygiene.



## Competitive Moat



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 increasing volumes rather than ticket sizes



**Conservative operations framework** with focus on risk & asset quality



**Completely in house operations** with bottom-up driven credit appraisal models and rigorous collections practices tailored for the areas of operations

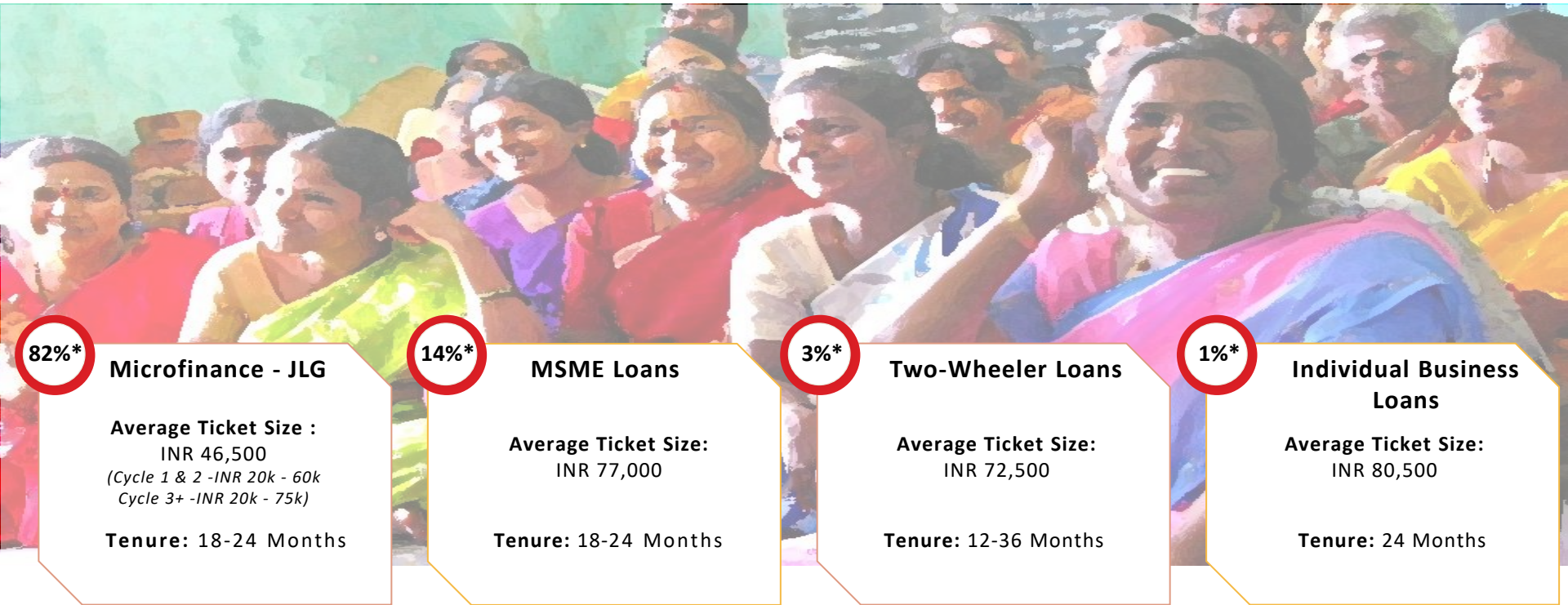


Business model centered around conservative approach to high yielding assets to **deliver a sustainable ROA of 4-5%**

## Presence in Attractive Retail Lending Segments



# Product Offerings across Verticals



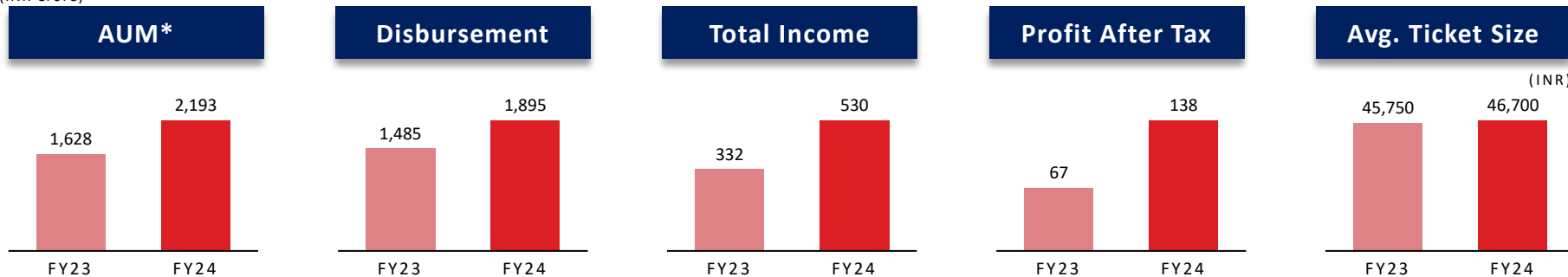
*During the year, the company launched and piloted a new product, **Loan Against Property**. AUM as on Mar-24 is ~INR 2.2 crore.  
The average ticket size of this product is INR 3,75,000, with a tenure ranging from 36 to 84 months*



# Microfinance Loans



(INR Crore)



\*Includes Individual Business Loans

- JLG model with small ticket loans (Avg. Ticket Size – INR 46,700) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- **Operations:** Operations in 10 states; 319 MFI branches; 6.97 lakh active customers
- **Operating Model:**
  - High touch monthly collection model
  - Rural concentration: ~89.3% rural & semi-urban portfolio (vs 70% 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

- **Disbursement:** 100% Cashless
- **Credit Check:** CRIF / Equifax Score; JLG Model with Training, Home Visit, Lifestyle Appraisal
- **Collections:** Cash collection at centre meetings. Increased focus on digital mode of collections with ~10% of the overall collections are now cashless.

## Key Ratios (FY24)

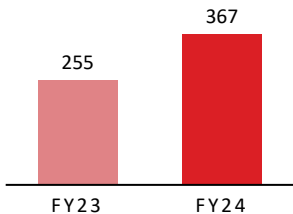
<b>*Yield: 23.8%</b>	<b>*NIM: 12.5%</b>	<b>ROAA: 7.1%</b>
<b>GNPA: 2.94%</b>	<b>NNPA: 0.16%</b>	<b>ROE: 32.4%</b>

\*Yield and NIMs are excluding DA income

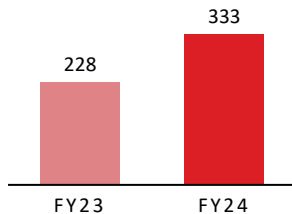


(INR Crore)

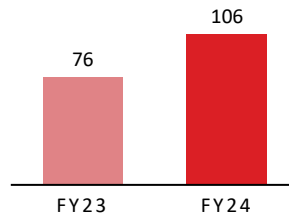
## AUM



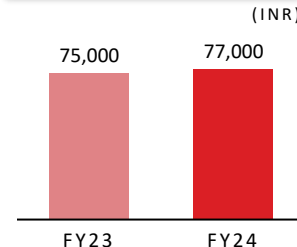
## Disbursement



## Total Income



## Avg. Ticket Size



- Individual enterprise /working capital loans for small rural businesses in low competition areas
- Currently operates across 5 states – Gujarat, MP, Maharashtra, Rajasthan & Telangana with 79 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

- **Disbursement:** 100% Cashless
- **Credit Checks:** CIBIL & CRIF Score; Detailed Cash Flow Assessment; Home & Business Field Investigation
- **Collections:** Doorstep cash collection. Increased focus on digital mode with ~10% cashless collections

## Key Ratios (FY24)

**\*Yield: 35.4%**

**GNPA: 2.24%**

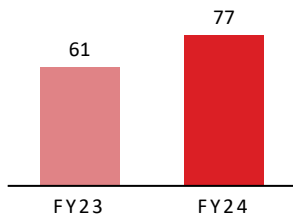
**NNPA: 0.74%**

# 2W and Rural 2W Loans

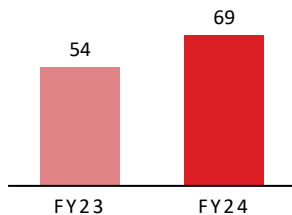


(INR Crore)

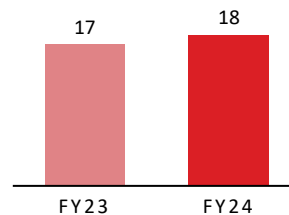
## AUM



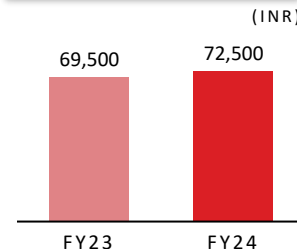
## Disbursement



## Total Income



## Avg. Ticket Size



- 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 50+ 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**

- **Disbursement:** 100% Cashless
- **Credit Checks:** CIBIL & CRIF Score; Home & Business Field Investigation
- **Collections:** E-nach and other digital modes for 2W, doorstep cash collection rural 2W

## Key Ratios (FY24)

**\*Yield: 25.2%**

**GNPA: 4.36%**

**NNPA: 1.55%**

## 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



- Credit bureau check (CRIF & CIBIL)
- Physical FI & PD by in house credit manager at residence & workplace
- Capacity to Pay Use of nontraditional income & expense estimation methodologies
- Willingness to pay reference checks
- Final sanction by centralized credit team

*“Trigger sent to independent credit team for FI”*

### Collections

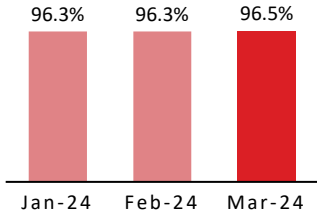


- Team member that does sales also handles collections
- Door to door collection allows Company to maintain relations with customer and ensures high collection efficiency
- Monthly collections high touch, relationship driven model
- Approximately 12% of the collections are done via digital mode

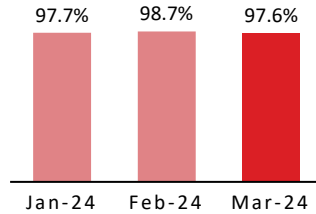
*“Door-step cash collection”*



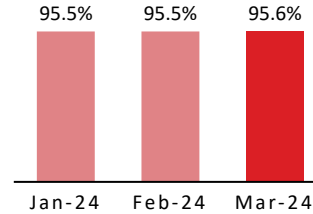
## Microfinance



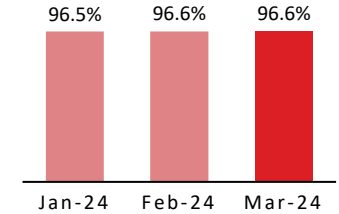
## MSME



## Two-Wheeler



## Total



### Update on Collections

- Collections in all the segments were healthy and were aligned to its pre covid levels
  - Microfinance and MSME collections were at ~96% and ~98% in March-24
  - 2W collections continued to be ~96% in March-24
- Cumulative Provisions stood at ~INR 90.2 Crore as on 31<sup>st</sup> March 2024 (covering 3.4% of the consolidated AUM, 4.2% on book)
  - Namra Finance: Cumulative Provisions stood at ~INR 72.9 Crore as on 31<sup>st</sup> March 2024 (covering 3.3% of the consolidated AUM, 4.3% on book)
  - Standalone: Cumulative Provisions stood at ~INR 17.2 Crore as on 31<sup>st</sup> March 2024 (covering 3.9% of the consolidated AUM, 4.0% on book)

Particulars (INR Crore)		Microfinance	MSME	Two-Wheeler	Total
Jan-24	Collection Due	166.6	30.0	4.4	<b>201.0</b>
	Amount Collected	160.4	29.3	4.2	<b>193.9</b>
Feb-24	Collection Due	173.4	30.7	4.4	<b>208.5</b>
	Amount Collected	167.0	30.3	4.2	<b>201.5</b>
Mar-24	Collection Due	183.1	33.0	4.5	<b>220.6</b>
	Amount Collected	176.6	32.2	4.3	<b>213.1</b>





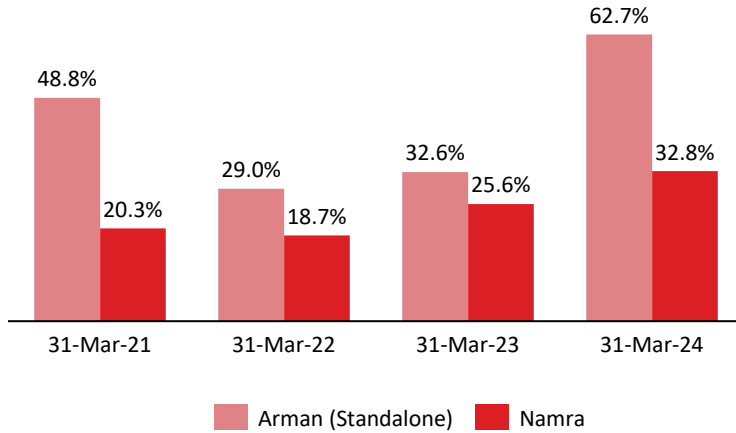
## Efficient Liability Management



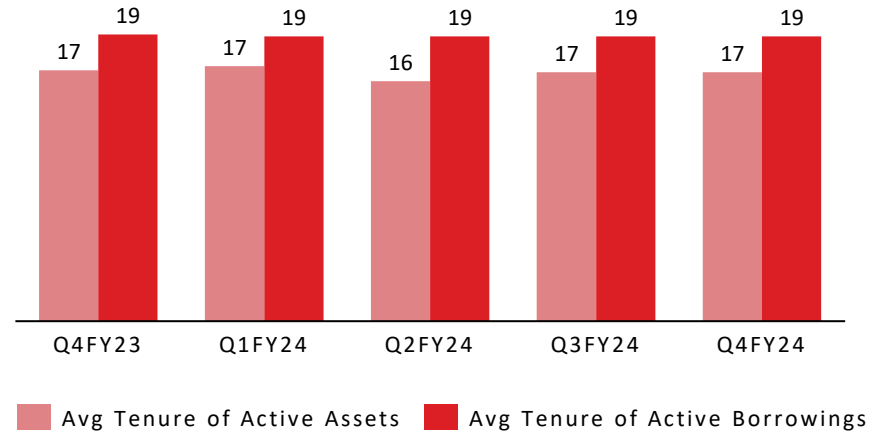
# Strong Capitalization with Sufficient Liquidity



## Capital Adequacy Ratio



## ALM Position (in Months)



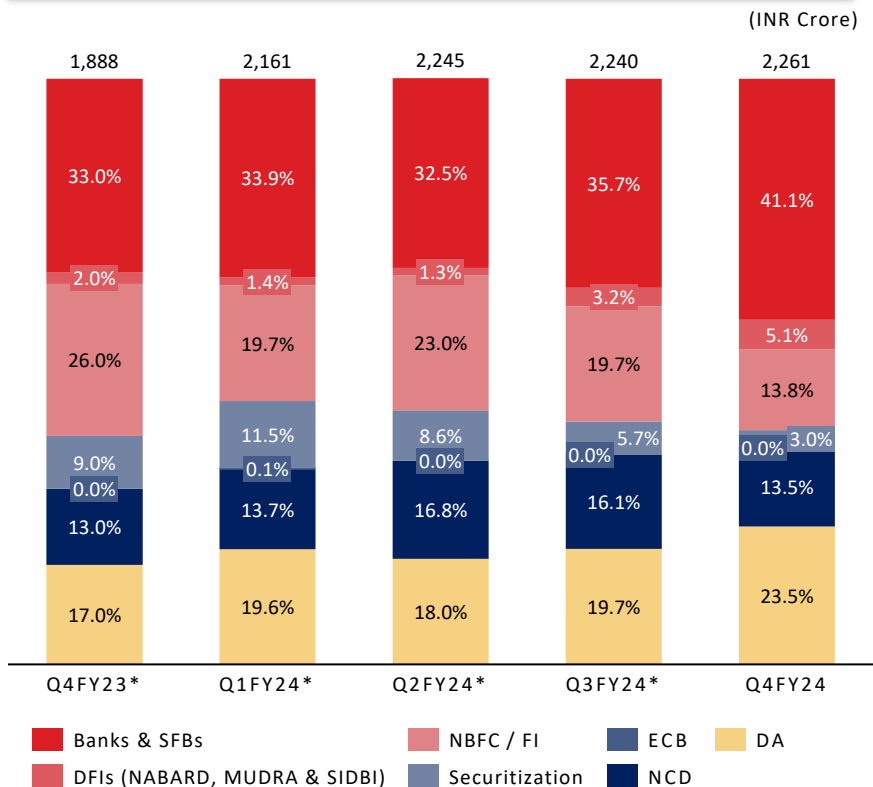
### Update on Liquidity

- Healthy Liquidity position with INR 179.2 Crore in cash/bank balance, liquid investments, and undrawn CC limits
- ALM continues to remain positive, and the company continue to have access to new sources of funds via DA and NCDs
- Additionally, company has INR 320 Crore undrawn sanctions from existing lenders

# Borrowing Profile



## Borrowing Mix (%)



## Top 5 Lending Partners

Top 5 Lenders	% of Borrowings
Lender 1 - TL & DA	18.70%
Lender 2 - NCD	8.56%
Lender 3 - TL & DA	8.16%
Lender 4 - TL	5.62%
Lender 5 - TL	4.85%

## Credit Rating

Credit Rating	CARE	ACUITE
Long Term Bank Facilities	-	ACUITE A-Stable Outlook
Non-Convertible Debentures	CARE A-Stable Outlook	

Namra Finance Limited is assigned 'MFI-1' (MFI One) grading by CARE Advisory Research & Training Limited.

# Lending Partnerships



## Bank Borrowings



## Non-Bank Borrowings



## Securitization Partners



## NCDs & ECB





## Strong Financial Performance



# FY24 Consolidated Profit & Loss Statement



Particulars (INR Crore)	Q4FY24	Q4FY23	YoY %	Q3FY24	QoQ%	FY24	FY23	YoY %
Income from Operations	182.9	149.3		168.8		661.5	423.9	
Other Income	0.1	0.0		0.0		0.11	0.0	
<b>Gross Total Income</b>	<b>183.0</b>	<b>149.3</b>	<b>23%</b>	<b>168.8</b>	<b>8%</b>	<b>661.6</b>	<b>423.9</b>	<b>56%</b>
Finance Costs	63.0	63.3		71.2		265.5	172.0	
<b>Net Total Income (NTI)</b>	<b>120.0</b>	<b>86.0</b>	<b>40%</b>	<b>97.6</b>	<b>23%</b>	<b>396.1</b>	<b>251.9</b>	<b>57%</b>
Employee Benefits Expenses	21.3	14.2		17.9		71.5	54.7	
Depreciation and Amortisation	0.4	0.3		0.4		1.4	1.2	
Other Expenses	10.2	8.7		6.8		30.0	26.4	
<b>Pre-Provision Operating Profit</b>	<b>88.1</b>	<b>62.8</b>	<b>40%</b>	<b>72.5</b>	<b>22%</b>	<b>293.2</b>	<b>169.6</b>	<b>73%</b>
Total Provisions & Write-offs	23.5	14.0		17.3		65.1	44.7	
<b>Profit Before Tax</b>	<b>64.6</b>	<b>48.8</b>	<b>32%</b>	<b>55.2</b>	<b>17%</b>	<b>228.1</b>	<b>124.9</b>	<b>83%</b>
<b>Profit After tax</b>	<b>50.8</b>	<b>36.2</b>	<b>40%</b>	<b>42.0</b>	<b>21%</b>	<b>173.6</b>	<b>93.8</b>	<b>85%</b>

- As of March 2024, Consolidated AUM stands at ~INR 2,639 Crore, as against ~INR 1,943 Crore in March 23, registering strong Y-o-Y growth of 36%
- Disbursements for FY24 amounted to ~INR 2,297 Crore, as against ~INR 1,767 Crore in FY23, reflecting a year-on-year (Y-o-Y) growth of 30%
- During FY24, Gross Total Income increased by 56% YoY to ~INR 662 Crore and Net Total Income increased by 57% YoY to ~INR 396 Crore
- Profit After Tax increased sharply to ~INR 174 Crore in FY24 compared to ~INR 94 Crore in FY23 on the back of improving efficiencies and strong outlook
- Cumulative Provisions stood at ~INR 90.16 Crore as on 31st March 2024 (covering 3.42% of the consolidated AUM, 4.20% on book)
- Number of Branches as of 31<sup>st</sup> March 2024 stood at 402, while Active Customers base stood at ~8 lakh.

# Balance Sheet – 31<sup>st</sup> March 2024



Particulars (INR Crore)	Consolidated		Standalone	
	Mar-24	Mar-23	Mar-24	Mar-23
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	118.6	26.2	69.5	1.4
Bank Balance	406.1	404.1	69.8	64.0
Loans & Advances	2,032.9	1,536.7	406.8	297.0
Investments	7.1	19.5	281.1	196.4
Other Financial assets	41.0	28.9	12.7	1.9
<b>Total Financial Assets</b>	<b>2,605.8</b>	<b>2,015.4</b>	<b>840.0</b>	<b>560.7</b>
<b>Non-Financial Assets</b>				
Current tax Assets (Net)	0.0	0.0	0.5	1.8
Deferred tax Assets (Net)	19.2	15.5	4.1	3.7
Property, Plant and Equipment	6.0	4.8	1.7	0.8
Other Intangible Assets	0.3	0.3	0.1	0.0
Right To Use Asset	1.4	0.9	0.0	0.0
Other non-financial assets	2.8	1.2	1.7	0.5
<b>Total Non-Financial Assets</b>	<b>29.7</b>	<b>22.8</b>	<b>8.2</b>	<b>6.8</b>
<b>Total Assets</b>	<b>2,635.4</b>	<b>2,038.2</b>	<b>848.1</b>	<b>567.5</b>

Particulars (INR Crore)	Consolidated		Standalone	
	Mar-24	Mar-23	Mar-24	Mar-23
<b>LIABILITIES &amp; EQUITY</b>				
Equity Share capital	10.5	8.5	10.5	8.5
Reserves & Surplus	802.2	357.2	524.4	220.9
<b>Total Shareholders' Funds</b>	<b>812.7</b>	<b>365.7</b>	<b>534.9</b>	<b>229.4</b>
<b>Financial Liabilities</b>				
Other Payables	2.0	1.6	0.4	0.4
Debt Securities	302.4	243.4	167.5	101.8
Borrowings	1,397.6	1,297.5	118.6	176.6
Subordinated Liabilities	25.0	63.6	5.0	43.6
Other Financial Liabilities	81.3	56.3	14.1	7.4
<b>Total Financial Liabilities</b>	<b>1,808.2</b>	<b>1,662.3</b>	<b>305.5</b>	<b>329.9</b>
<b>Non-Financial Liabilities</b>				
Current tax liabilities (Net)	7.2	4.6	0.0	0.0
Provisions	2.6	2.0	0.8	0.7
Other non-financial liabilities	4.8	3.6	6.9	7.6
<b>Total Non-Financial Liabilities</b>	<b>14.6</b>	<b>10.1</b>	<b>7.7</b>	<b>8.2</b>
<b>Total Liabilities &amp; Equity</b>	<b>2,635.4</b>	<b>2,038.2</b>	<b>848.1</b>	<b>567.5</b>

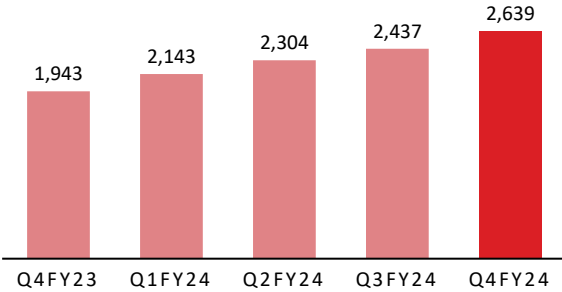


# Consolidated Business Performance

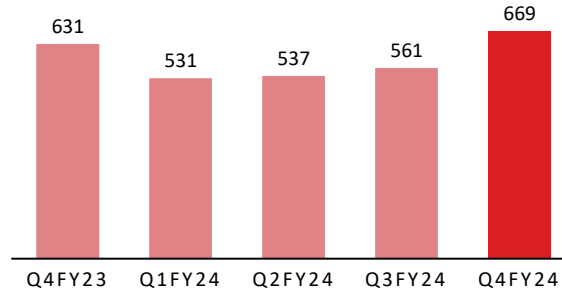


(INR Crore)

## AUM



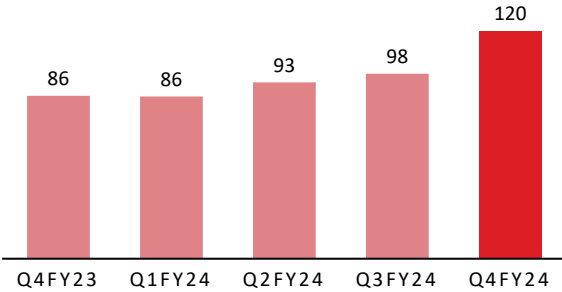
## Disbursement



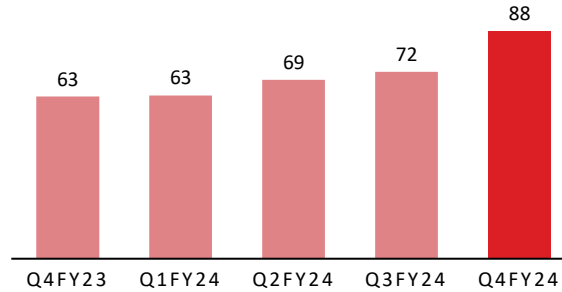
## Gross Total Income



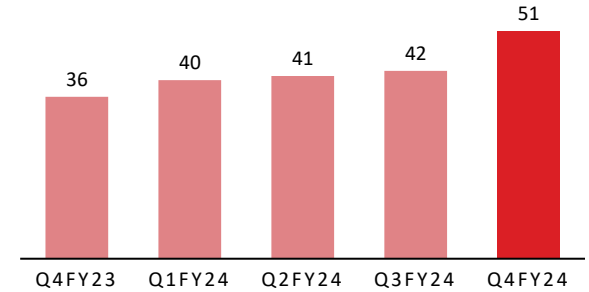
## Net Total Income



## Pre-provision Operating Profit



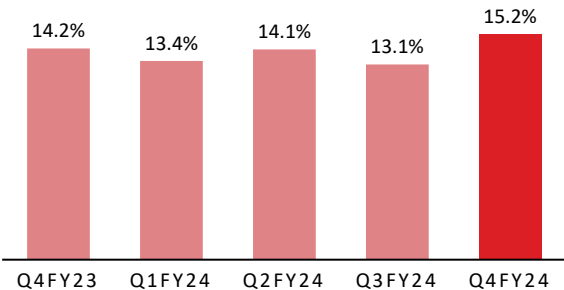
## Profit After Tax



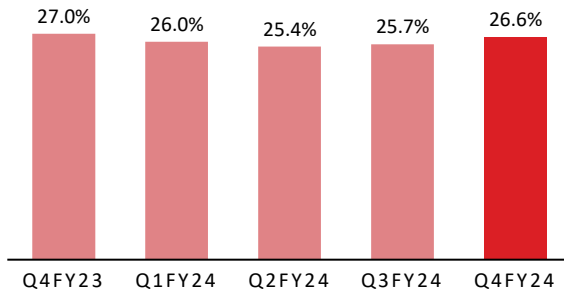
# Consolidated Business Performance



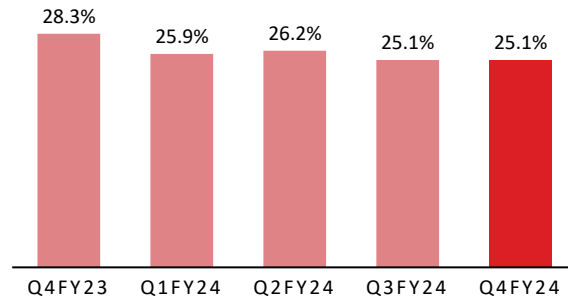
## Net Interest Margin (%)



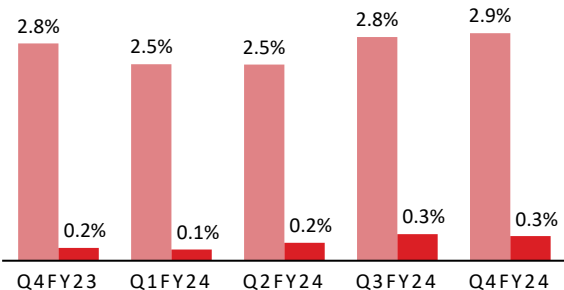
## Cost to Income Ratio (%)



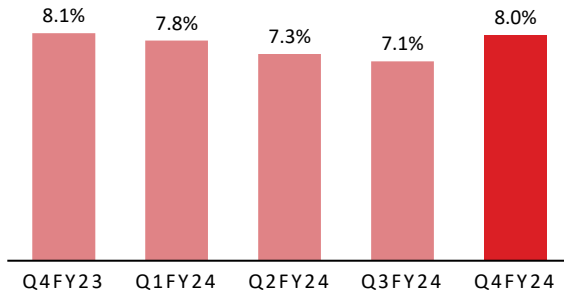
## Yield (%)



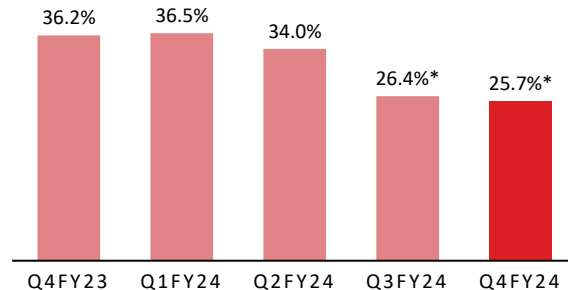
## Asset Quality (%)



## Return on Average AUM (%)



## Return on Equity (%)

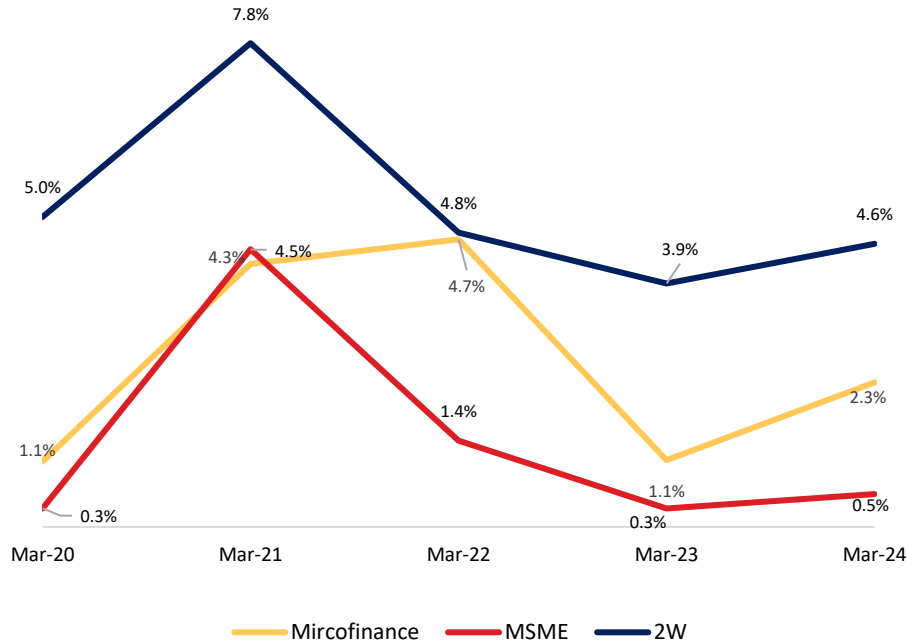


GNPA NNPA

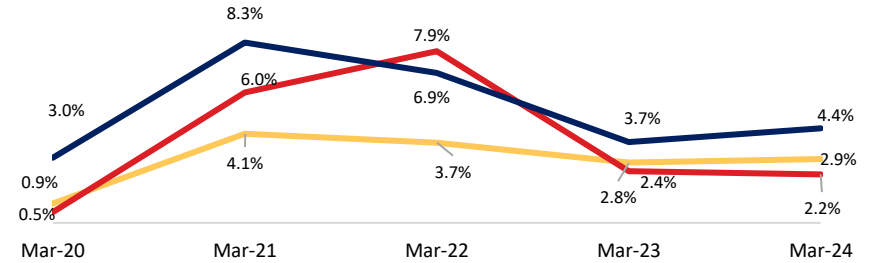
NIMs and Yield are calculated excluding DA income. RoE and Return on Avg. AUM figures are annualized  
 \*ROE calculation includes QIP proceeds of INR 230 Crores raised in the last week of Dec 23, which was yet to be fully deployed



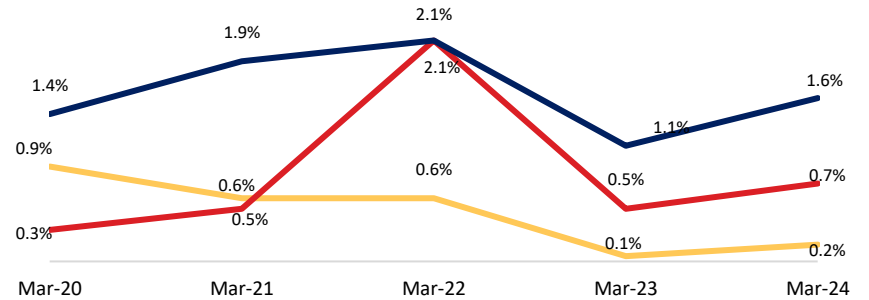
### PAR 31-90 (%) Movement



### GNPA (%)



### NNPA (%)



- The Company continues to maintain superior asset quality with improved emphasis on collections and processes, resulting a significant reduction in PAR 30 from the peak levels during covid.
- The PAR 31-90 has shown an upward trend in FY24 but are within tolerance limits. Company continues to monitor the increase aggressively.

# FY24 – Standalone P&L Statement (2W, MSME & LAP )



Particulars (INR Crore)	Q4FY24	Q4FY23	YoY %	Q3FY24	QoQ%	FY24	FY23	YoY %
Income from Operations	37.7	27.6		32.6		133.5	94.4	
Other Income	-0.5	-0.2		1.3		2.7	1.7	
<b>Gross Total Income</b>	<b>37.3</b>	<b>27.5</b>	<b>36%</b>	<b>33.9</b>	<b>10%</b>	<b>136.2</b>	<b>96.1</b>	<b>42%</b>
Finance Costs	10.6	9.4		12.3		45.6	30.7	
<b>Net Total Income (NTI)</b>	<b>26.7</b>	<b>18.0</b>	<b>48%</b>	<b>21.6</b>	<b>24%</b>	<b>90.6</b>	<b>65.4</b>	<b>38%</b>
Employee Benefits Expenses	6.9	4.7		6.2		24.6	17.7	
Depreciation and Amortisation	0.1	0.0		0.0		0.2	0.1	
Other Expenses	3.5	2.2		2.3		10.2	8.0	
<b>Pre-Provision Operating Profit</b>	<b>16.1</b>	<b>11.1</b>	<b>46%</b>	<b>13.1</b>	<b>23%</b>	<b>55.6</b>	<b>39.7</b>	<b>40%</b>
Total Provisions & Write-offs	2.5	1.4		2.1		7.2	2.1	
<b>Profit Before Tax</b>	<b>13.7</b>	<b>9.7</b>	<b>41%</b>	<b>11.0</b>	<b>24%</b>	<b>48.4</b>	<b>37.6</b>	<b>29%</b>
<b>Profit After tax</b>	<b>11.6</b>	<b>7.1</b>	<b>65%</b>	<b>9.3</b>	<b>24%</b>	<b>37.9</b>	<b>28.4</b>	<b>34%</b>

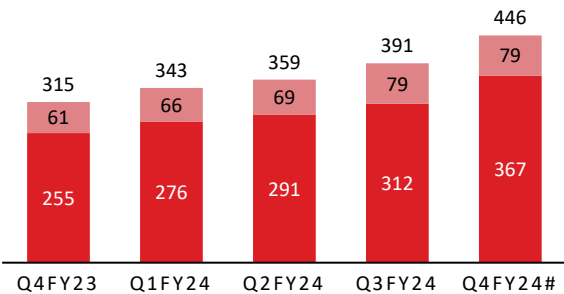
- Standalone AUM grew by 41.5% Y-o-Y to ~INR 446 Crore as compared to ~INR 315 Crore
- Disbursement of ~INR 402 Crore in FY24, a growth of 42.6% Y-o-Y as compared to ~INR 282 Crore in FY23
  - Disbursements for the quarter stood at ~INR 135 Crore of which MSME contributed ~INR 120 Crore and 2W contributed ~INR 15 Crore
- During the quarter, the company added 4 new branches taking total branch count to 79 branches in 5 states
- As on 31<sup>st</sup> March 2024, GNPA for the MSME business stood at 2.24% and for 2W business stood at 4.36%
- Cumulative Provisions stood at ~INR 17.2 Crore as on 31<sup>st</sup> March 2024 (covering 3.86% of the consolidated AUM, 4.02% on book)
- Pre-Provisioning Operating Profit has grown by 40% to Rs. 55.6 Crore in FY24
- Profit after tax has grown 34% YoY to INR 37.9 Crore in FY24.

# Standalone Business Performance

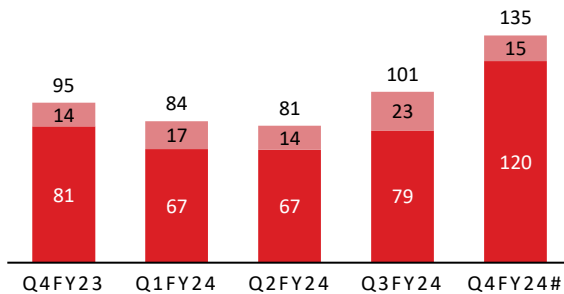


(INR Crore)

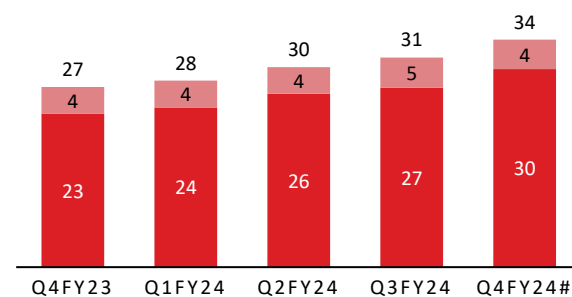
## AUM



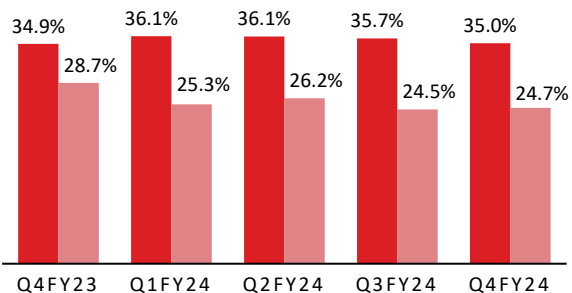
## Disbursement



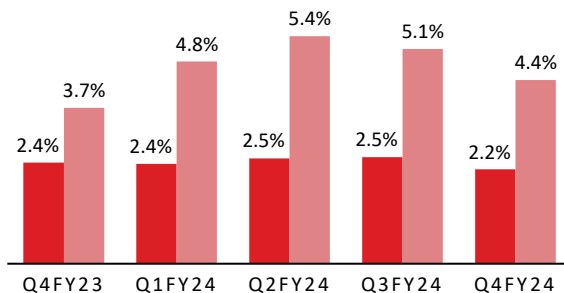
## Gross Total Income\*



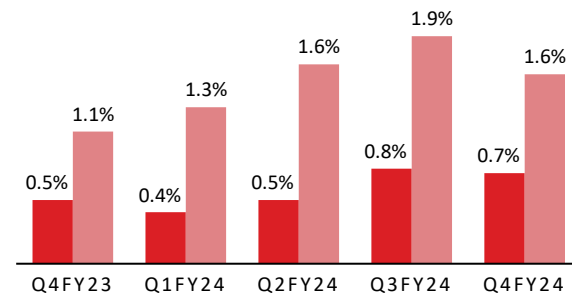
## Yield (%)



## Gross NPA (%)



## Net NPA (%)



Two Wheeler Loans MSME

Note: Yield is calculated excluding DA income. \*Gross total income is inclusive of Two-wheeler and MSME loans only  
# For Q4FY24 - AUM, Disbursements, Gross Total Income is inclusive is LAP & Two-Wheeler

# FY24 - Namra Finance Profit & Loss Statement



Particulars (INR Crore)	Q4 FY24	Q4 FY23	Y-o-Y (%)	Q3 FY24	Q-o-Q (%)	FY24	FY23	Y-o-Y (%)
Income from Operations	147.0	122.1		136.2		530.1	331.5	
Other Income	0.1	0.0		0.0		0.1	0.0	
<b>Gross Total Income</b>	<b>147.1</b>	<b>122.1</b>	<b>20%</b>	<b>136.2</b>	<b>8%</b>	<b>530.2</b>	<b>331.5</b>	<b>60%</b>
Finance Costs	54.3	54.3		58.9		222.1	143.3	
<b>Net Total Income (NTI)</b>	<b>92.9</b>	<b>67.8</b>	<b>37%</b>	<b>77.3</b>	<b>20%</b>	<b>308.1</b>	<b>188.2</b>	<b>64%</b>
Employee Benefits Expenses	14.4	9.5		11.8		46.9	37.0	
Depreciation and Amortisation	0.3	0.3		0.3		1.2	1.0	
Other Expenses	6.6	5.9		4.5		19.8	18.4	
<b>Pre-Provision Operating Profit</b>	<b>71.5</b>	<b>52.1</b>	<b>37%</b>	<b>60.7</b>	<b>18%</b>	<b>240.3</b>	<b>131.7</b>	<b>82%</b>
Total Provisions & Write-offs	21.0	12.6		15.2		57.9	42.6	
<b>Profit Before Tax</b>	<b>50.5</b>	<b>39.5</b>	<b>28%</b>	<b>45.4</b>	<b>11%</b>	<b>182.4</b>	<b>89.1</b>	<b>105%</b>
<b>Profit After tax</b>	<b>38.8</b>	<b>29.5</b>	<b>31%</b>	<b>34.0</b>	<b>14%</b>	<b>138.3</b>	<b>67.2</b>	<b>106%</b>

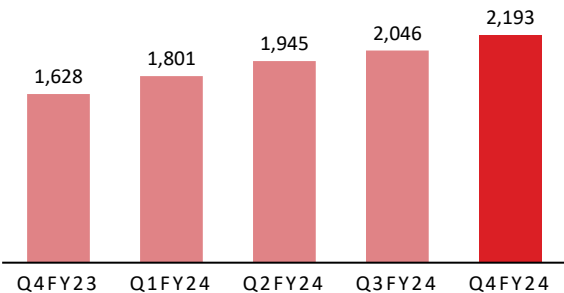
- We steadily expanded and deepened our MFI presence through our wholly owned subsidiary, Namra Finance. This involves entering new geographies, increasing the number of branches, and enhancing our outreach to underserved communities
- As of March 31, 2024, Namra's AUM stands at ~INR 2,193 Crore, registering strong Y-o-Y growth of 35% and Q-o-Q growth of 7%.
- Disbursements for FY24 amounted to ~INR 1,895 Crore, reflecting a year-on-year (Y-o-Y) growth of 28%
- During FY24, Gross Total Income increased by 60% YoY to ~INR 530 Crore and Net Total Income increased by 64% YoY to ~INR 308 Crore
- Profit After Tax increased sharply to ~INR 138 Crore in FY24 compared to ~INR 67 Crore in FY23 on the back of improving efficiencies
- Provisions & write off for the quarter increased by 36% Y-o-Y to ~INR 72.94 Crore
- Write off (net-of recovery) during the quarter at INR 10.87 Crore as an aggressive write off and provisioning policy was adopted
- Active MFI Customers stood at ~7 lakh.

# Microfinance Business Performance – Namra Finance (1/2)

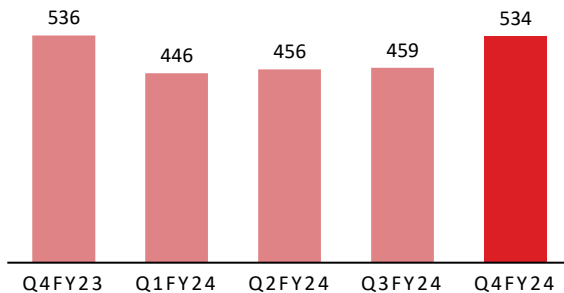


(INR Crore)

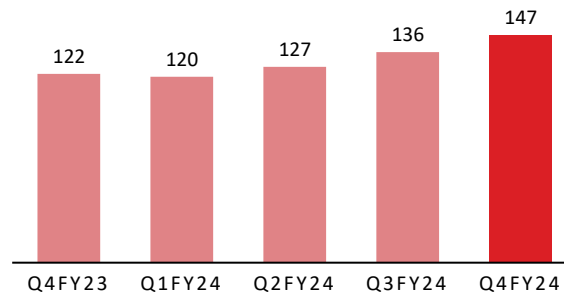
## AUM



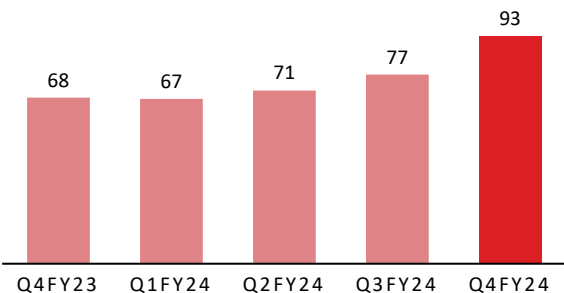
## Disbursement



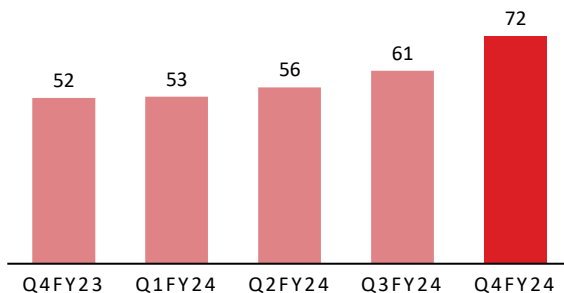
## Gross Total Income



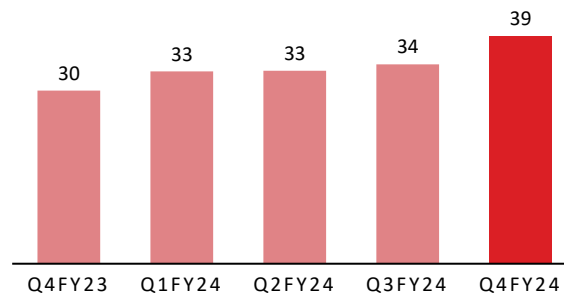
## Net Total Income



## Pre-provision Operating Profit



## Profit After Tax

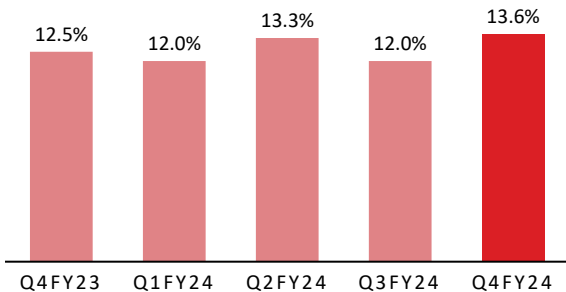




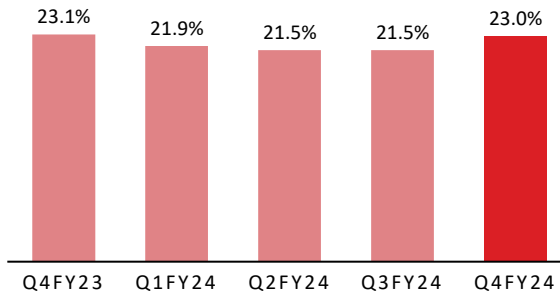
# Microfinance Business Performance – Namra Finance (2/2)



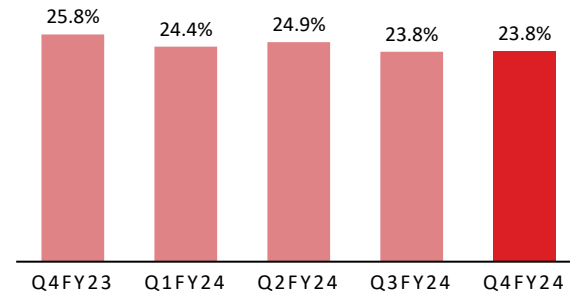
## Net Interest Margin (%)



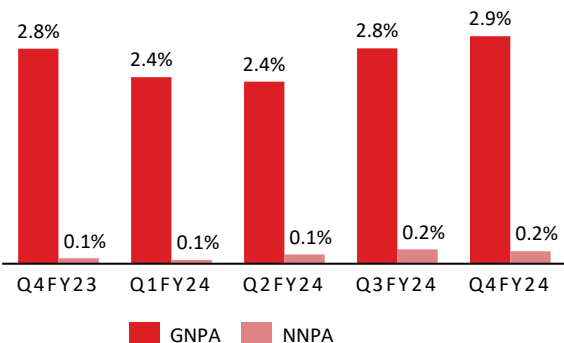
## Cost to Income Ratio (%)



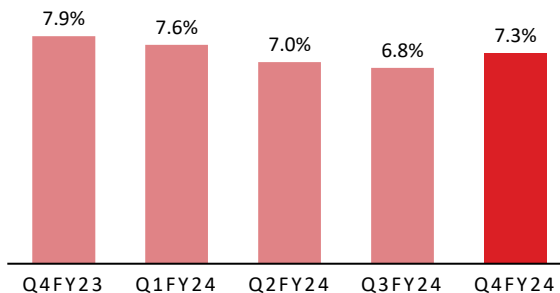
## Yield (%)



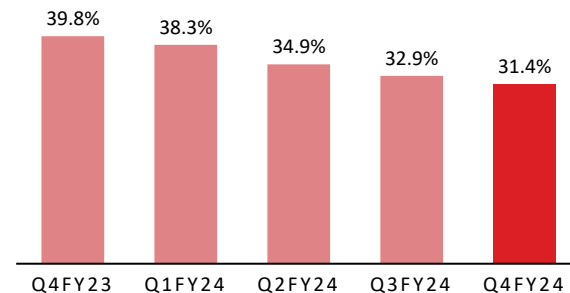
## Asset Quality (%)



## Return on Average AUM (%)



## Return on Equity (%)

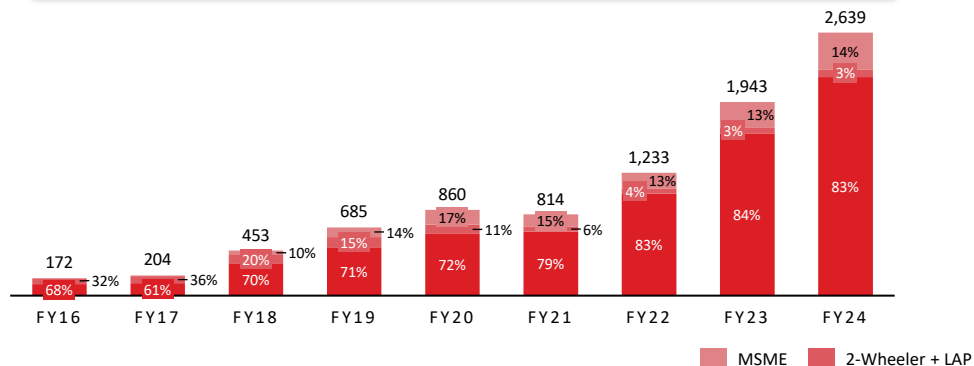


■ GNPA ■ NNPA

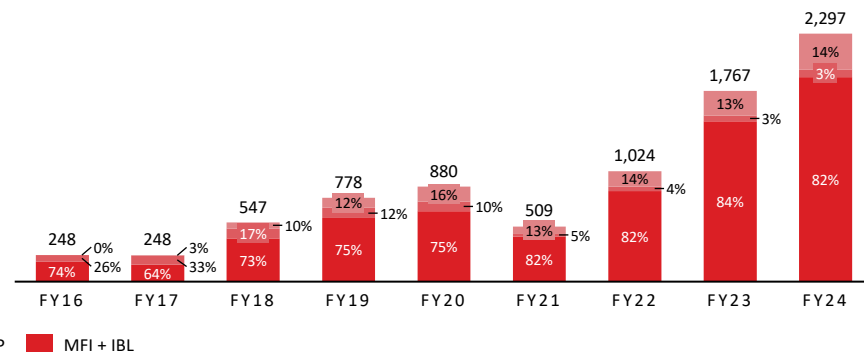
# Strong Growth in AUM and Disbursements



## Total AUM (INR Crore)



## Total Disbursements (INR Crore)



- Diversified portfolio of **INR 2,639 Crore in FY24** split between –
  - **Microfinance:** INR 2,164 Crore (82.0%),
  - **MSME Loans:** INR 367 Crore (14.0%),
  - **2-Wheeler Loans:** INR 77 Crore (3.0%),
  - **Individual Business Loans:** INR 29 Crore (1.0%)
  - **Loan Against Property:** INR 2 Crore
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 367 Crore (14% of Total AUM) in the last 7 years
- Further, we recently launched a new products “Rural 2-wheeler loans” and “individual business loan”(currently in pilot stage) to effectively meet the under-served market.
  - Higher ROA business offering immense growth potential

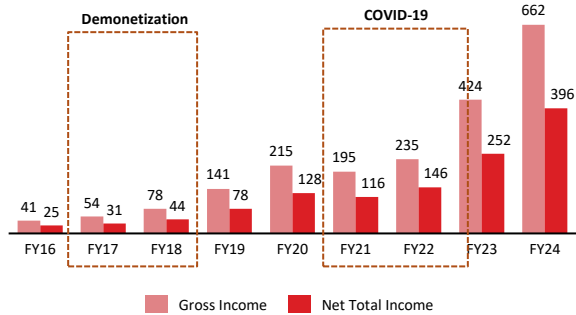
- Small ticket loans - Ticket size INR 30,000 – 5,00,000
- Self-employed / cash cash-income informal segment customers
- Plans to expand SME Portfolio in way that share of SME book increases to 35% and share of MFI Book reduces to ~60% over time.
- Stringent underwriting
- Rigorous collections practices – in-house, feet feet-on - street mode
- Aim to deliver 5-6% post-tax ROA

# While Maintaining Cost Efficiency & Asset Quality

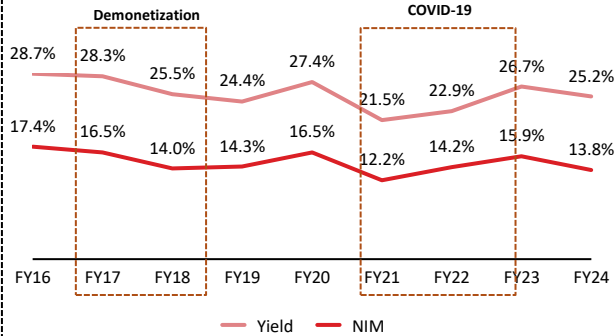


## Gross and Net Total Income

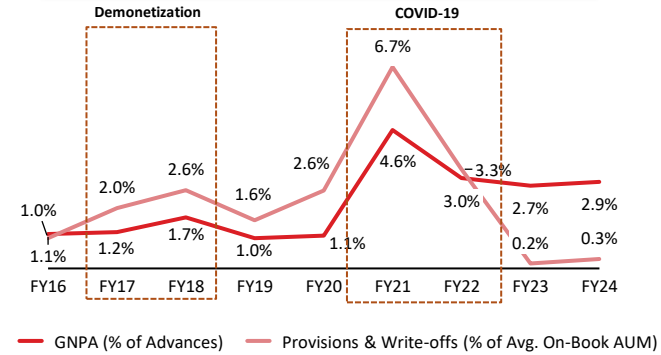
(INR Crore)



## Yield & NIM (%)

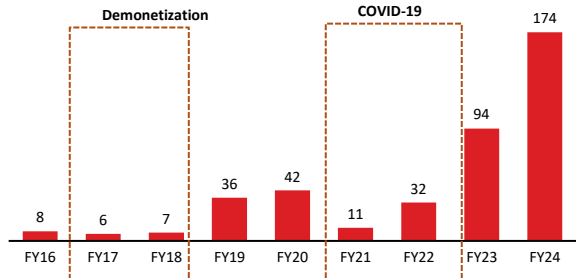


## Asset Quality

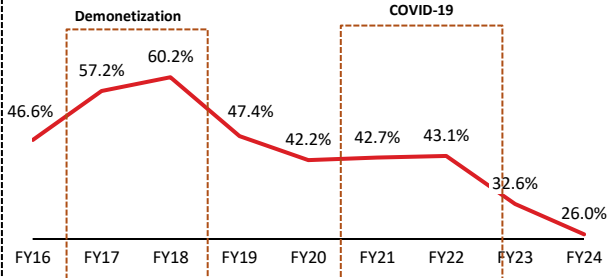


## Profit After Tax

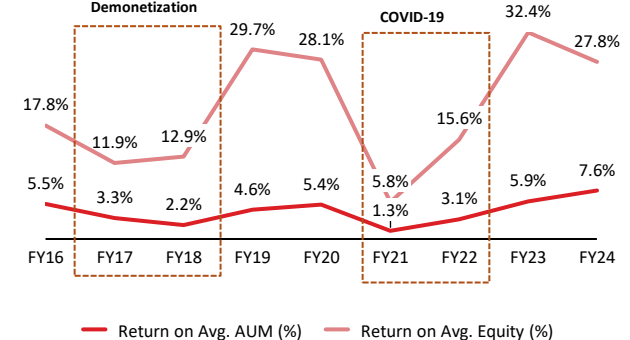
(INR Crore)



## Cost to Income Ratio %



## Return Ratios





- $\text{Gross Interest Income} = \text{Interest Income} + \text{processing fees} / \text{other charges}$
- $\text{Net Interest Margins} = \text{Net Interest Income} / \text{Average AUM (On + Off-Book)}$
- $\text{Yields} = \text{Gross Interest Income} / \text{Avg. AUM (On + Off Off-Book)}$
- $\text{Cost-to -Income Ratio} = \text{Opex (excl. provisions)} / \text{Net Total Income}$
- $\text{GNPA \%} = \text{GNPA} / \text{AUM (On-Book)}$
- $\text{NNPA \%} = \text{NNPA} / \text{AUM (On-Book)}$
- $\text{Return on Average AUM} = \text{Profit After Tax} / \text{Quarterly Avg. AUM}$
- $\text{Return on Equity} = \text{Profit After Tax} / \text{Quarterly Avg. Equity}$



**Thank You**

## Contact Information

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**SGA** Strategic Growth Advisors

**Strategic Growth Advisors Pvt. Ltd.**

CIN: U74140MH2010PTC204285

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