



Arman Financial Services Limited

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Date: November 14, 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
Script Code: 531179 ISIN: INE109C01017	Symbol: ARMANFIN Series: EQ

Dear Sir,

SUB: PRESENTATION ON FINANCIAL PERFORMANCE

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and our previous letter dated November 13, 2024 vide which the Company has published the standalone / consolidated financial results for the quarter / half year ended on September 30, 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

Aalok Patel
Joint Managing Director
DIN-02482747



Arman Financial Services Limited

Investor Presentation – November 2024





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Business Update

Page 4 - Page 7

About the Company

Page 8 - Page 14

**Presence in Attractive Retail
Lending Segments**

Page 15 - Page 21

Efficient Liability Management

Page 22 - Page 25

Strong Financial Performance

Page 26 - Page 39



Business Update



H1FY25 Performance Highlights



Rating Upgraded to A | stable outlook by Acuite Ratings in August 2024

Assets Under Management

INR 2,465 Crore
(7.0% Y-o-Y)

Disbursement

INR 832 Crore
(-22.1% Y-o-Y)

Shareholder's Equity

INR 865 Crore
CRAR: **Arman (Standalone): 39%**;
CRAR: **Namra : 44%**

Profit Before Tax

INR 63 Crore
(-42% Y-o-Y)

Profit After Tax

INR 47 Crore
(-42% Y-o-Y)

Provisions and Write offs

INR 99 Crore
Cumulative Provisions stood at INR 114.32 Crore as on 30th September 2024
(covering 4.64% of the consolidated AUM, 5.88% on book)

Asset Quality

GNPA: 3.74%
NNPA: 0.64%

Return Ratios[#]

ROAA: 3.65%
ROE: 11.10%

Collection Efficiency

Steady 95.8% for H1FY25

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

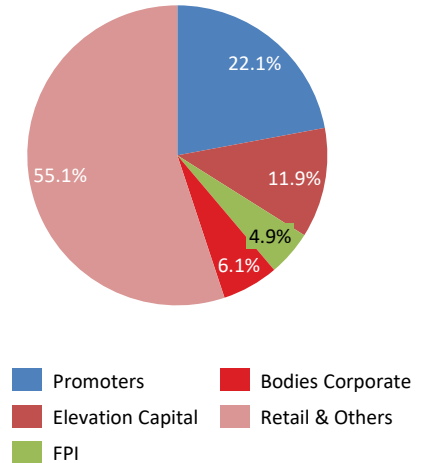
- **Size of QIP:** INR 230 Crores / 10,47,835 Shares
- **Price per Share:** INR 2,195 per equity share, with a face value of Rs. 10.
- **Fully Diluted Net Worth Post QIP (Q3:FY24 Balance Sheet):** 769.8 Crores
- The QIP saw interest from investors like Whiteoak, Sundaram Mutual Fund, UTI Mutual Fund, 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 30th September, on Fully diluted basis



Total Shares Outstanding (Fully Diluted) : 1,04,90,538

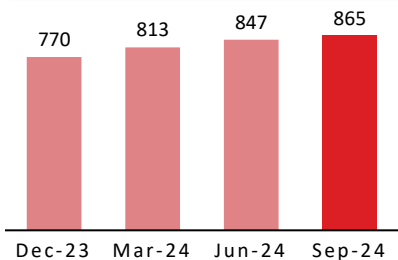
The mix of Tier I & II equity capital will be used to fund the targeted growth plans of taking the organization to INR 5000+ crores with a healthy capital adequacy and debt-equity ratio by leveraging our presence in the MFI, MSME, Two-Wheeler, and other loan segments which will enables the company to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

Recent Fund Raises (2/2)

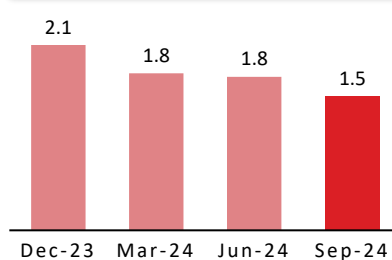


Calculated as per IND-AS

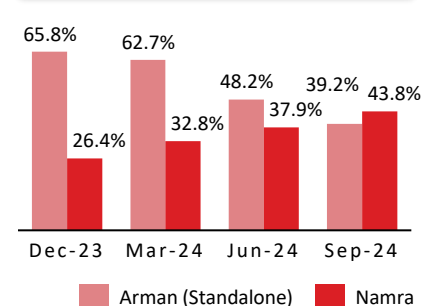
Net worth (INR Crore)



Debt/Equity (x)#



CRAR (%)



#After adjusting overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 107.65 Crore.

Shareholders' Funds	As on 30 th September 2024		As on 31 st March 2024	
	Amount (INR Crore)	No of shares	Amount (INR Crore)	No of shares*
Shareholders' Funds	864.8	1,04,90,538	812.7	1,04,76,774

*on fully diluted basis



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

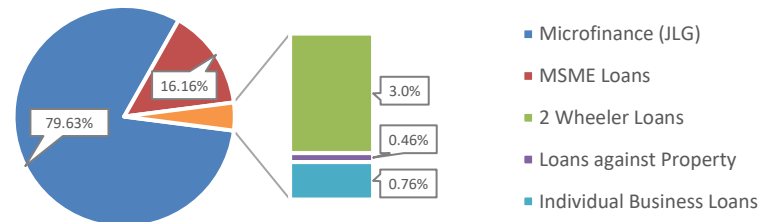
Strong Historical Financial Performance

- High-Growth Trajectory (**FY16-24 CAGR**):
 - AUM: **~41%**
 - Net Interest Income: **~41%**
 - PAT: **~47%**
- Consolidated debt to equity ratio as on 30th September 2024 of 1.5:1 – Sufficient Capital to drive growth going forward[#]

Efficient Liability Management

- Consistent rating upgrades backed by strong financial & operating performance
 - Namra & Arman credit rating upgraded to A (Stable Outlook) by ACUTE in August 2024.
 - 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 – H1 FY25



474

Branches

162

Districts

11

States

~8 Lakh

Live Customers

21+

Two-Wheeler dealerships

Positive ALM

Comfortable Liquidity Position

35+

Diversified Borrowing Profile & Relationship with Banks & FIs

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

[#]After adjusting the impact of overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 107.65 Crore.

[^]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

2011

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

2019

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

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

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

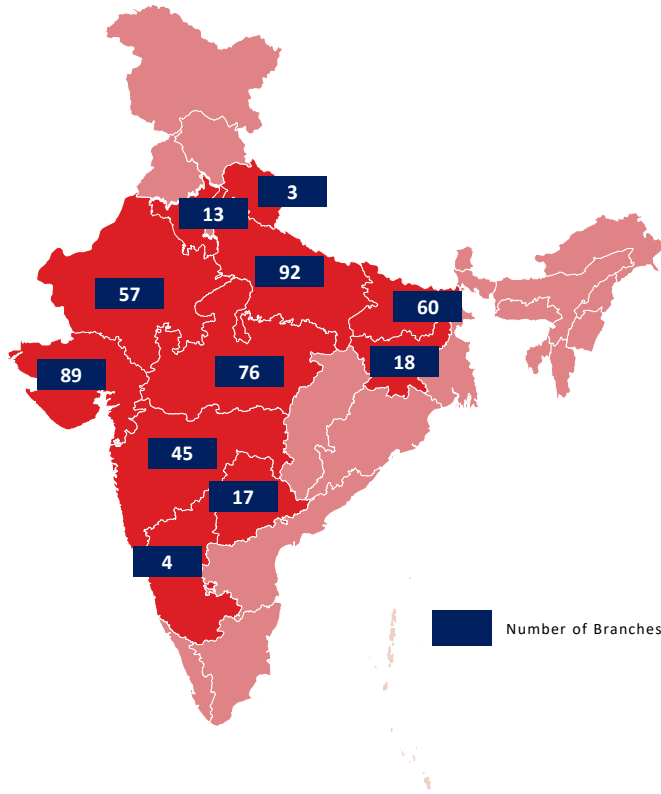
2023

- 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

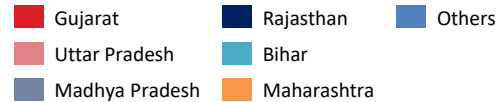
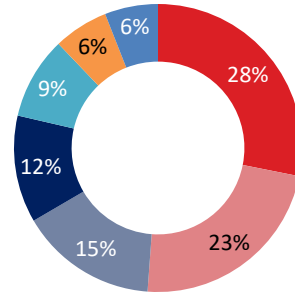
2024

- Namra & Arman upgraded to A | Stable by Acuite Ratings in August 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, Jharkhand and Karnataka

Geographical Footprint



Geographical AUM Mix (Consolidated)



Number of Branches	H1 FY25	H1 FY24
Microfinance	381	309
MSME	89	71
2W & Rural 2W	4	5
Total	474	385

474

Branches

~8 Lakh

Active Customers

4,460

No of Employees

3,447

No of Loan Officers

After successful entry in states of Telangana and Jharkhand, the Company is now expanding its footprints to Karnataka

Strong Underwriting Measures by Leveraging Digital Transformation



Loan Management

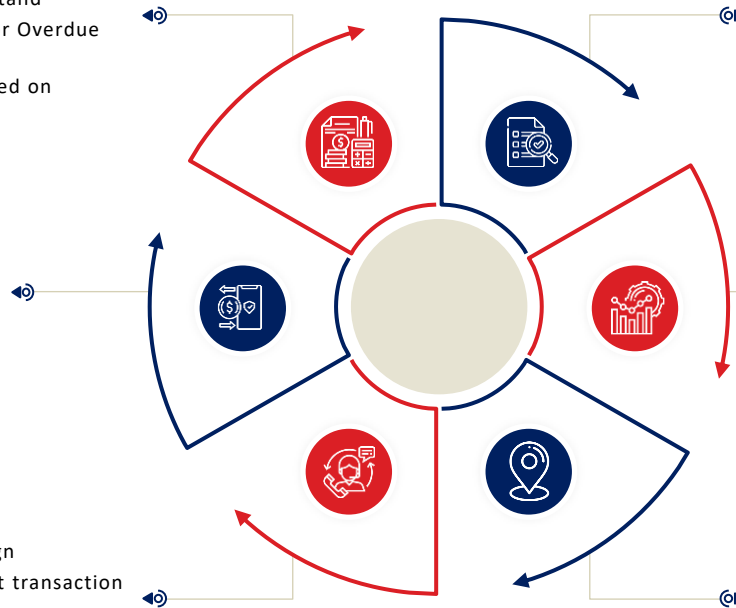
- Loan Utilization check
- Instant pre-closure and pre-settlement and its simulation for the customer to understand
- Hassle-free check in case of advance or Overdue collection
- Centre & Customer categorization based on repayment trends

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

Eminent Board of Directors



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.

Pinakin S. Shah *Independent Director*

- An accomplished Company Secretary, Registered Valuer, and Insolvency Professional with 40 years of experience.
- He brings a unique blend of legal expertise and financial acumen to the boardroom. Spearheaded Gujarat Lease & Finance Limited (GLFL) for over 2 decades in various senior management roles like Company Secretary, Financial Controller and CEO. He has successfully navigated complex legal landscapes and delivered results in diverse industries

Geeta H. 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



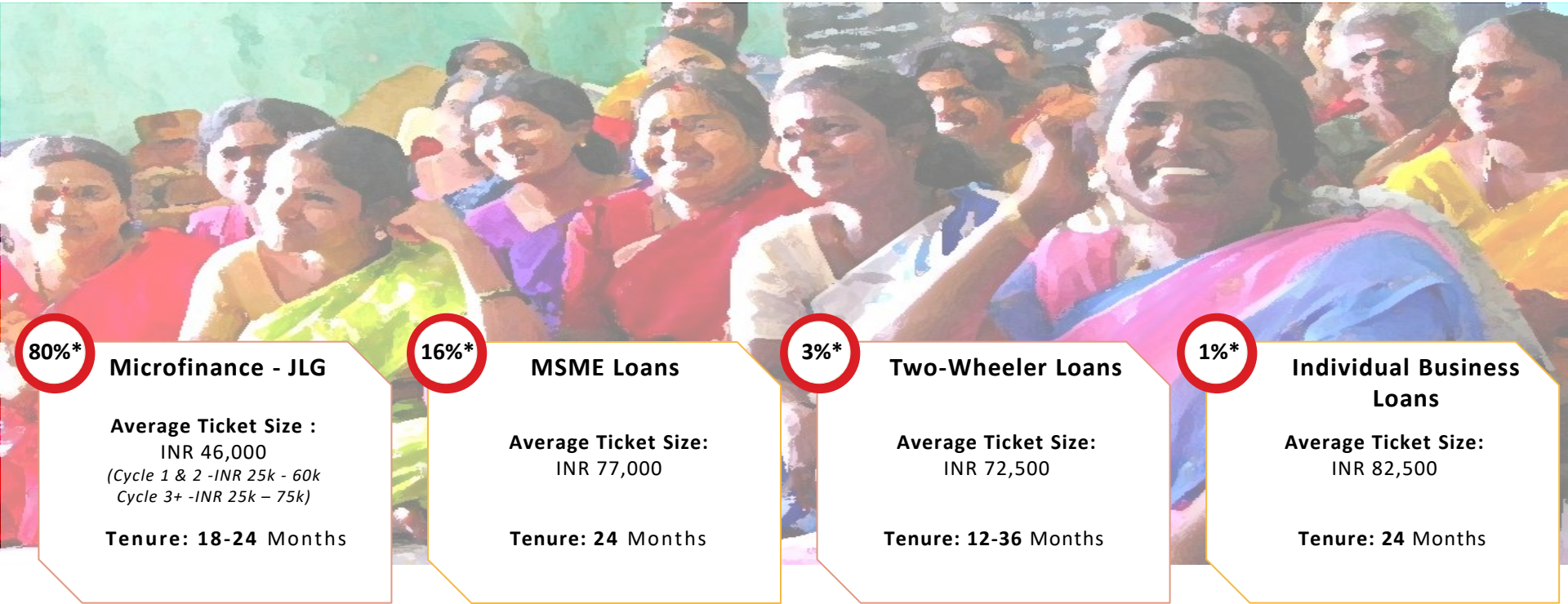
Business model centered around conservative approach to high yielding assets to **deliver a sustainable ROA of 4-5%**



Presence in Attractive Retail Lending Segments



Product Offerings across Verticals

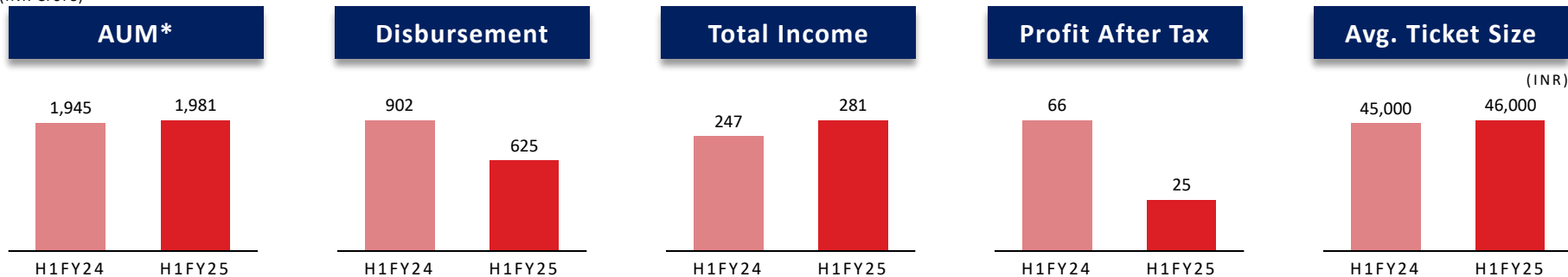


Company launched and piloted a new product, *Loan Against Property* last year. AUM as on Sept-24 is ~INR 11.2 crore. The average ticket size of this product is INR 4,10,000, with a tenure ranging from 36 to 84 months

Microfinance Loans



(INR Crore)



*Includes Individual Business Loans

- JLG model with small ticket loans (Avg. Ticket Size – INR 46,000) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- **Operations:** Operations in 11 states; 381 MFI branches; 6.91 lakh active customers
- **Operating Model:**
 - High touch monthly collection model
 - Rural concentration: ~91.26% rural & semi-urban portfolio (vs 75% 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. Tightened credit policy through implementation of SRO recommended guardrails of max number of lenders and borrower outstandings.

- **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 ~12% of the overall collections are now cashless.

Key Ratios (H1FY25)

***Yield: 23.53%**

***NIM: 12.90%**

ROAA: 2.43%

GNPA: 4.03%

NNPA: 0.65%

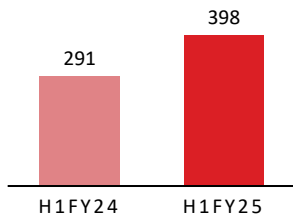
ROE: 8.22%

*Yield and NIMs are excluding DA income

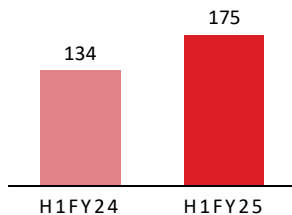


(INR Crore)

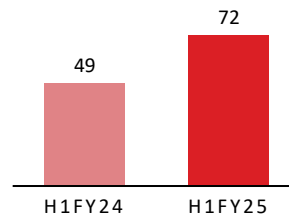
AUM



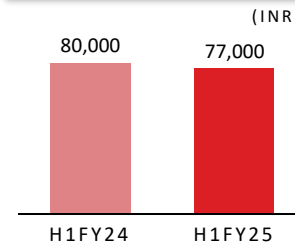
Disbursement



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 89 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 ~12% cashless collections

Key Ratios (H1FY25)

***Yield: 36.70%**

GNPA: 2.54%

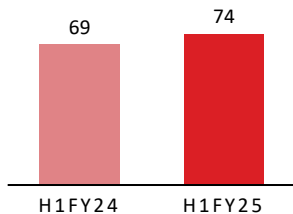
NNPA: 0.57%

2W and Rural 2W Loans

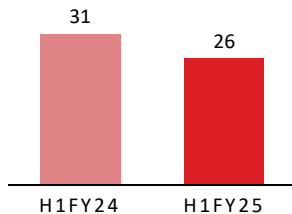


(INR Crore)

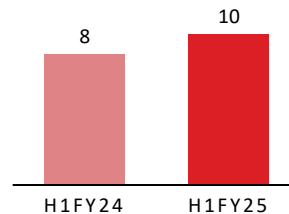
AUM



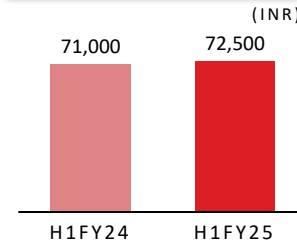
Disbursement



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 21+ 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 local dealers.**
 - **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 (Q1FY25)

***Yield: 25.44%**

GNPA: 4.79%

NNPA: 0.87%

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



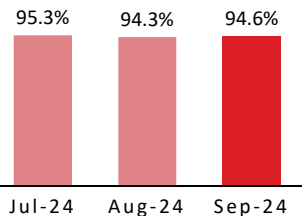
- Team member that does sales also handles collections
- Door to door collection allows Company to maintain relations with customer and ensures high collection efficiency
- Monthly collections high touch, relationship driven model
- Approximately 12% of the collections are done via digital mode

“Door-step cash collection”

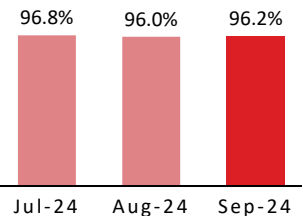
Collection Efficiency



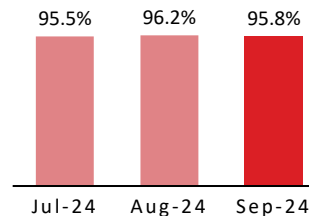
Microfinance



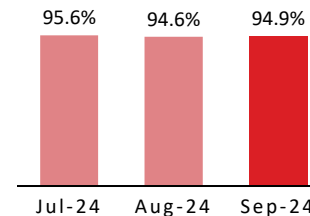
MSME



Two-Wheeler



Total



Update on Collections

- The collections in MFI has been dropping in the past few quarters as the MFI sector across has witnessed challenges of high staff attrition and overleveraging at borrower level.
 - Microfinance and MSME collections were at ~94.6% and ~96.2% in September-24
 - 2W collections continued to be ~95.8% in September-24
- Cumulative Provisions stood at INR 114.32 Crore as on 30th September 2024 (covering 4.64% of the consolidated AUM, 5.88% on book)
 - Namra Finance: Cumulative Provisions stood at INR 91.42 Crore as on 30th September 2024 (covering 4.61% of the consolidated AUM, 6.22% on book)
 - Standalone: Cumulative Provisions stood at INR 22.9 Crore as on 30th September 2024 (covering 4.85% of the consolidated AUM, 4.96% on book)

Particulars (INR Crore)		Microfinance	MSME	Two-Wheeler	Total
Jul-24	Collection Due	185.7	37.5	4.7	227.9
	Amount Collected	177.0	36.3	4.5	217.9
Aug-24	Collection Due	180.3	38.3	4.7	223.3
	Amount Collected	170.0	36.7	4.5	211.3
Sept-24	Collection Due	182.8	38.6	4.7	226.2
	Amount Collected	173.0	37.1	4.5	214.7



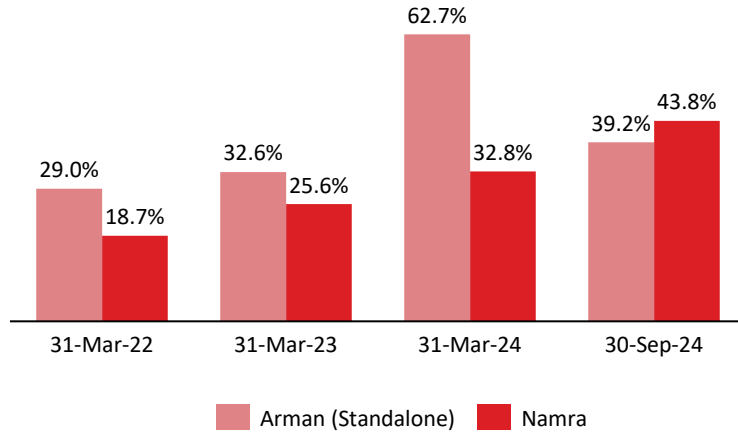
Efficient Liability Management



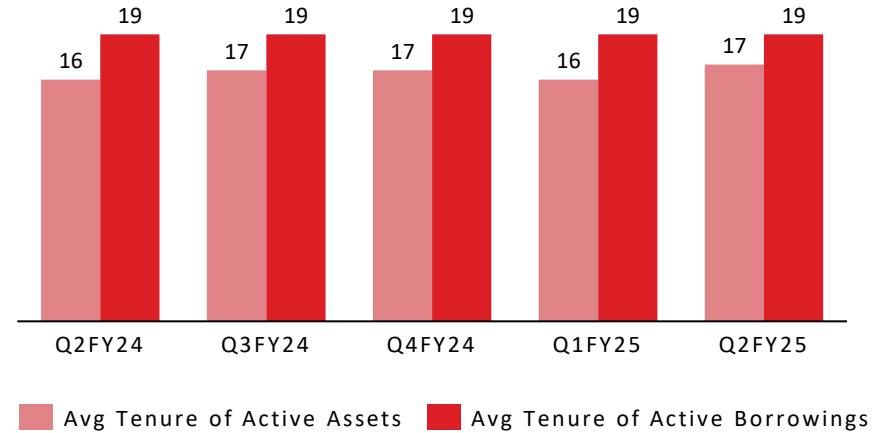
Strong Capitalization with Sufficient Liquidity



Capital Adequacy Ratio



ALM Position (in Months)



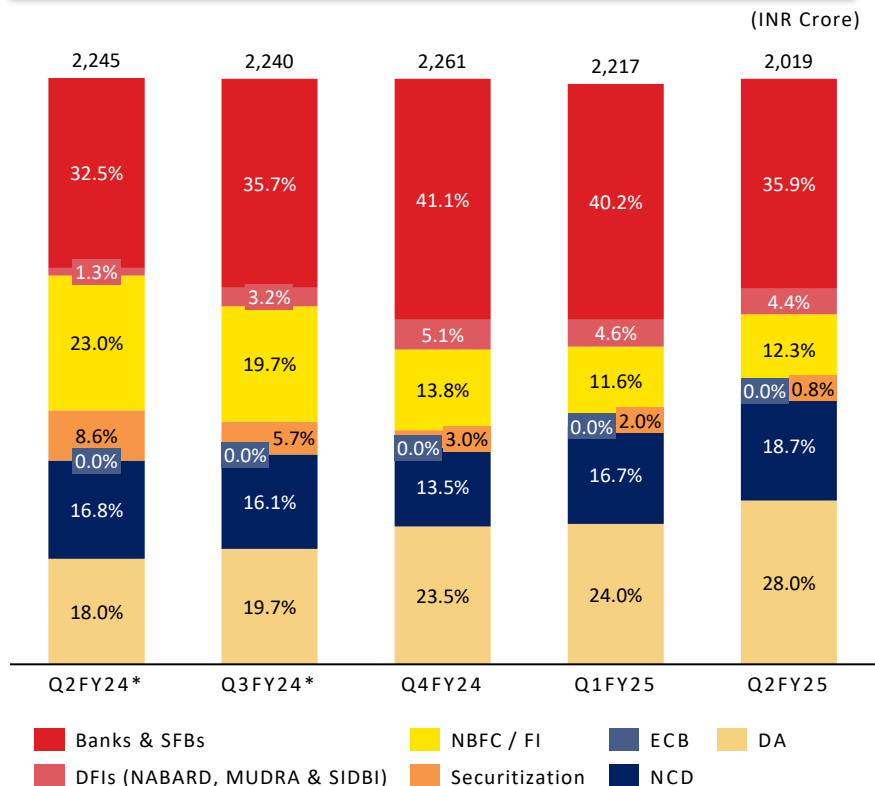
Update on Liquidity

- Healthy Liquidity position with INR 281.23 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 157.5 Crore undrawn sanctions from existing lenders

Borrowing Profile



Borrowing Mix (%)



Top 5 Lending Partners

Top 5 Lenders	% of Borrowings
Lender 1 - TL & DA	15.69%
Lender 2 - DA	8.07%
Lender 3 - TL & PTC	5.45%
Lender 4 - TL	4.66%
Lender 5 - NCD	4.63%

Credit Rating

Credit Rating	ACUITE	CARE
Long Term Bank Facilities	Upgraded to 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





Financial Performance



H1 FY25 Consolidated Profit & Loss Statement



Particulars (INR Crore)	Q2 FY25	Q2 FY24	YoY %	Q1 FY25	QoQ%	H1 FY25	H1 FY24	YoY %
Income from Operations	181.5	160.3		184.4		365.9	309.8	
Other Income	0.0	0.0		0.0		0.0	0.0	
Gross Total Income	181.5	160.3	13%	184.4	-2%	365.9	309.8	18%
Finance Costs	65.3	67.4		65.4		130.6	131.3	
Net Total Income (NTI)	116.2	93.0	25%	119.1	-2%	235.3	178.5	32%
Employee Benefits Expenses	27.3	17.3		24.8		52.1	32.2	
Depreciation and Amortisation	0.4	0.4		0.4		0.9	0.7	
Other Expenses	10.9	6.0		8.9		19.8	13.0	
Pre-Provision Operating Profit	77.6	69.3	12%	84.9	-9%	162.5	132.6	23%
Total Provisions & Write-offs	55.3	10.8		43.9		99.1	24.3	
Profit Before Tax	22.3	58.5	-62%	41.0	-46%	63.3	108.3	-42%
Profit After tax	15.3	40.8	-63%	31.3	-51%	46.6	80.8	-42%

Balance Sheet – 30th September 2024



Particulars (INR Crore)	Consolidated		Standalone	
	Sept-24	Mar-24	Sept-24	Mar-24
ASSETS				
Financial Assets				
Cash and cash equivalents	62.2	118.6	5.12	69.5
Bank Balance	401.4	406.1	68.39	69.8
Loans & Advances	1803.4	2,032.9	440.9	406.8
Investments	22.5	7.1	366.0	281.1
Other Financial assets	44.6	41.0	5.55	12.7
Total Financial Assets	2,334.1	2,605.8	885.9	840.0
Non-Financial Assets				
Current tax Assets (Net)	0.0	0.0	0.0	0.5
Deferred tax Assets (Net)	24.6	19.2	5.6	4.1
Property, Plant and Equipment	30.3	6.0	25.3	1.7
Other Intangible Assets	0.0	0.3	0.1	0.1
Right To Use Asset	1.1	1.4	0.0	0.0
Other non-financial assets	3.1	2.8	1.9	1.7
Total Non-Financial Assets	59.0	29.7	32.8	8.2
Total Assets	2,393.1	2,635.4	918.7	848.1

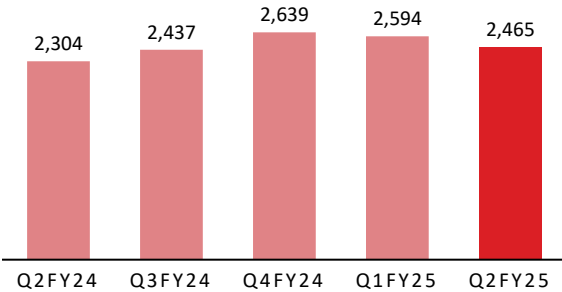
Particulars (INR Crore)	Consolidated		Standalone	
	Sept-24	Mar-24	Sept-24	Mar-24
LIABILITIES & EQUITY				
Equity Share capital	10.5	10.5	10.5	10.5
Reserves & Surplus	854.3	802.2	550.1	524.4
Total Shareholders' Funds	864.8	812.7	560.6	534.9
Financial Liabilities				
Other Payables	1.1	2.0	0.4	0.4
Debt Securities	372.1	302.4	159.6	167.5
Borrowings	1056.8	1,397.6	182.7	118.6
Subordinated Liabilities	10.0	25.0	0.0	5.0
Other Financial Liabilities	76.7	81.3	8.8	14.1
Total Financial Liabilities	1,516.8	1,808.2	351.6	305.5
Non-Financial Liabilities				
Current tax liabilities (Net)	6.4	7.2	1.9	0.0
Provisions	2.9	2.6	0.9	0.8
Other non-financial liabilities	2.3	4.8	3.7	6.9
Total Non-Financial Liabilities	11.5	14.6	6.5	7.7
Total Liabilities & Equity	2,393.1	2,635.4	918.7	848.1

Consolidated Business Performance

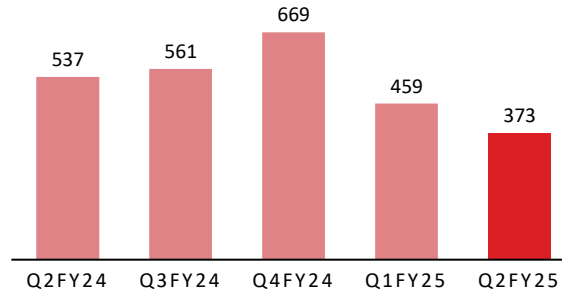


(INR Crore)

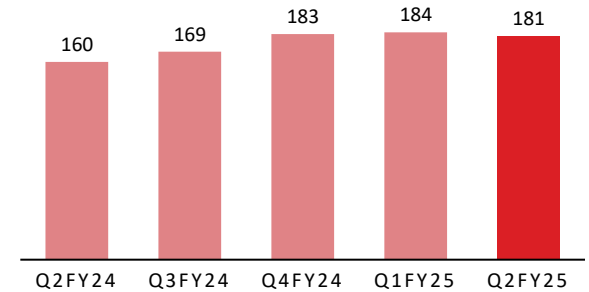
AUM



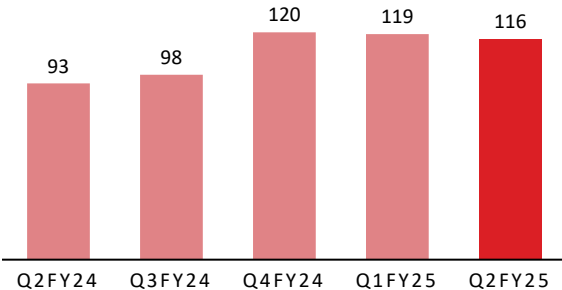
Disbursement



Gross Total Income



Net Total Income



Pre-provision Operating Profit



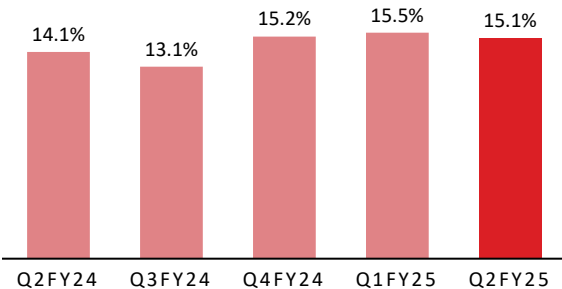
Profit After Tax



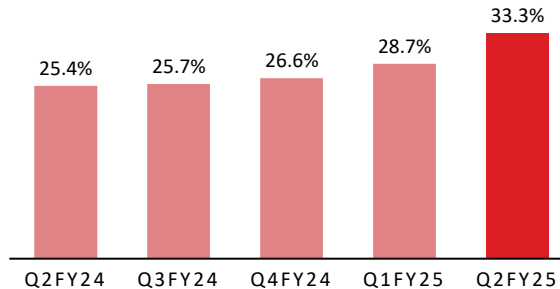
Consolidated Business Performance



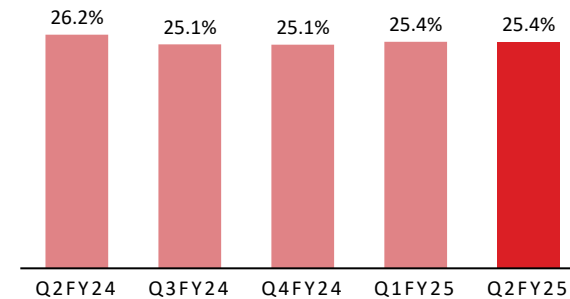
Net Interest Margin (%)



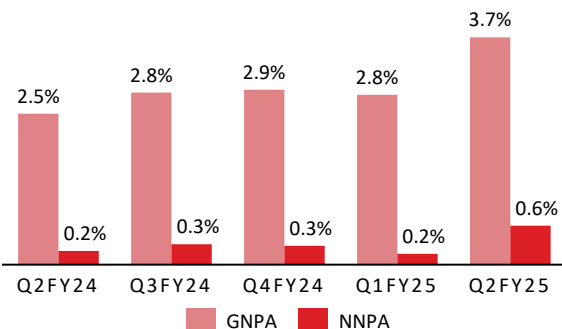
Cost to Income Ratio (%)



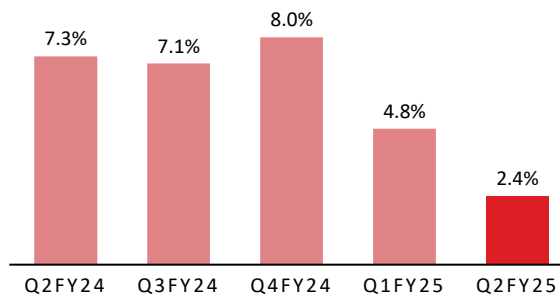
Yield (%)



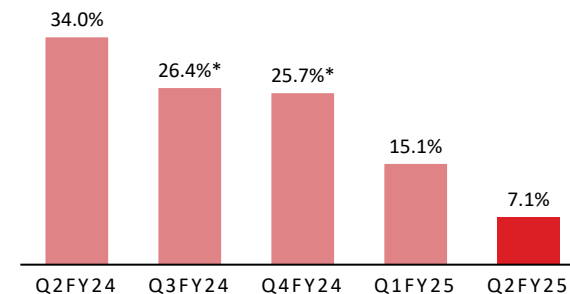
Asset Quality (%)



Return on Average AUM (%)



Return on Equity (%)

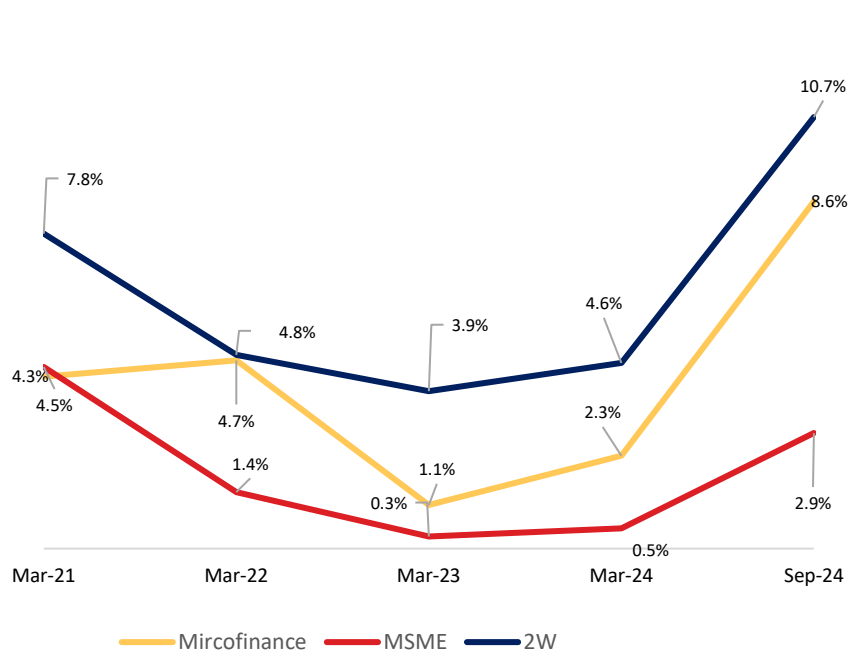


NIMs and Yield are calculated excluding DA income. RoE and Return on Avg. AUM figures are annualized
 *ROE calculation includes QIP proceeds of INR 230 Crores raised in the last week of Dec 23, which was yet to be fully deployed

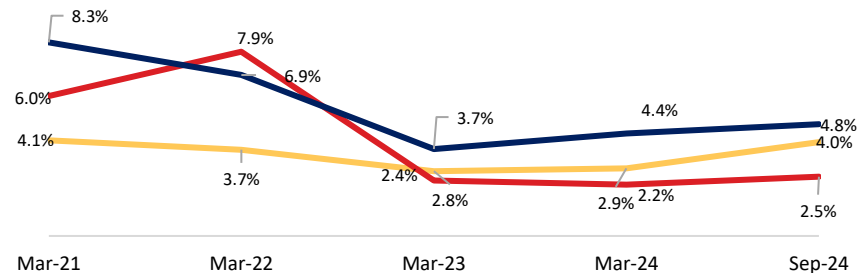
PAR Movement



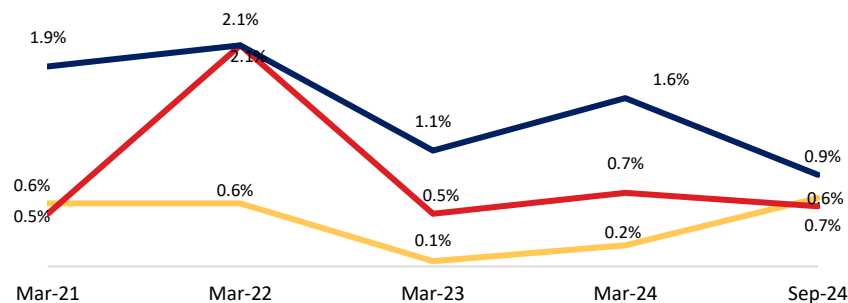
PAR 31-90 (%) Movement



GNPA (%)



NNPA (%)



- The microfinance industry is currently facing a significant rise in impairment costs due to overleveraging in the rural retail unsecured lending space, involving both MFIs and Non-MFIs. This overleveraging has strained borrowers' repayment capacities, leading to increased delinquencies and higher default rates. High attrition rates among ground-level staff across the industry have also impacted collection efficiency
- The PAR 31-90 has shown an upward trend in H1FY25. Company continues to monitor the increase aggressively.

H1 FY25 – Standalone P&L Statement (2W, MSME & LAP)



Particulars (INR Crore)	Q2 FY25	Q2 FY24	YoY %	Q1 FY25	QoQ%	H1 FY25	H1 FY24	YoY %
Income from Operations	44.1	33.8		42.2		86.3	63.2	
Other Income	-1.0	0.9		0.3		-0.7	1.8	
Gross Total Income	43.1	34.7	24%	42.4	2%	85.6	65.0	32%
Finance Costs	11.8	11.5		9.4		21.2	22.7	
Net Total Income (NTI)	31.4	23.2	35%	33.0	-5%	64.4	42.3	52%
Employee Benefits Expenses	9.1	6.1		8.5		17.7	11.5	
Depreciation and Amortisation	0.1	0.0		0.1		0.2	0.1	
Other Expenses	3.3	2.3		3.0		6.2	4.4	
Pre-Provision Operating Profit	18.9	14.8	28%	21.5	-12%	40.3	26.4	53%
Total Provisions & Write-offs	7.7	1.3		5.3		13.0	2.7	
Profit Before Tax	11.1	13.4	-17%	16.2	-31%	27.3	23.6	16%
Profit After tax	7.9	8.9	-11%	12.6	-37%	20.5	16.9	21%

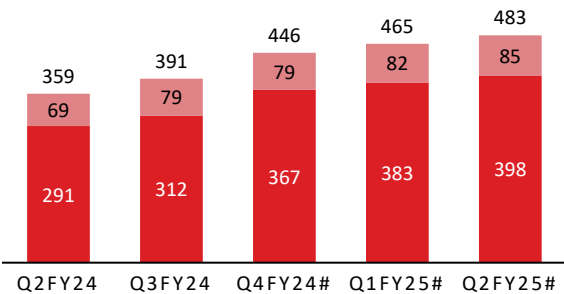
- Standalone AUM grew by 35% Y-o-Y to ~INR 483 Crore as compared to ~INR 359 Crore
- Disbursement of ~INR 104 Crore in Q2FY25, a growth of 28% Y-o-Y as compared to ~INR 81 Crore in Q2FY24; of which MSME contributed ~INR 86 Crore, LAP & 2W contributed ~INR 18 Crore
- During the quarter, the company added 1 new branch taking total branch count to 93 branches in 5 states
- As on 30th September 2024, GNPA for the MSME business stood at 2.54% and for 2W business stood at 4.79%
- Cumulative Provisions stood at ~INR 22.9 Crore as on 30th September 2024 (covering 4.85% of the consolidated AUM, 4.96% on book)
- Pre-Provisioning Operating Profit has grown by 28% Y-o-Y to Rs. 18.9 Crore in Q2FY25
- Profit after tax stood at ~INR 7.9 Crore in Q2FY25

Standalone Business Performance

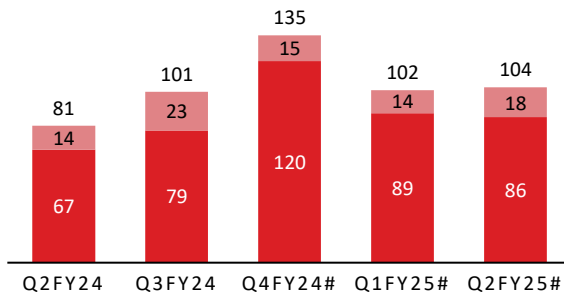


(INR Crore)

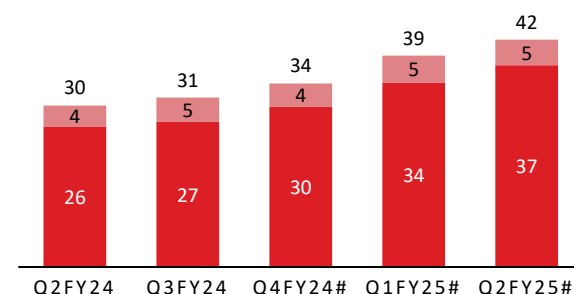
AUM



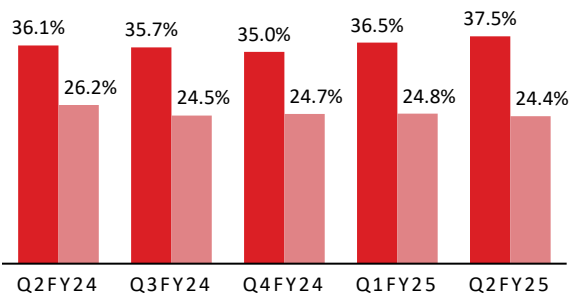
Disbursement



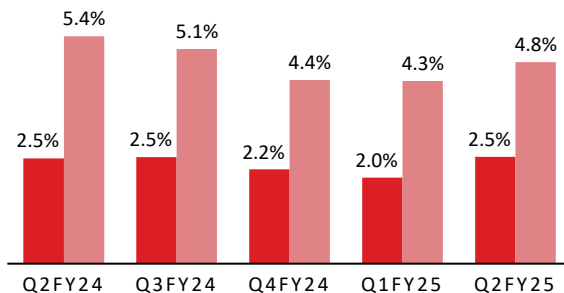
Gross Total Income*



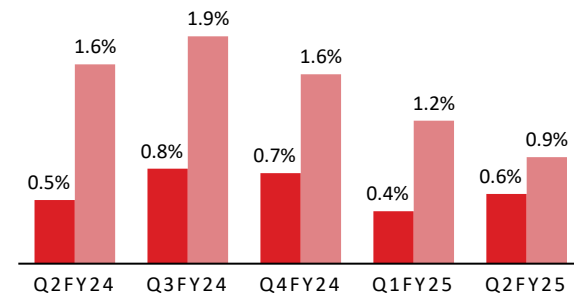
Yield (%)



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 & Q1FY25 - AUM, Disbursements, Gross Total Income is inclusive is LAP & Two-Wheeler

H1 FY25 - Namra Finance Profit & Loss Statement



Particulars (INR Crore)	Q2 FY25	Q2 FY24	YoY %	Q1 FY25	QoQ%	H1 FY25	H1 FY24	YoY %
Income from Operations	138.0	126.6		143.1		281.1	246.9	
Other Income	0.0	0.0		0.0		0.0	0.0	
Gross Total Income	138.0	126.6	9%	143.1	-4%	281.1	246.9	14%
Finance Costs	54.1	55.9		56.8		110.9	108.9	
Net Total Income (NTI)	83.9	70.7	19%	86.3	-3%	170.2	138.0	23%
Employee Benefits Expenses	18.1	11.2		16.3		34.5	20.8	
Depreciation and Amortisation	0.3	0.3		0.3		0.7	0.6	
Other Expenses	7.7	3.7		5.9		13.6	8.6	
Pre-Provision Operating Profit	57.7	55.5	4%	63.7	-9%	121.4	108.1	12%
Total Provisions & Write-offs	47.5	9.5		38.6		86.1	21.6	
Profit Before Tax	10.2	46.0	-78%	25.1	-59%	35.3	86.5	-59%
Profit After tax	6.4	32.9	-81%	19.0	-67%	25.4	65.6	-61%

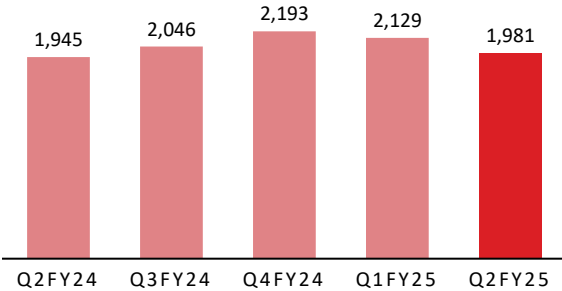
- Over the years we have steadily expanded and deepened our MFI presence through our wholly owned subsidiary, Namra Finance. This involves entering new geographies, increasing the number of branches, and enhancing our outreach to underserved communities
- As of September 30, 2024, Namra's AUM stands at ~INR 1,981 Crore, registering Y-o-Y growth of 2%
- Disbursements for Q2FY25 amounted to ~INR 269 Crore
- During Q2FY25, Gross Total Income stood at ~INR 138 Crore and Net Total Income reached to ~INR 84 Crore
- Profit After Tax stood at INR 6.4 Crore
- Provisions & write off for the quarter increased to ~INR 47.5 Crores as compared to ~INR 38.60 crores in Q1FY25.
- Write off (net-of recovery) during the quarter at ~INR 36.70 Crore as an aggressive write off and provisioning policy was adopted
- Active MFI Customers stood at ~6.91 lakh.

Microfinance Business Performance – Namra Finance (1/2)

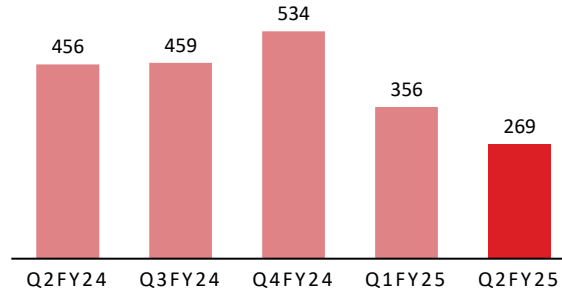


(INR Crore)

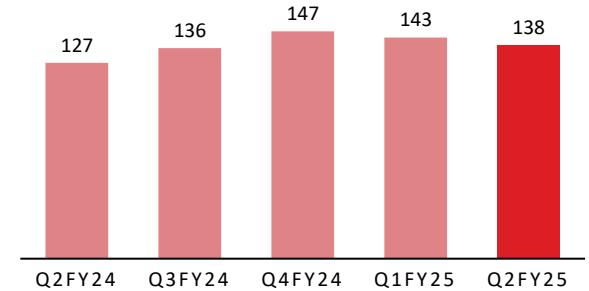
AUM



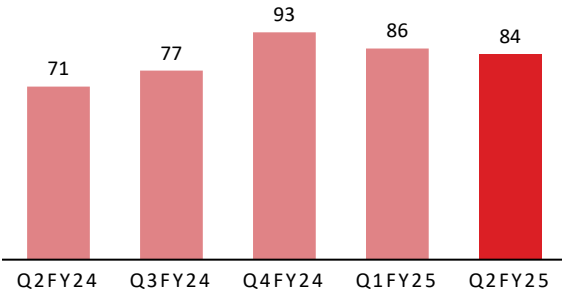
Disbursement



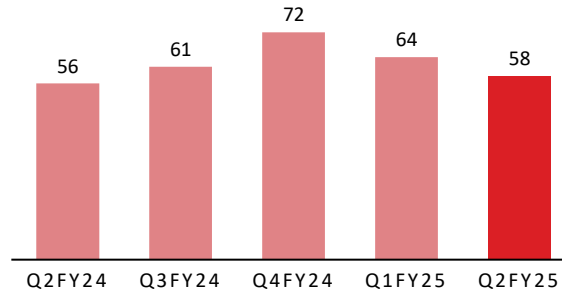
Gross Total Income



Net Total Income



Pre-provision Operating Profit



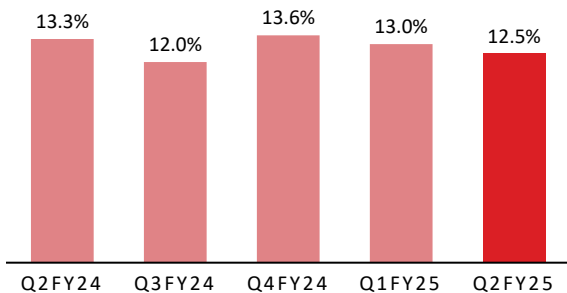
Profit After Tax



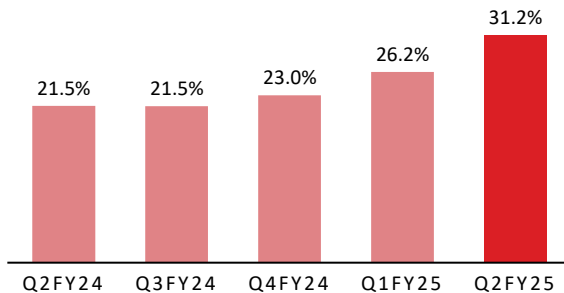
Microfinance Business Performance – Namra Finance (2/2)



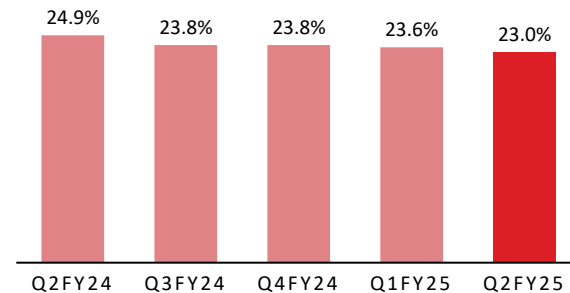
Net Interest Margin (%)



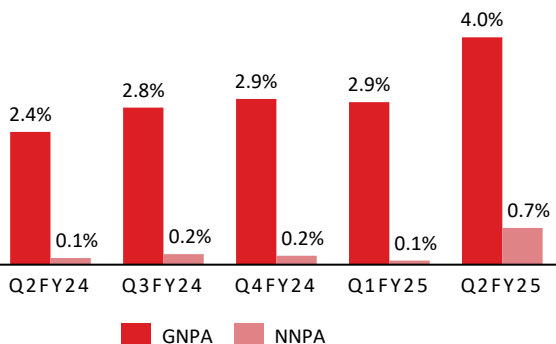
Cost to Income Ratio (%)



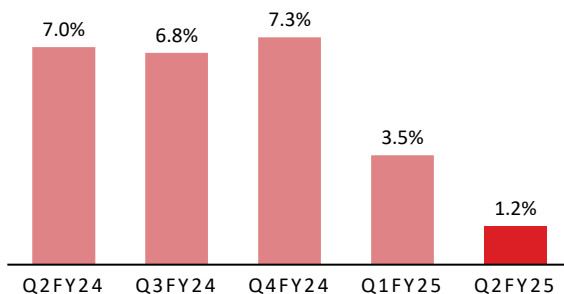
Yield (%)



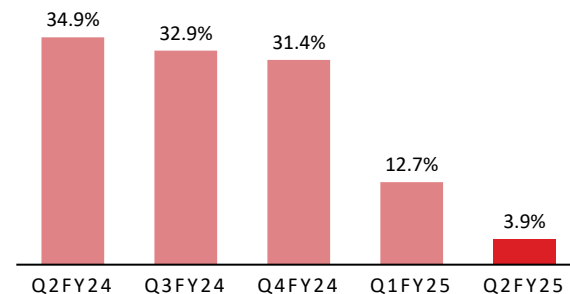
Asset Quality (%)



Return on Average AUM (%)



Return on Equity (%)

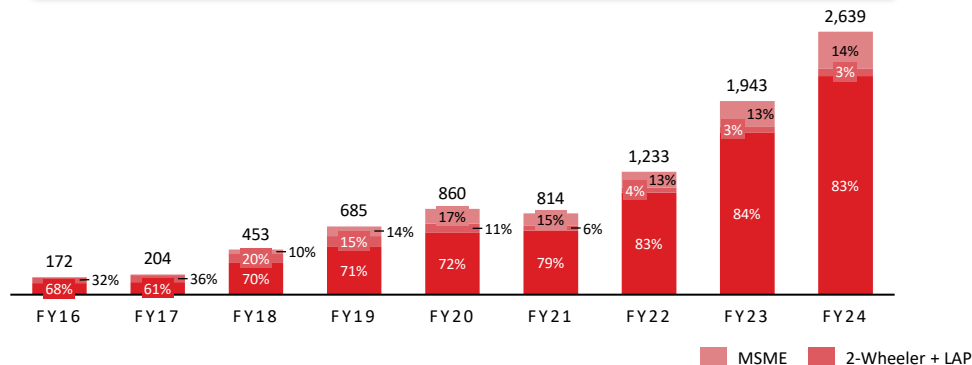


■ GNPA ■ NNPA

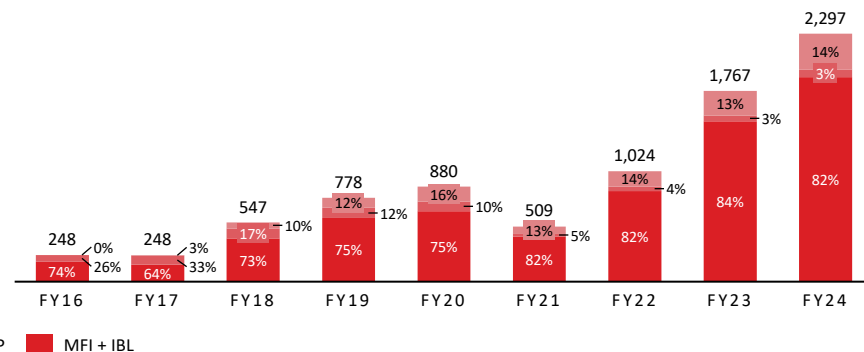
AUM and Disbursements Trends



Total AUM (INR Crore)



Total Disbursements (INR Crore)



- Diversified portfolio of **INR 2,465 Crore in H1 FY25** split between –
 - **Microfinance:** INR 1,963 Crore (80%),
 - **MSME Loans:** INR 398 Crore (16%),
 - **2-Wheeler Loans:** INR 74 Crore (3%),
 - **Individual Business Loans:** INR 19 Crore (0.76%)
 - **Loan Against Property:** INR 11 Crore (0.46%)
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 398 Crore (16.16% of Total AUM) in the last 6 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

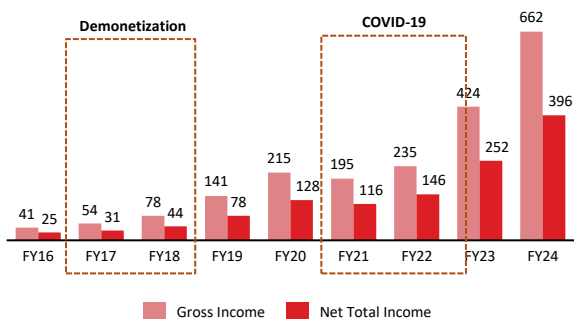
- Small ticket loans - Ticket size INR 30,000 – 3,00,000
- Self-employed / cash cash-income informal segment customers
- Plans to expand SME Portfolio in way that share of SME book increases to 35% and share of MFI Book reduces to ~60% over time.
- Stringent underwriting
- Rigorous collections practices – in-house, feet feet-on - street mode
- Aim to deliver 5-6% post-tax ROA

Historical Metrics

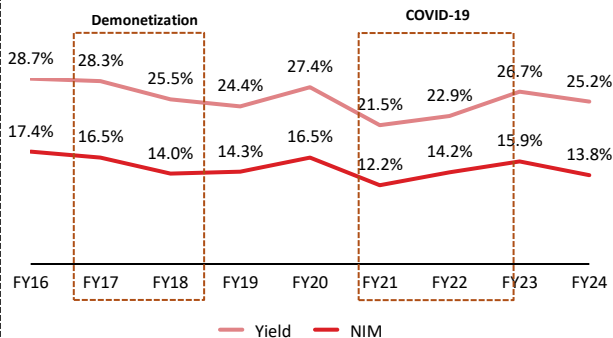


Gross and Net Total Income

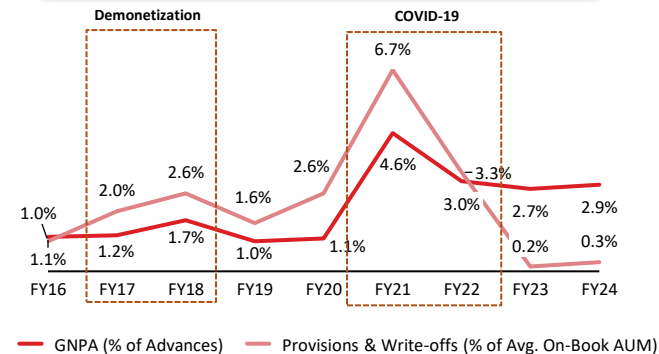
(INR Crore)



Yield & NIM (%)

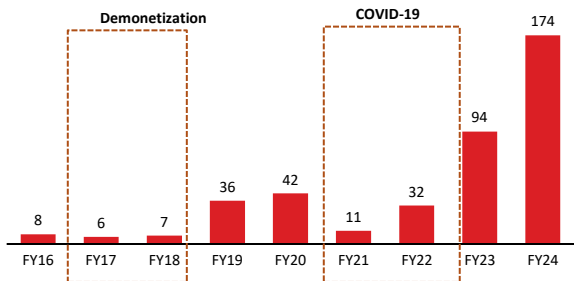


Asset Quality

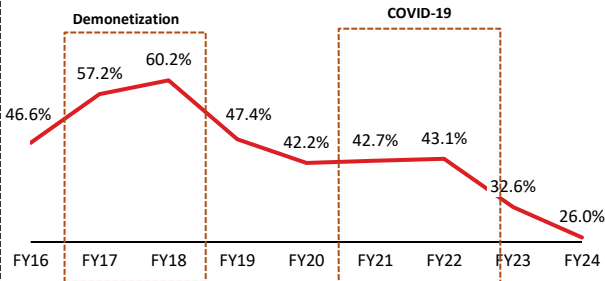


Profit After Tax

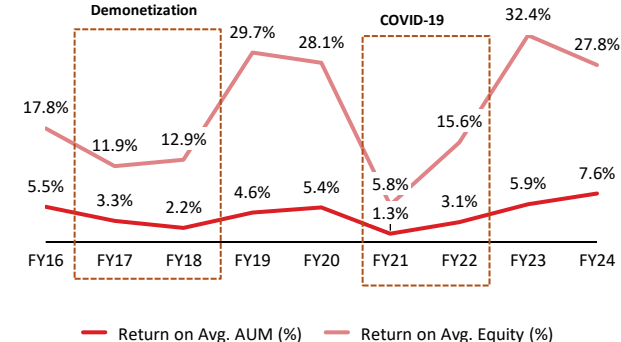
(INR Crore)



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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Investor Relations Advisors:

SGA Strategic Growth Advisors

Strategic Growth Advisors Pvt. Ltd.

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