



Arman Financial Services Limited

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Date: November 14, 2022

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: DISSEMINATION OF PRESS NOTE TO SHAREHOLDERS

In further Communication with our letter dated November 14, 2022, we are enclosing Press Release on Unaudited Financial Results for the Quarter / Half Year ended September 30, 2022.

Kindly take it on your record.

Thanking you,

Yours faithfully,
For, Arman Financial Services Limited

Jaimish Patel
Company Secretary

Arman Financial Services Limited



Ahmedabad, Gujarat, November 14, 2022:

Arman Financial Services Limited (NSE: ARMANFIN, BSE: 531179), a Gujarat-based non-banking financial Company (NBFC), with interests in microfinance, micro-enterprise (MSME) loans and two-wheelers loans, announced its unaudited financial results for the quarter and half year ended 30th September 2022. The financial numbers are based on Ind-AS.

Consolidated Business Performance:

Particulars (INR Crore)	Q2FY23	Q2FY22	Y-o-Y	H1FY23	H1FY22	Y-o-Y
Assets Under Management (AUM)	1,436	910	57.8%	1,436	910	57.8%
Gross Total Income	93	51	82.3%	172	101	70.7%
Pre-Provisioning Operating Profit	36	16	127.4%	68	34	101.6%
Profit After Tax	20	5	310.9%	36	8	323.2%

- Company's AUM stood at INR 1,436 Crore registering a healthy growth of 57.8% YoY and 3.5% QoQ
- Consolidated disbursements stood at INR 278 Crore for Q2FY23 as compared to INR 266 Crore in Q2FY22
 - As the economy has recovered from the covid-19 pandemic; we expect healthy disbursements growth on the back of improved demand
- Net Total Income for the Q2FY23 stood at INR 57 Crore registering a strong growth of 81.8% YoY
- PPOP grew by healthy 127.4% over same period last year to INR 36 Crore
- Profit After Tax stood at INR 20 Crores registering a robust growth of 310.9% YoY and 26.8% QoQ
- Shareholders Equity stood at INR 311 Crore as on 30th September 2022 (*calculated as per IND-AS*)

Shareholders Fund	Amount (INR Crore)	No of shares*
Shareholders fund (excluding CCD & OCRPS)	247.0	84,92,334
15% Unsecured Compulsorily Convertible Debentures (CCDs)	76.8	6,24,388
10% Optionally Convertible Redeemable Preference Shares (OCRPS)	38.3	3,10,972
Total	362.0	94,27,694

*on fully diluted basis

Borrowing Profile:

- Total borrowings stood at INR 1,419 Crore.
- Of the total borrowings, 53.8% is through Banks & NBFCs, 21.7% is through the securitization - PTC route, 14.1% is through NCDs and the rest is borrowed through DFIs (NABARD, MUDRA & SIDBI), ECB and Direct Assignment



Liquidity:

- In Q2FY23 Company successfully raised INR 115 Crore via allotment of CCDs and OCRPS to marquee investors on a preferential basis
 - Major investors include fund(s) controlled by Singapore based Sixteenth Street Capital and USA based Seven Canyons Advisors
 - Other investors include both domestic and foreign individuals
- Company has a healthy liquidity position with INR 376 Crore in cash/bank balance, liquid investments, and undrawn CC limits

Collection Efficiency:

- Collection efficiency improved to 98.3% in October 2022 as compared to 95.3% in March 2022
- Segment wise collection efficiency in October 2022 stood at:
 - Microfinance segment - 98.4%,
 - MSME segment - 98.1%
 - 2W collection - 96.7%

Asset Quality:

- GNPA stood at 3.3%; NNPA stood at 0.1%
- In H1FY23, the total Impairment cost (including provisions and write-offs) stood at INR 21 Crore; of which provisions stood at INR 6 Crore and write-offs stood at INR 15 Crore
- Cumulative Provisions stood at INR 71 Crore covering 5.2% of the total AUM

Two-Wheeler and MSME Segment:

Particulars (INR Crore)	Q2FY23	Q2FY22	Y-o-Y	H1FY23	H1FY22	Y-o-Y
Assets Under Management (AUM)	246	168	45.7%	246	168	45.7%
Gross Total Income	22	14	56.3%	44	29	54.5%
Pre-Provisioning Operating Profit	10	5	106.9%	20	12	74.0%
Profit After Tax	8	2	287.1%	15	4	254.6%

- Assets under Management for the two-wheeler and MSME stood at INR 246 Crore registering a growth of 45.7% YoY and 7.3% QoQ
 - AUM for Two-Wheeler segment stood at INR 49 Crore
 - AUM for MSME segment stood at INR 197 Crore
- Total Disbursement for the two-wheeler and MSME stood at INR 55 Crore in Q2FY23
 - Two-Wheeler disbursements – INR 12 Crore
 - MSME disbursements – INR 43 Crore



- Net Total Income for the Q2FY23 stood at INR 16 Crore registering a strong growth of 68.2% YoY
- PPop grew by healthy 106.9% over same period last year to INR 10 Crore
- Profit After Tax stood at INR 8 Crore registering a growth of 287.1% YoY and 17.7% QoQ
- GNPA stood at 4.9%; NNPA stood at 0.5% on 30th September 2022
- Company has a strong capital base with a capital adequacy ratio of 51.21% up from 28.99% as on 31st March 2022

Microfinance Segment (Namra)

Particulars (INR Crore)	Q2FY23	Q2FY22	Y-o-Y	H1FY23	H1FY22	Y-o-Y
Assets Under Management (AUM)	1,190	742	60.5%	1,190	742	60.5%
Gross Total Income	71	38	89.4%	129	74	73.5%
Pre-Provisioning Operating Profit	27	12	132.1%	49	23	110.4%
Profit After Tax	13	3	290.2%	22	5	309.4%

- Assets under Management for the Microfinance stood at INR 1,190 Crore registering a growth of 60.5% YoY and 2.7% QoQ
- Disbursements stood at INR 223 Crore for Q2FY23 as compared to INR 220 Crore in Q2FY22
 - During the quarter, the Company reported a muted growth in AUM and disbursement owing to the volatile debt liquidity environment coupled with the transition to LOS/LMS software
 - However, with recent equity fund raise coupled with better macroeconomic conditions, we expect above average growth in the coming quarters
- Net Total Income for the Q2 FY23 stood at INR 41 Crore registering a strong growth of 86.6% YoY
- PPop grew by healthy 132.1% over same period last year to INR 27 Crore
- Profit After Tax stood at INR 13 Crore registering a robust growth of 290.2% YoY and 29.8% QoQ
- GNPA stood at 3.0%; NNPA stood at 0.1% on 30th September 2022
- Capital adequacy ratio stood at 20.51% up from 18.73% as on 31st March 2022

Commenting on the Company's performance during Q2FY23, Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services said,

"I am happy to share that the Company has demonstrated strong performance in H1FY23 as the economy has almost bounced back and even surpassed pre-COVID levels of profitability. As on 30th September 2022 the Company's Asset Under Management grew by 57.8% compared to the same period last year and stood at INR 1,436 Crore. Disbursements for H1FY23 stood at INR 657 Crore as compared to INR 388 Crore in H1FY22, registering a growth of 69.4% YoY.



However, on a sequential basis disbursement has degrown by 26.8%, which stood at INR 278 Crore as compared to INR 380 in Q1FY23. This was majorly due to Company's primary focus on transitioning to newer digital systems which will benefit in improving underwriting processes and client servicing.

This digital transformation will also bring in significant efficiencies has already reduced TAT by 40%. Furthermore, it brings a lot of automated controls and countless other benefits which will help the company reach the next phase of growth.

The Company has always adopted progressive approach which has helped us sustain growth while maintaining asset quality. The Company's consolidated GNPA stood at 3.3% as compared to 5.6% in September 2021 and 3.6% in June 2022. Net NPA stood at 0.1% as compared to 1.1% in September 2021 and 0.3% in June 2022. Collection efficiency as of September 2022 stood at 98.3%.

Additionally, the company has successfully raised INR 115 Crore by way of CCDs and OCRPS. This fund raise will not only help the company achieve its outlined strategy but also achieve a target AUM Rs. 2,500 crores. The Company has balance sheet liquidity of INR 357 Crore and Capital adequacy ratio stood at 51.21% for Arman and 20.51% for Namra (100% Subsidiary).

Going forward, we are well poised to achieve growth and our focus will be on scaling up disbursements in a calibrated manner going ahead to fuel our growth. Having said that, I must also mention that our larger interest will be to build profitability and maintain the quality of our loan book."



About Arman Financial Services Limited

Incorporated in 1992, Arman Financial Services Ltd. is an Ahmedabad based, Category A Non-Banking Finance Company (NBFC), which provides lending services primarily in the Two-Wheeler, Micro-Enterprise (MSME), and Microfinance segment. The Microfinance division is operated through its wholly owned subsidiary, Namra Finance Ltd, an NBFC-MFI.

Arman is one of the market leaders in the NBFC space across the underpenetrated low-income parts of the country providing livelihood promotion services such as microcredit to socio-economically backward people, who have no or little access to the formal banking system or regular NBFC services. The group operates mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, Rajasthan, Haryana, and Bihar through a strong distribution network of 313 branches, 55+ two-wheeler dealerships spread across 111 districts in 8 states serving ~5.4 lakh customers.

Company focuses on small ticket retail loans to the large underserved informal segment customer in rural & semi urban geographies. Company has completely in-house operations with bottoms-up driven credit appraisal models and rigorous collections practices tailored for the areas of operations.

Safe Harbor

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

For further information, please contact

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Investor Relations Advisors:



Arman Financial Services Limited

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