



Arman Financial Services Limited

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Date: August 15, 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 August 14, 2024 vide which the Company has published the standalone / consolidated financial results for the quarter ended on June 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 – August 2024



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Business Update



Q1FY25 Performance Highlights



Assets Under Management

INR 2,594 Crore
(+21.0% Y-o-Y)

Provisions and Write offs

INR 44 Crore

Cumulative Provisions stood at ~INR 101 Crore (covering 3.91% of the consolidated AUM, 4.81% on-book)

Disbursement

INR 459 Crore
(-13.5% Y-o-Y)

Asset Quality

GNPA: 2.79%
NNPA: 0.18%

Shareholder's Equity

INR 847 Crore
CRAR: **Arman (Standalone): 48.2%**;
CRAR: **Namra : 37.9%**

Return Ratios[#]

ROAA: 4.79%
ROE: 15.09%

Profit Before Tax

INR 41 Crore
(-17.7% Y-o-Y)

Collection Efficiency

Steady 95.8% for Q1FY25

Profit After Tax

INR 31 Crore
(-21.6% Y-o-Y)

Active Customer Base

Approximately 8 Lakhs

All numbers are on consolidated basis
*On annualised basis

[#]ROAA - Return on Average AUM; ROE - Return on Equity

Recent Fund Raises (1/2)



December – 2023

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

Issue Details

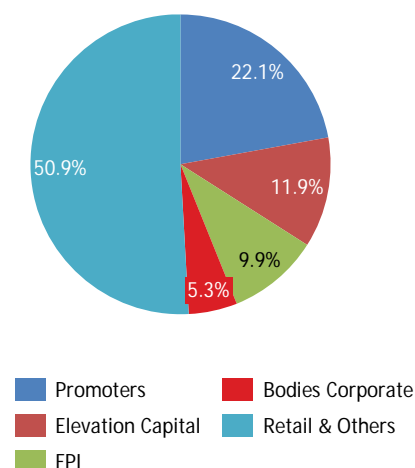
- **Size of QIP:** INR 230 Crores / 10,47,835 Shares
- **Price per Share:** INR 2,195 per equity share, with a face value of Rs. 10.
- **Fully Diluted Net Worth Post QIP (Q3:FY24 Balance Sheet):** 769.8 Crores
- The QIP saw interest from investors like Whiteoak, Sundaram Mutual Fund, UTI Mutual Fund,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



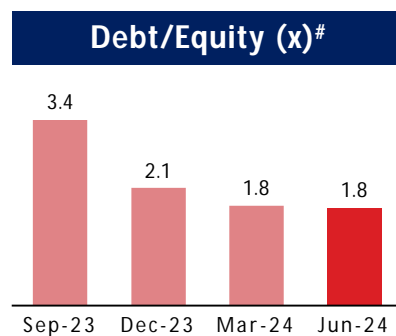
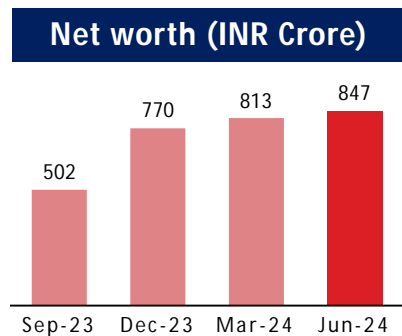
Total Shares Outstanding (Fully Diluted) : 1,04,78,684

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.

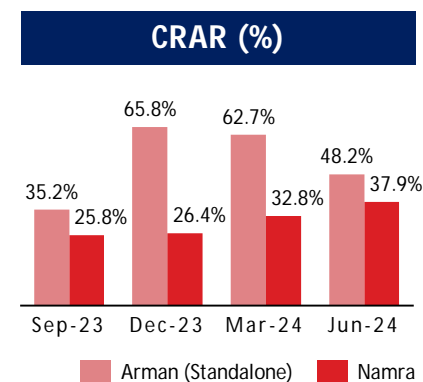
Recent Fund Raises (2/2)



Calculated as per IND-AS



[#]After adjusting overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 177.54 Crore.



Shareholders' Funds	As on 30 th June 2024		As on 31st March 2024	
	Amount (INR Crore)	No of shares	Amount (INR Crore)	No of shares*
Shareholders Funds	846.8	1,04,78,684	812.7	1,04,76,774

*on fully diluted basis

Impact of RBI's New Microfinance Guidelines



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

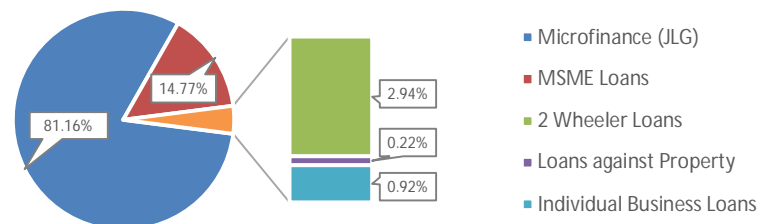
Strong Financial Performance

- 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[#]
- **High Return Ratios - ROE: 15.1%; ROAA: 4.8%**

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
 - Namra credit rating upgraded to A (Stable Outlook) by ACUTE
 - 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 – Q1FY25



434

Branches

158

Districts

11

States

~8 Lakh

Live Customers

21+

Two-Wheeler dealerships

Positive ALM

Comfortable Liquidity Position

45+

Diversified Borrowing Profile & Relationship with Banks & FIs

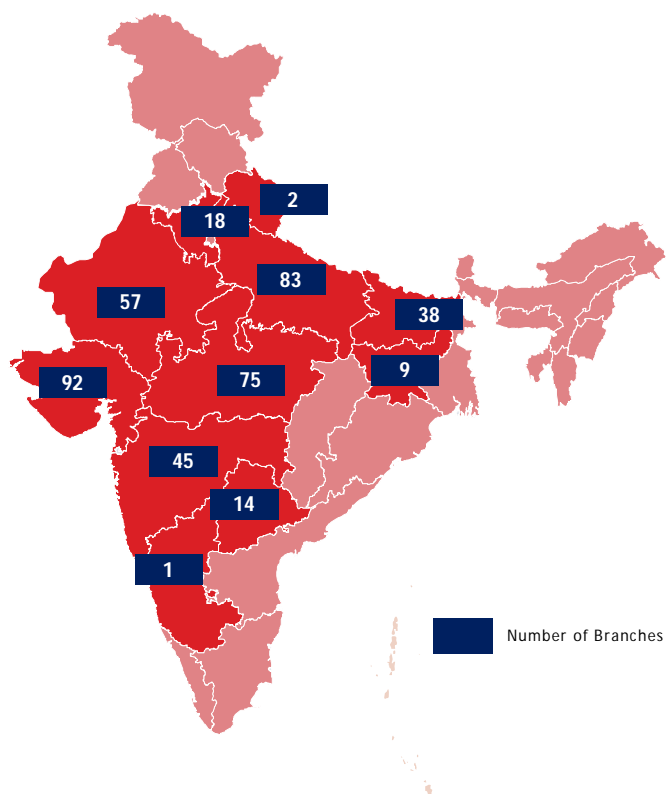
Began operations in Gujarat and has continuously undertaken expansion since 2014 to achieve geographic diversifications

[#]After adjusting the impact of overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 177.54 Crore.

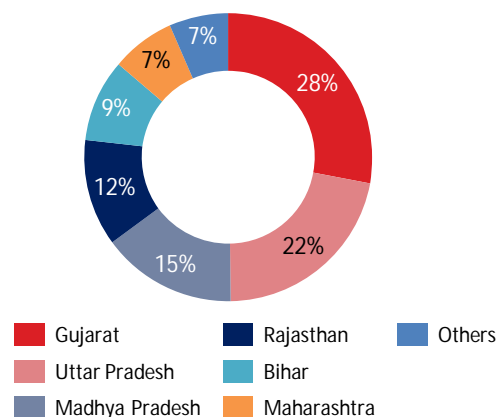
[^]Company's wholly owned subsidiary 'Namra Finance Limited' offers microfinance loans



Geographical Footprint



Geographical AUM Mix (Consolidated)



Number of Branches	Q1FY25	Q1FY24
Microfinance	342	274
MSME	88	64
2W & Rural 2W	4	4
Total	434	343

434

Branches

~8 Lakh

Active Customers

4,124

No of Employees

3,309

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

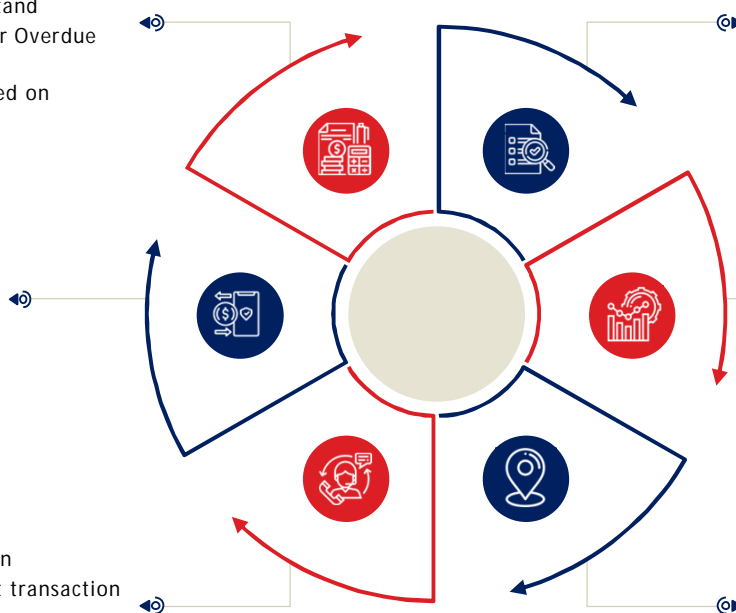
- Loan Utilization check
- Instant pre-closure and pre-settlement and its simulation for the customer to understand
- Hassle-free check in case of advance or Overdue collection
- Centre & Customer categorization based on repayment trends

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 MFII, 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

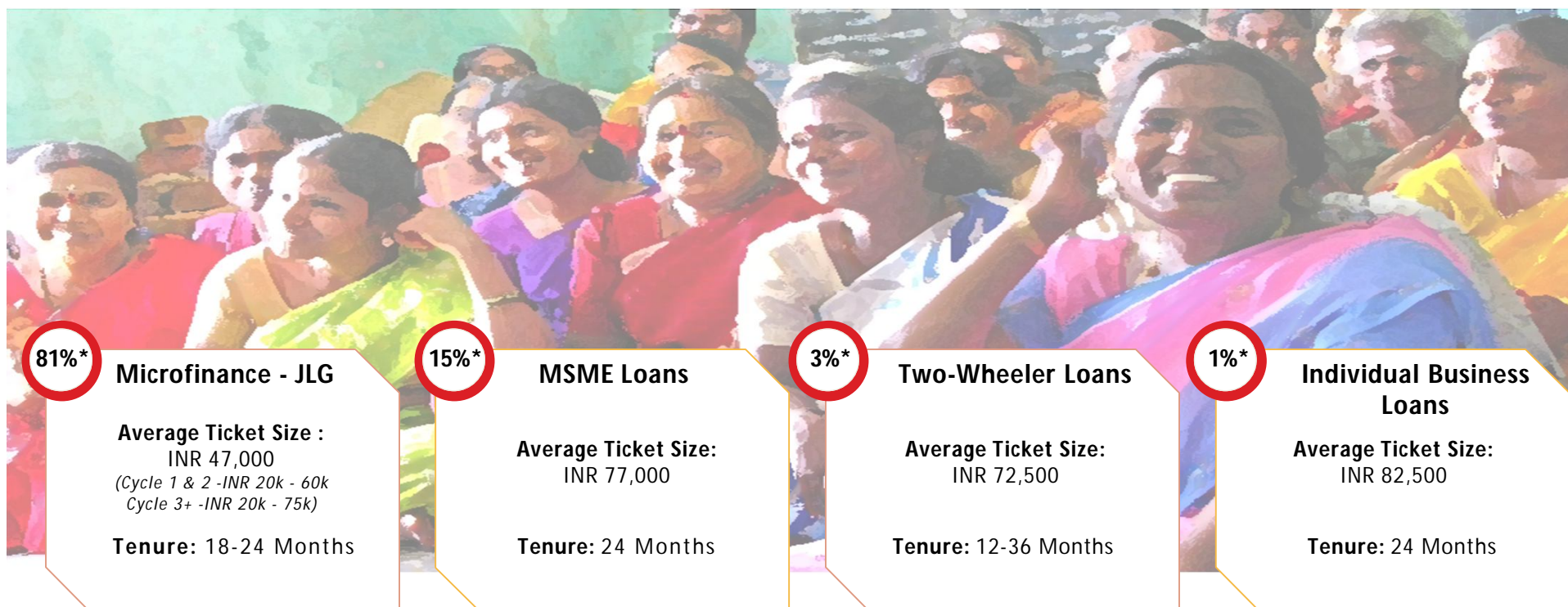




Presence in Attractive Retail Lending Segments



Product Offerings across Verticals



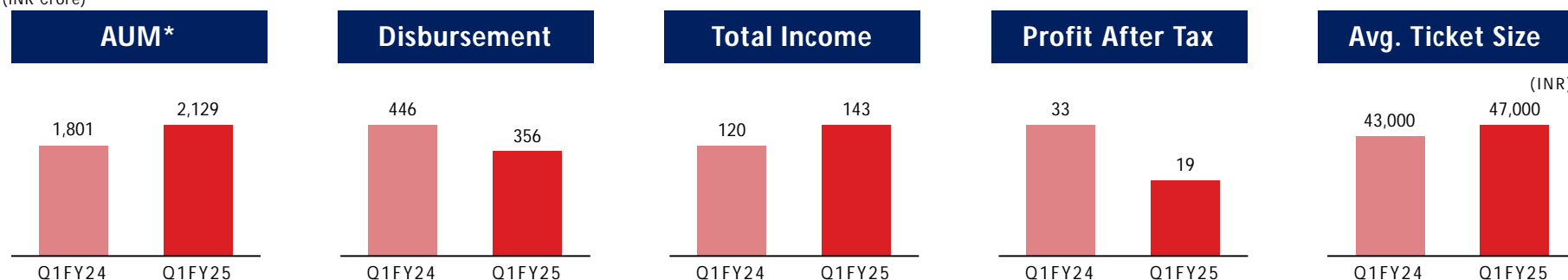
*Company launched and piloted a new product, **Loan Against Property** last year. AUM as on Jun-24 is ~INR 5.6 crore.
The average ticket size of this product is INR 4,10,000, with a tenure ranging from 36 to 84 months*

Company's wholly owned subsidiary 'Namra Finance Limited' offers microfinance to women
*% of AUM as of June 2024

Microfinance Loans



(INR Crore)



*Includes Individual Business Loans

- JLG model with small ticket loans (Avg. Ticket Size – INR 47,000) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- **Operations:** Operations in 11 states; 342 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

- **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 (Q1FY25)

***Yield: 23.5%**

***NIM: 13.0%**

ROAA: 3.5%

GNPA: 2.9%

NNPA: 0.1%

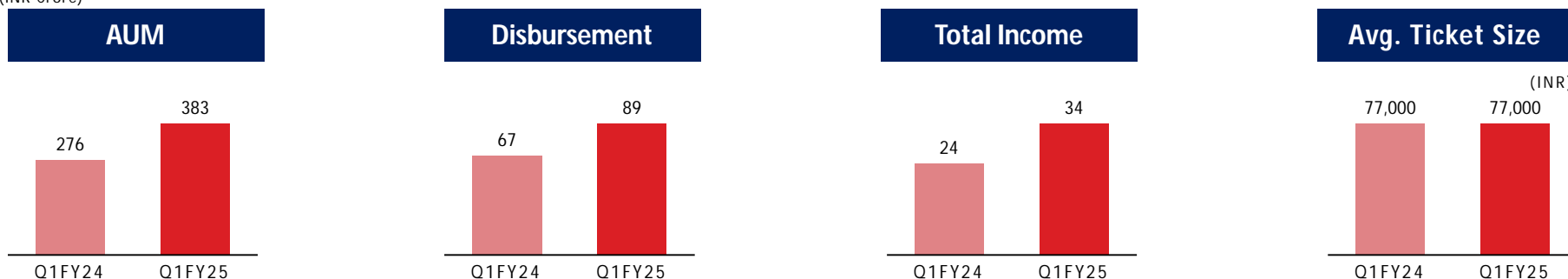
ROE: 12.7%

*Yield and NIMs are excluding DA income

MSME Loans



(INR Crore)



- Individual enterprise /working capital loans for small rural businesses in low competition areas
- Currently operates across 5 states – Gujarat, MP, Maharashtra, Rajasthan & Telangana with 88 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 (Q1FY25)

***Yield: 36.5%**

GNPA: 2.04%

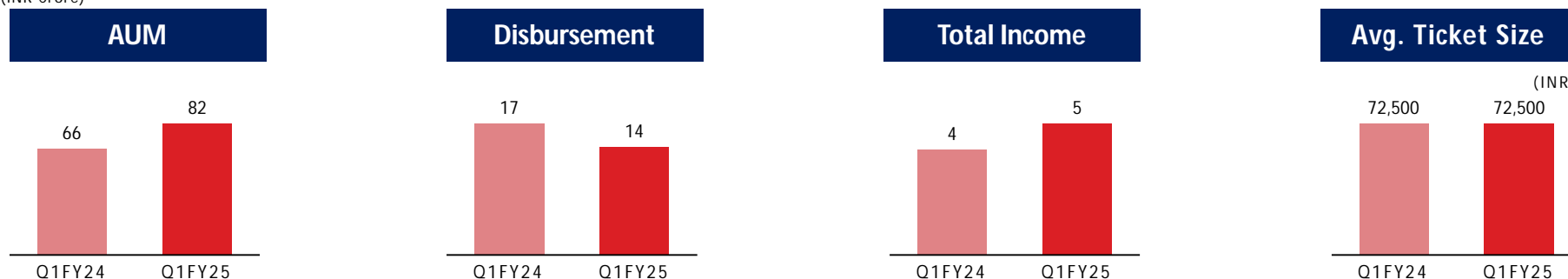
NNPA: 0.43%

*Yield is excluding DA Income

2W and Rural 2W Loans



(INR Crore)



- 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 20+ 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 (Q1FY25)

***Yield: 24.8%**

GNPA: 4.3%

NNPA: 1.2%

*Yield is excluding DA Income

MSME Process Overview



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"

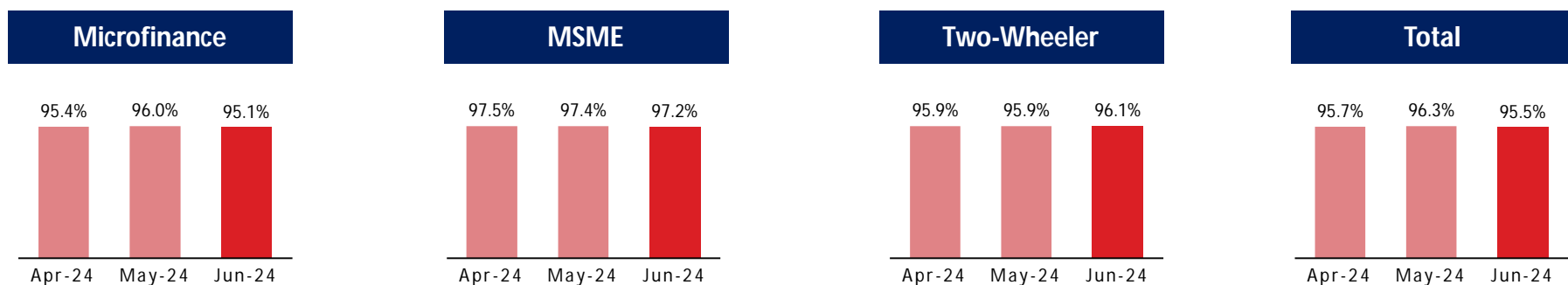
Collections



- 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



Update on Collections

- Collections in all the segments were healthy and were aligned to its pre covid levels
 - Microfinance and MSME collections were at ~95.1% and ~97.2% in June-24
 - 2W collections continued to be ~96.1% in June-24
- Cumulative Provisions stood at ~INR 101 Crore as on 30th June 2024 (covering 3.9% of the consolidated AUM, 4.8% on book)
 - Namra Finance: Cumulative Provisions stood at ~INR 81 Crore as on 30th June 2024 (covering 3.8% of the consolidated AUM, 4.9% on book)
 - Standalone: Cumulative Provisions stood at ~INR 20 Crore as on 30th June 2024 (covering 4.3% of the consolidated AUM, 4.5% on book)

Particulars (INR Crore)		Microfinance	MSME	Two-Wheeler	Total
Apr-24	Collection Due	176.0	34.9	4.8	215.7
	Amount Collected	167.9	34.0	4.6	206.5
May-24	Collection Due	184.9	36.2	4.4	225.5
	Amount Collected	177.6	35.2	4.2	217.0
Jun-24	Collection Due	185.1	36.4	4.4	225.9
	Amount Collected	176.1	35.3	4.2	215.7



Efficient Liability Management

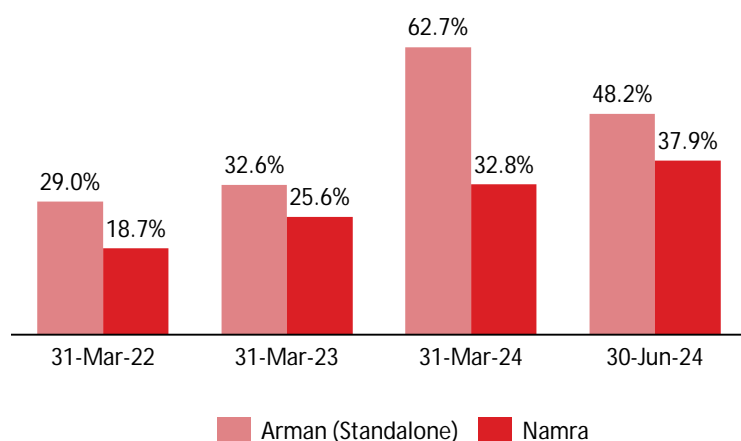




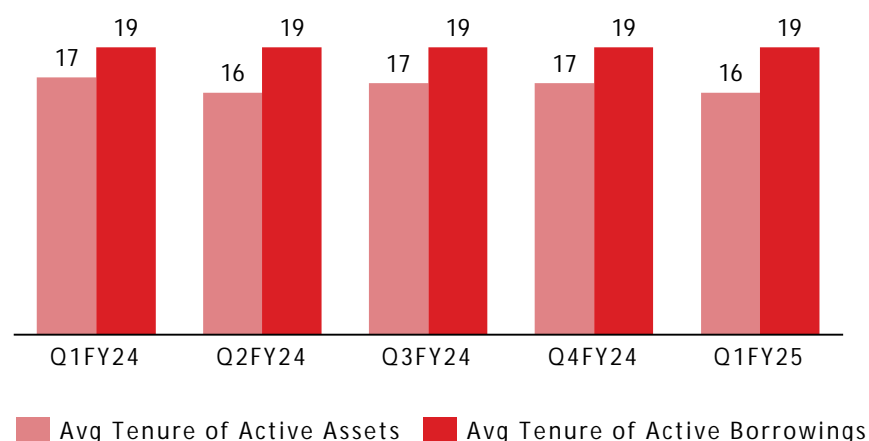
Strong Capitalization with Sufficient Liquidity



Capital Adequacy Ratio



ALM Position (in Months)



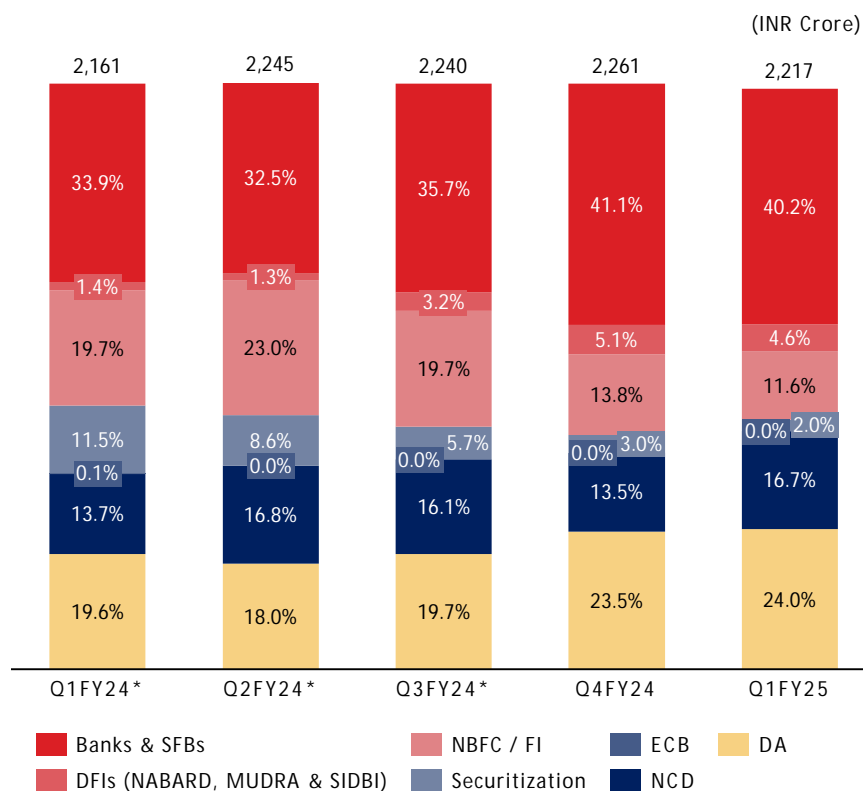
Update on Liquidity

- Healthy Liquidity position with INR 248 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 225 Crore undrawn sanctions from existing lenders

Borrowing Profile



Borrowing Mix (%)



*Excluding fund raised through CCDs and OCRPS

Top 5 Lending Partners

Top 5 Lenders	% of Borrowings
Lender 1 - TL & DA	13.49%
Lender 2 - TL & DA	9.82%
Lender 3 - TL, PTC & DA	6.59%
Lender 4 - TL	5.06%
Lender 5 - TL	4.92%

Credit Rating

Credit Rating	CARE	ACUITE
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





Strong Financial Performance





Q1FY25 Consolidated Profit & Loss Statement



Particulars (INR Crore)	Q1FY25	Q1FY24	YoY %	Q4FY24	QoQ%
Income from Operations	184.4	149.5		182.9	
Other Income	0.0	0.0		0.1	
Gross Total Income	184.4	149.5	23.4%	182.9	0.8%
Finance Costs	65.4	64.0		63.0	
Net Total Income (NTI)	119.1	85.5	39.2%	120.0	-0.8%
Employee Benefits Expenses	24.8	15.0		21.4	
Depreciation and Amortisation	0.4	0.3		0.4	
Other Expenses	8.9	7.0		10.0	
Pre-Provision Operating Profit	84.9	63.3	34.2%	88.1	-3.7%
Total Provisions & Write-offs	43.9	13.5		23.5	
Profit Before Tax	41.0	49.8	-17.7%	64.6	-36.5%
Profit After tax	31.3	39.9	-21.6%	50.8	-38.4%

- As of June 2024, Consolidated AUM stands at ~INR 2,594 Crore, as against ~INR 2,143 Crore in June 23, registering strong Y-o-Y growth of 21%
- Disbursements for Q1FY25 amounted to ~INR 459 Crore
- During Q1FY25, Gross Total Income increased by 23% YoY to ~INR 184 Crore and Net Total Income increased by 39% YoY to ~INR 119 Crore
- Profit After Tax stood at ~INR 31 Crore in Q1FY25
- Cumulative Provisions stood at ~INR 101 Crore as on 30th June 2024 (covering 3.9% of the consolidated AUM, 4.8% on book)
- Number of Branches as of 30th June 2024 stood at 434, while Active Customers base stood at ~8 lakh.

Balance Sheet – 30th June 2024



Particulars (INR Crore)	Consolidated		Standalone	
ASSETS	Jun-24	Mar-24	Jun-24	Mar-24
Financial Assets				
Cash and cash equivalents	116.2	118.6	47.8	69.5
Bank Balance	401.0	406.1	68.4	69.8
Loans & Advances	1,985.6	2,032.9	426.2	406.8
Investments	7.2	7.1	351.4	281.1
Other Financial assets	42.9	41.0	3.7	12.7
Total Financial Assets	2,552.9	2,605.8	897.5	840.0
Non-Financial Assets				
Current tax Assets (Net)	0.0	0.0	0.0	0.5
Deferred tax Assets (Net)	22.0	19.2	4.8	4.1
Property, Plant and Equipment	30.0	6.0	25.3	1.7
Other Intangible Assets	0.3	0.3	0.1	0.1
Right To Use Asset	1.3	1.4	0.0	0.0
Other non-financial assets	2.4	2.8	1.3	1.7
Total Non-Financial Assets	56.0	29.7	31.4	8.2
Total Assets	2,608.9	2,635.4	928.9	848.1

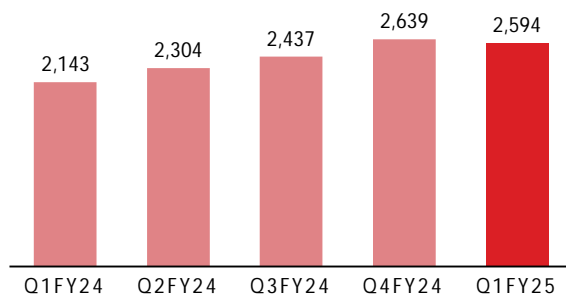
Particulars (INR Crore)	Consolidated		Standalone	
LIABILITIES & EQUITY	Jun-24	Mar-24	Jun-24	Mar-24
Equity Share capital	10.5	10.5	10.5	10.5
Reserves & Surplus	836.3	802.2	539.4	524.4
Total Shareholders' Funds	846.8	812.7	549.8	534.9
Financial Liabilities				
Other Payables	1.1	2.0	0.4	0.4
Debt Securities	363.6	302.4	190.2	167.5
Borrowings	1,294.7	1,397.6	172.3	118.6
Subordinated Liabilities	10.0	25.0	0.0	5.0
Other Financial Liabilities	79.2	81.3	9.1	14.1
Total Financial Liabilities	1,748.7	1,808.2	372.0	305.5
Non-Financial Liabilities				
Current tax liabilities (Net)	2.7	7.2	1.6	0.0
Provisions	8.5	2.6	0.9	0.8
Other non-financial liabilities	2.3	4.8	4.6	6.9
Total Non-Financial Liabilities	13.5	14.6	7.1	7.7
Total Liabilities & Equity	2,608.9	2,635.4	928.9	848.1

Consolidated Business Performance

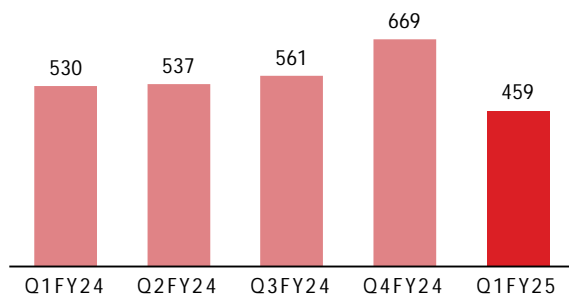


(INR Crore)

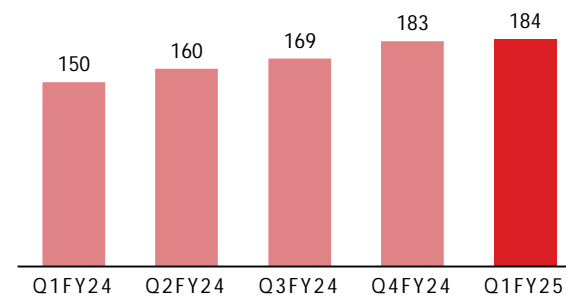
AUM



Disbursement



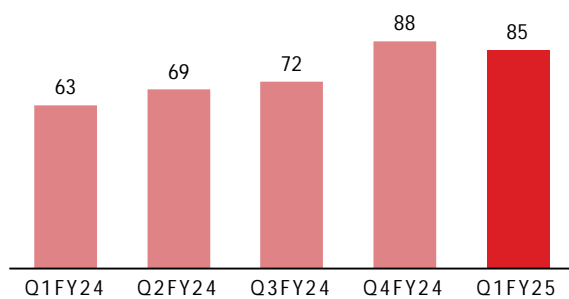
Gross Total Income



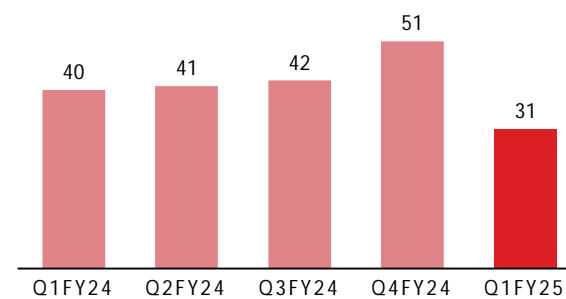
Net Total Income



Pre-provision Operating Profit



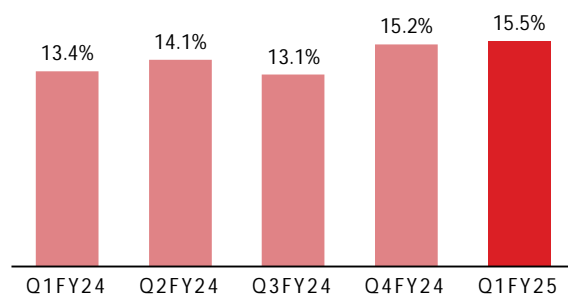
Profit After Tax



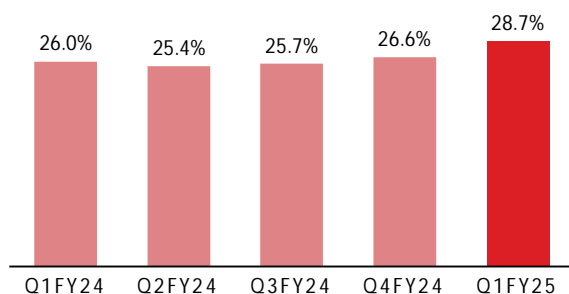
Consolidated Business Performance



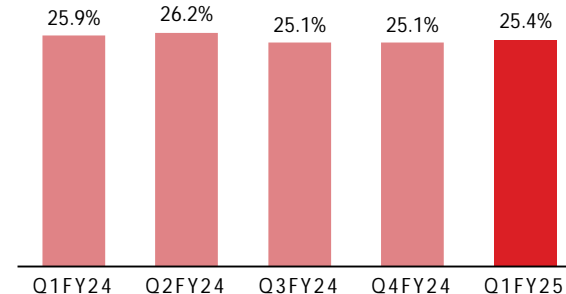
Net Interest Margin (%)



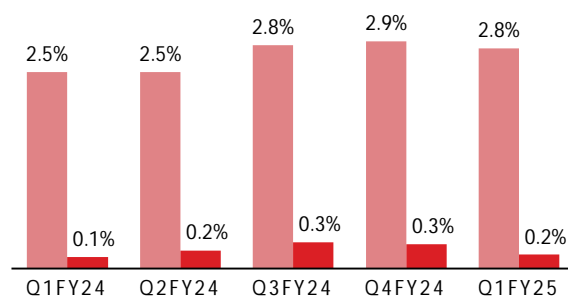
Cost to Income Ratio (%)



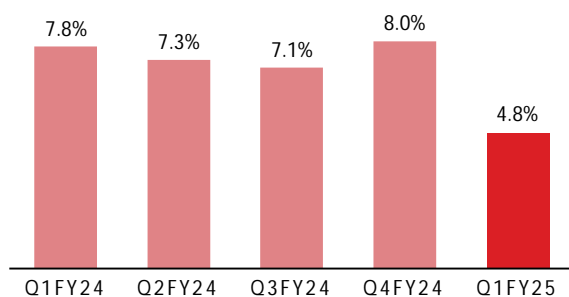
Yield (%)



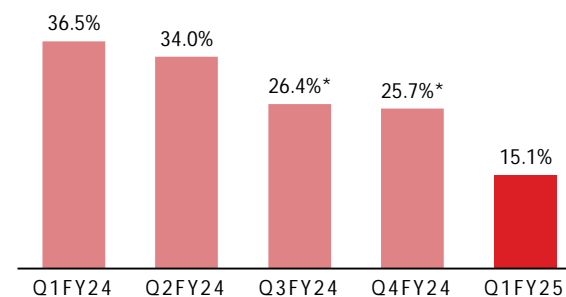
Asset Quality (%)



Return on Average AUM (%)



Return on Equity (%)



GNPA NNPA

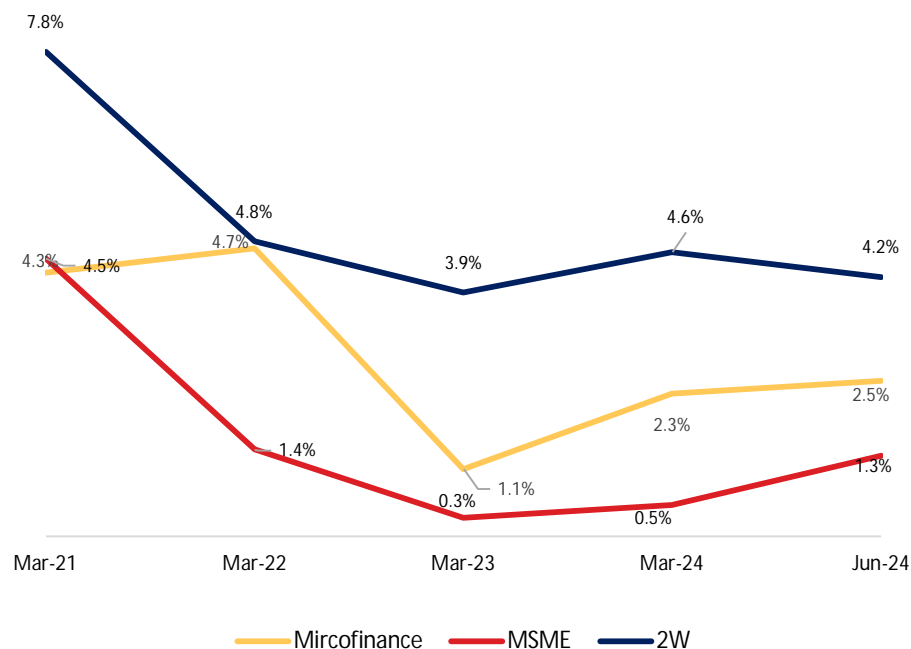
NIMs and Yield are calculated excluding DA income. RoE and Return on Avg. AUM figures are annualized

*ROE calculation includes QIP proceeds of INR 230 Crores raised in the last week of Dec 23, which was yet to be fully deployed

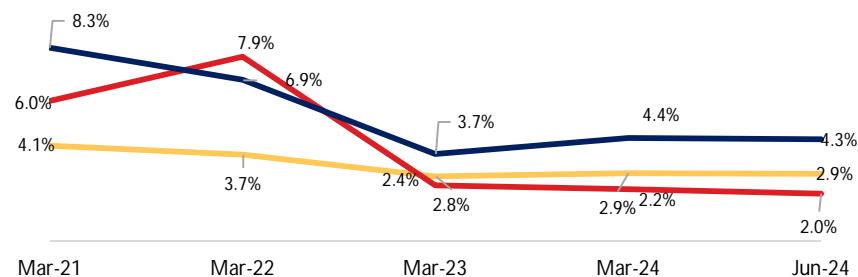
PAR Movement



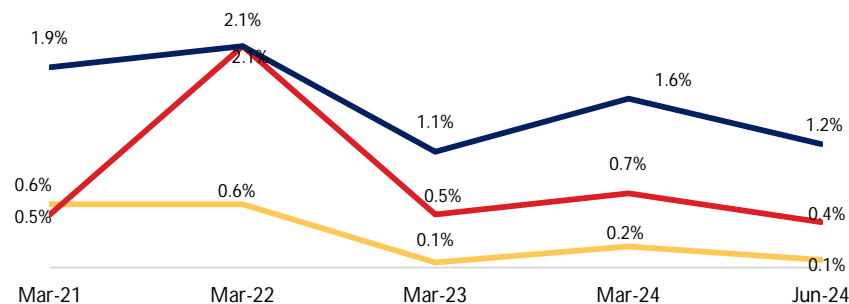
PAR 31-90 (%) Movement



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.

Q1FY25 – Standalone P&L Statement (2W, MSME & LAP)



Particulars (INR Crore)	Q1FY25	Q1FY24	YoY %	Q4FY24	QoQ%
Income from Operations	42.2	29.4		37.7	
Other Income	0.3	0.9		-0.5	
Gross Total Income	42.4	30.3	40.2%	37.3	13.8%
Finance Costs	9.4	11.1		10.6	
Net Total Income (NTI)	33.0	19.1	72.6%	26.7	23.6%
Employee Benefits Expenses	8.5	5.4		7.0	
Depreciation and Amortisation	0.1	0.0		0.1	
Other Expenses	3.0	2.1		3.6	
Pre-Provision Operating Profit	21.5	11.6	85.1%	16.1	33.0%
Total Provisions & Write-offs	5.3	1.4		2.5	
Profit Before Tax	16.2	10.2	58.5%	13.7	18.3%
Profit After tax	12.6	8.1	55.9%	11.6	8.3%

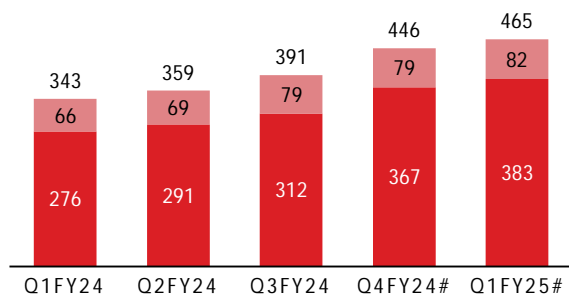
- Standalone AUM grew by 36.6% Y-o-Y to ~INR 465 Crore as compared to ~INR 343 Crore
- Disbursement of ~INR 102 Crore in Q1FY25, a growth of 21% Y-o-Y as compared to ~INR 84 Crore in Q1FY24; of which MSME contributed ~INR 85 Crore, LAP contributed ~INR 4 Crore and 2W contributed ~INR 13 Crore
- During the quarter, the company added 9 new branches taking total branch count to 92 branches in 5 states
- As on 30th June 2024, GNPA for the MSME business stood at 2.04% and for 2W business stood at 4.34%
- Cumulative Provisions stood at ~INR 20 Crore as on 30th June 2024 (covering 4.3% of the consolidated AUM, 4.5% on book)
- Pre-Provisioning Operating Profit has grown by 85% to Rs. 21 Crore in Q1FY25
- Profit after tax has grown 56% YoY to INR 13 Crore in Q1FY25.

Standalone Business Performance

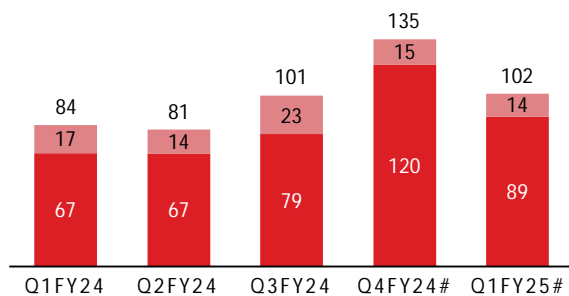


(INR Crore)

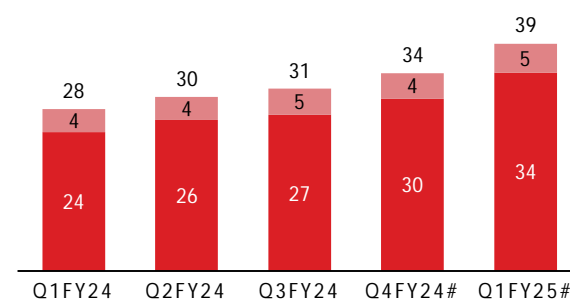
AUM



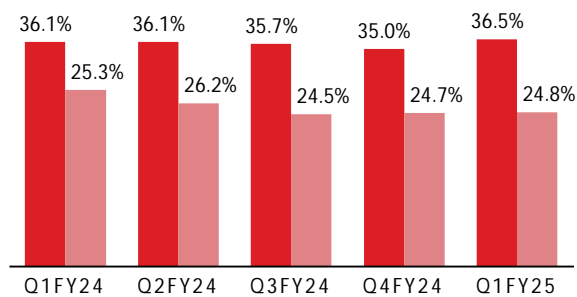
Disbursement



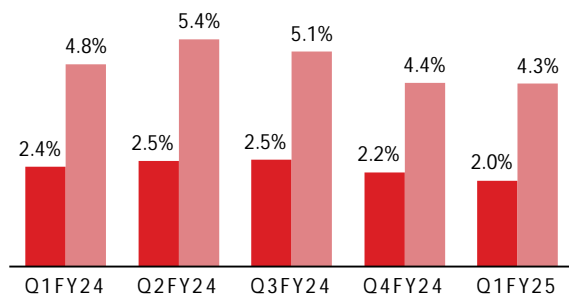
Gross Total Income*



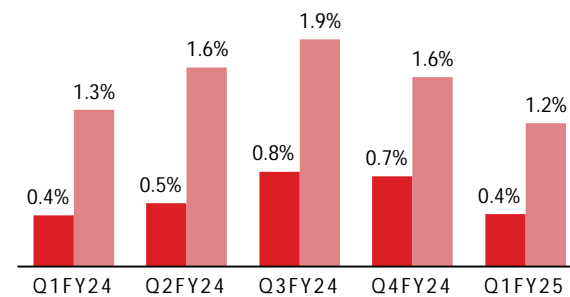
Yield (%)



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



Q1FY25 - Namra Finance Profit & Loss Statement



Particulars (INR Crore)	Q1 FY25	Q1 FY24	Y-o-Y (%)	Q4 FY24	Q-o-Q (%)
Income from Operations	143.1	120.3		147.0	
Other Income	0.0	0.0		0.1	
Gross Total Income	143.1	120.3	18.9%	147.1	2.7%
Finance Costs	56.8	53.0		54.3	
Net Total Income (NTI)	86.3	67.3	28.3%	92.9	-7.0%
Employee Benefits Expenses	16.3	9.5		14.4	
Depreciation and Amortisation	0.3	0.3		0.3	
Other Expenses	5.9	4.9		6.6	
Pre-Provision Operating Profit	63.7	52.6	21.2%	71.5	-10.9%
Total Provisions & Write-offs	38.6	12.1		21.0	
Profit Before Tax	25.1	40.5	-38.0%	50.5	-50.3%
Profit After tax	19.0	32.8	-42.0%	38.8	-51.0%

- 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 June 30, 2024, Namra's AUM stands at ~INR 2,129 Crore, registering strong Y-o-Y growth of 18%
- Disbursements for Q1FY25 amounted to ~INR 356 Crore
- During Q1FY25, Gross Total Income increased by 19% YoY to ~INR 143 Crore and Net Total Income increased by 28% YoY to ~INR 86 Crore
- Profit After Tax stood at INR 19 Crore
- Provisions & write off for the quarter increased by 220% Y-o-Y to ~INR 39 Crore
- Write off (net-of recovery) during the quarter at INR 31 Crore as an aggressive write off and provisioning policy was adopted
- Active MFI Customers stood at ~6.9 lakh.

Income from Operations includes Interest Income on loans and managed assets; processing fees, other charges in respect of loans and treasury income
Company's wholly owned subsidiary 'Namra Finance Limited' offers microfinance to women

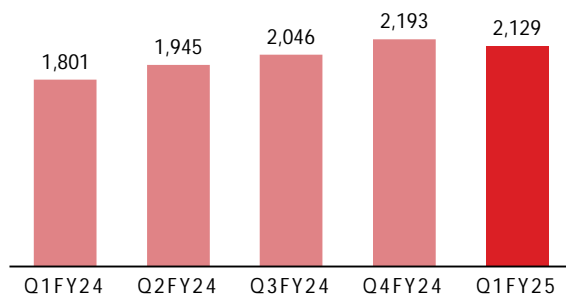


Microfinance Business Performance – Namra Finance (1/2)

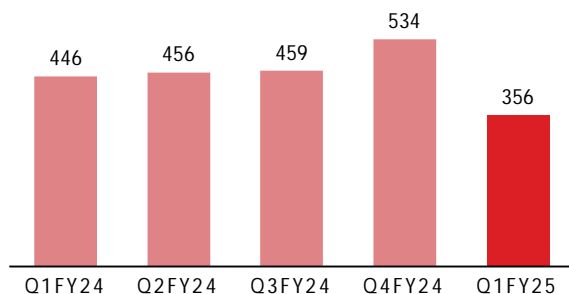


(INR Crore)

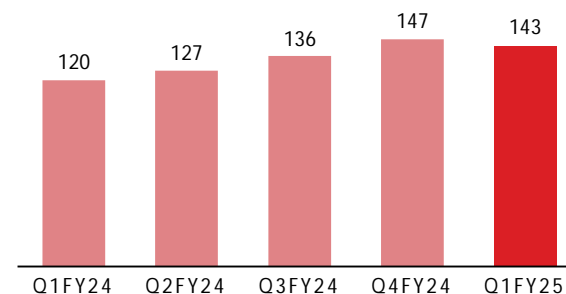
AUM



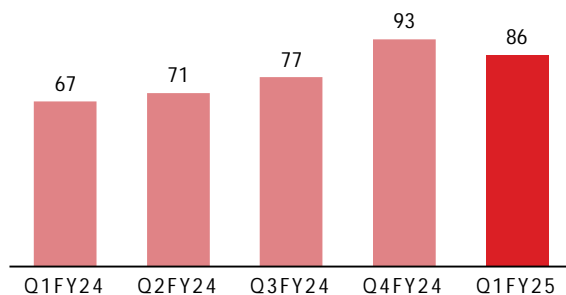
Disbursement



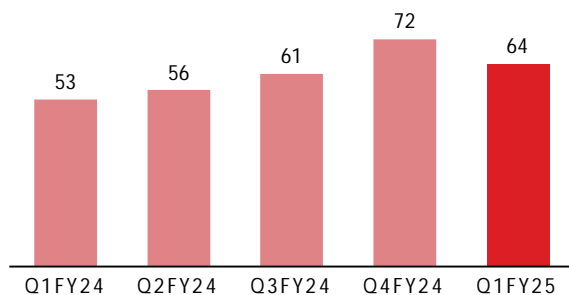
Gross Total Income



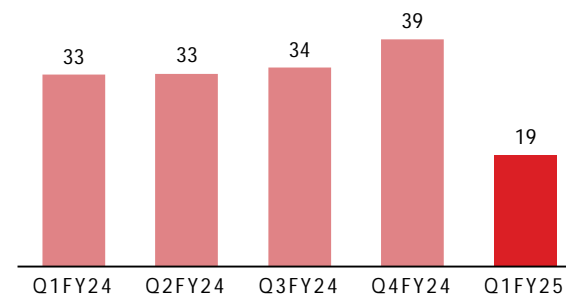
Net Total Income



Pre-provision Operating Profit

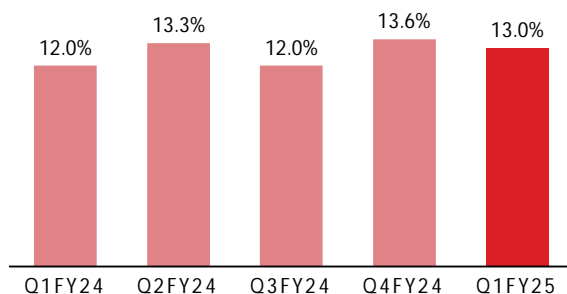


Profit After Tax

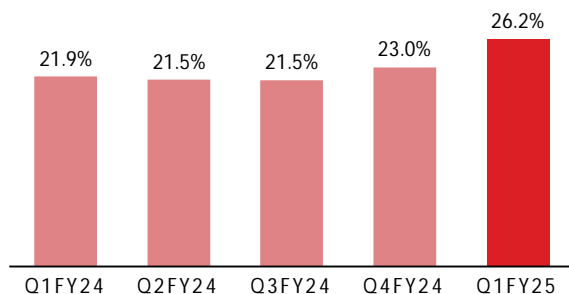


Microfinance Business Performance – Namra Finance (2/2)

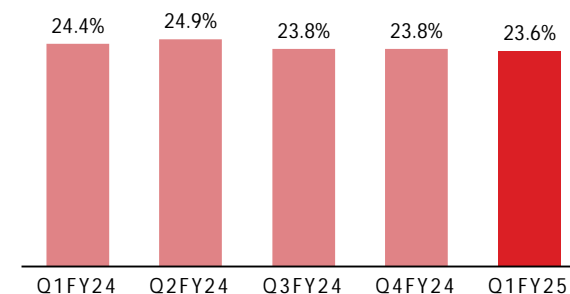
Net Interest Margin (%)



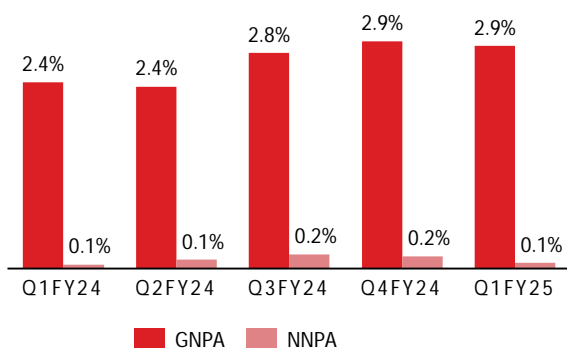
Cost to Income Ratio (%)



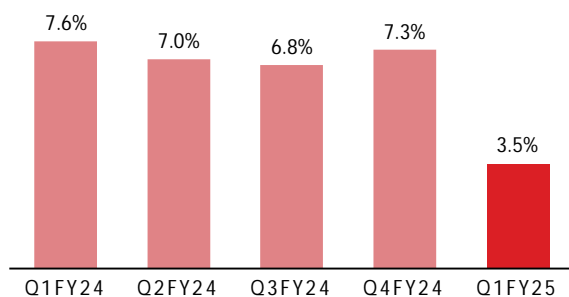
Yield (%)



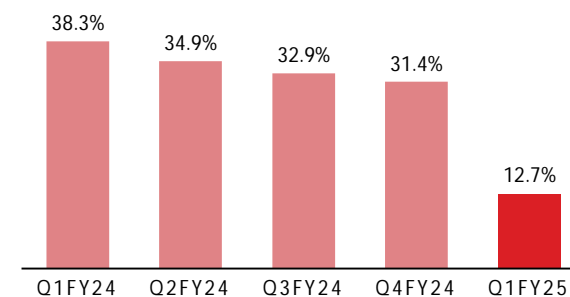
Asset Quality (%)



Return on Average AUM (%)



Return on Equity (%)

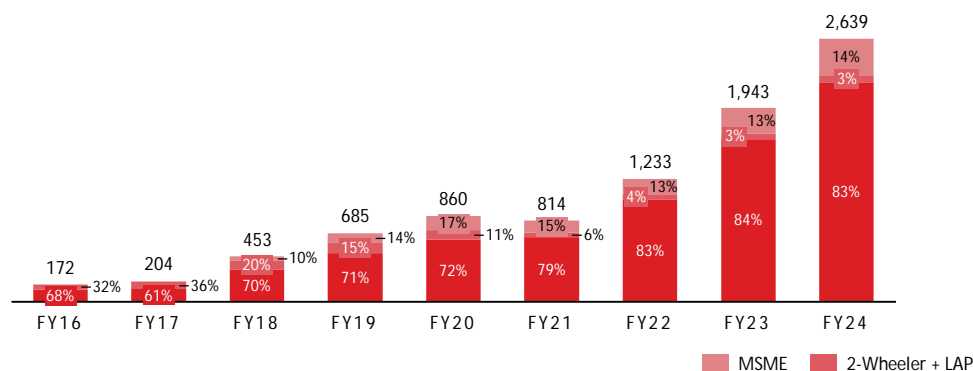


NIMs and Yield are calculated excluding DA income

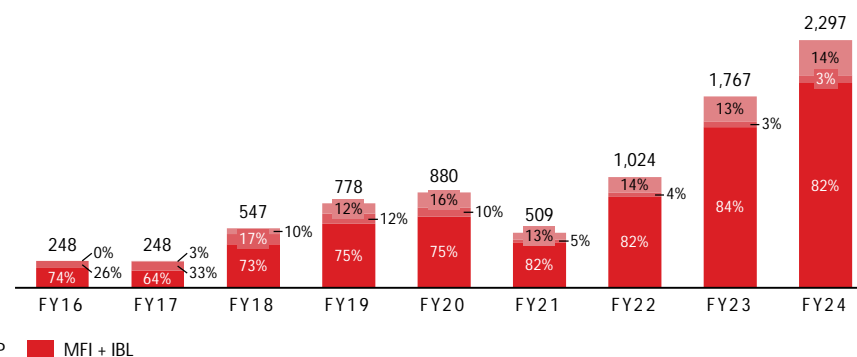
Strong Growth in AUM and Disbursements



Total AUM (INR Crore)



Total Disbursements (INR Crore)



- Diversified portfolio of **INR 2,594 Crore in Q1FY25** split between –
 - Microfinance:** INR 2105 Crore (81.2%),
 - MSME Loans:** INR 383 Crore (14.8%),
 - 2-Wheeler Loans:** INR 76 Crore (2.9%),
 - Individual Business Loans:** INR 24 Crore (0.9%)
 - Loan Against Property:** INR 6 Crore (0.2%)
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 383 Crore (14.8% 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

FY24, FY23, FY22, FY21 & FY20 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP

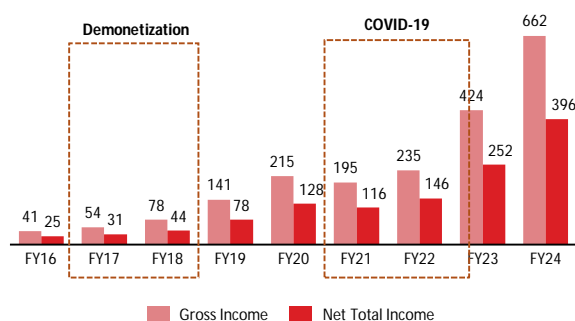


While Maintaining Cost Efficiency & Asset Quality

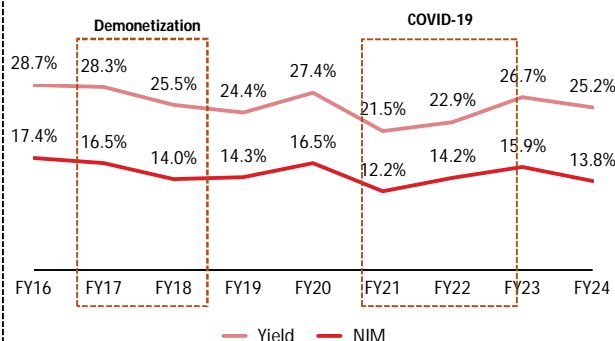


Gross and Net Total Income

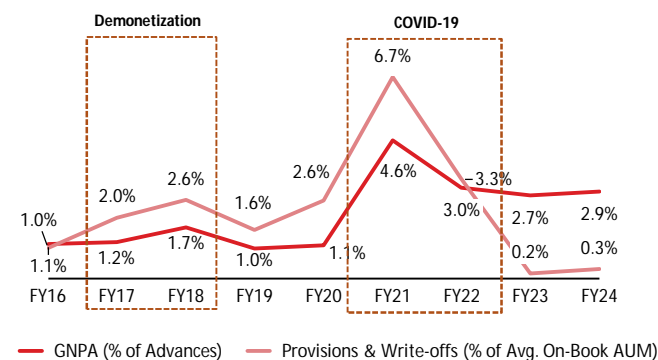
(INR Crore)



Yield & NIM (%)

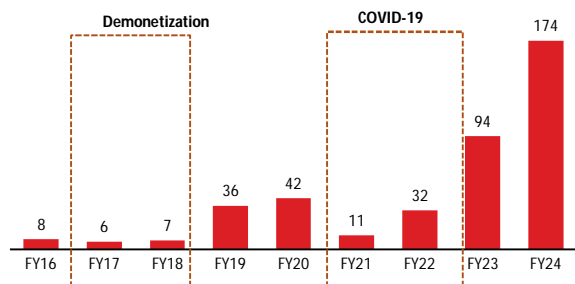


Asset Quality

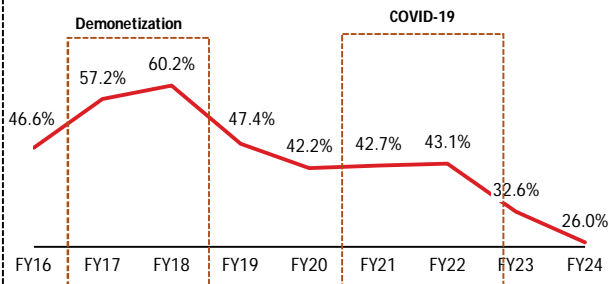


Profit After Tax

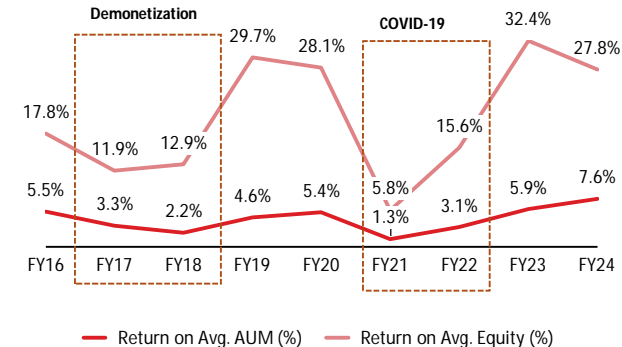
(INR Crore)



Cost to Income Ratio %



Return Ratios



FY23, FY22, FY21 & FY20 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP

Annexure



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



Thank You

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