



ARMAN FINANCIAL SERVICES LIMITED

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

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Statement of Standalone / Consolidated Audited Financial Results for the Quarter / Year Ended 31.03.2019

(Rs. in Lakhs)

Standalone							Consolidated				
Quarter Ended			Year Ended			Particulars	Quarter Ended			Year Ended	
31.03.2019 (Audited)	31.12.2018 (Unaudited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)			31.03.2019 (Audited)	31.12.2018 (Unaudited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)
1422.49	1259.68	809.00	4687.42	2730.58	1	Income					
0.02	0.00	1.23	6.34	1.38		(a) Revenue from Operations	4043.05	3804.26	2579.69	14051.03	7800.63
1422.51	1259.68	810.23	4693.76	2731.96		(b) Other income	48.57	0.08	1.23	54.97	1.38
						Total Revenue (a + b)	4091.62	3804.34	2580.92	14106.00	7802.01
					2	Expenses					
0.00	0.00	0.00	0.00	0.00		(a) Cost of materials consumed	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00		(b) Purchases of stock-in-trade	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00		(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.00	0.00	0.00	0.00	0.00
310.50	245.71	185.60	976.36	629.28		(d) Employee benefits expense	800.55	669.18	479.10	2636.59	1637.73
649.78	553.27	364.35	2025.80	1084.86		(e) Finance costs	1867.30	1674.81	1281.46	6282.14	3424.62
2.09	1.71	1.39	10.99	10.72		(f) Depreciation and amortisation expense	11.04	12.42	8.45	48.44	37.32
232.94	169.37	207.29	737.92	559.37		(g) Other expenses	633.30	578.62	511.65	2074.30	1723.04
1195.31	970.06	758.63	3751.07	2284.23		Total Expenses	3312.19	2935.03	2280.66	11041.47	6822.71
227.20	289.62	51.60	942.69	447.73	3	Profit before exceptional and extraordinary items and tax (1 - 2)	779.43	869.31	300.26	3064.53	979.30
0.00	0.00	0.00	0.00	0.00	4	Exceptional items	0.00	0.00	0.00	0.00	0.00
227.20	289.62	51.60	942.69	447.73	5	Profit before extraordinary items and tax (3 - 4)	779.43	869.31	300.26	3064.53	979.30
0.00	0.00	0.00	0.00	0.00	6	Extraordinary items	0.00	0.00	0.00	0.00	0.00
227.20	289.62	51.60	942.69	447.73	7	Profit before tax (5 - 6)	779.43	869.31	300.26	3064.53	979.30
					8	Tax Expense					
85.85	83.47	20.50	297.10	138.40		(a) Current tax	283.70	285.85	115.48	977.10	344.40
-18.52	0.00	-3.30	-18.64	-11.27		(b) Deferred tax	-79.00	0.00	-25.19	-72.25	-62.12
26.36	0.00	0.00	26.36	0.00		(c) Short Provision of Income Tax of earlier years	26.36	0.00	-32.55	26.36	-32.55
93.69	83.47	17.20	304.82	127.13		Total Tax Expense (a + b)	231.06	285.86	57.74	931.21	249.73
133.51	206.15	34.40	637.87	320.60	9	Profit (Loss) for the period from continuing operations (7 - 8)	548.37	583.45	242.52	2133.32	729.57
0.00	0.00	0.00	0.00	0.00	10	Profit/(loss) from discontinuing operations	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	11	Tax Expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	12	Profit/(loss) from Discontinuing operations (after tax) (10 - 11)	0.00	0.00	0.00	0.00	0.00
133.51	206.15	34.40	637.87	320.60	13	Profit (Loss) for the period (9 - 12)	-548.37	583.45	242.52	2133.32	729.57
695.23	695.23	692.47	695.23	692.47	14	Paid-up equity share capital	695.23	695.23	692.47	695.23	692.47
			4061.48	3327.80	15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year				7226.83	4997.70
					16	Earnings per share: (before extraordinary items)					
1.92	2.97	0.50	9.19	4.63		(a) Basic	7.90	8.41	3.50	30.74	10.21
1.91	2.95	0.49	9.12	4.58		(b) Diluted	7.15	7.63	3.46	28.07	10.09
					17	Earnings per share: (after extraordinary items)					
1.92	2.97	0.50	9.19	4.63		(a) Basic	7.90	8.41	3.50	30.74	10.21
1.91	2.95	0.49	9.12	4.58		(b) Diluted	7.15	7.63	3.46	28.07	10.09

NOTES:

- The Disclosure is as per Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- The above results have been reviewed and approved by the Audit Committee and taken on record by the Board of Directors at the meeting held on 28.05.2019
- The Company is operating in single segment, so above results are for single segment.
- The Board has recommended dividend of Rs. 1.40 (i.e. 14 % net of tax) per equity shares of Rs. 10/- each

Date: 28.05.2019
Place: Ahmedabad



For, and on behalf of the Board of Directors

Aalok Patel
Executive Director
DIN-02482747



Arman Financial Services Limited
Audited Statement of Assets & Liability as on 31.03.2019

(Amount in Rs.)

Particulars	Standalone		Consolidated	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
EQUITY AND LIABILITIES				
[1] Shareholders' Funds :				
[a] Share Capital	6,95,22,980	6,92,46,530	6,95,22,980	6,92,46,530
[b] Reserves & Surplus	40,61,48,286	33,27,79,688	72,26,83,162	49,97,69,988
Sub- Total Share Holders Fund	47,56,71,266	40,20,26,218	79,22,06,142	56,90,16,518
[2] Non-Current Liabilities :				
[a] Long Term Borrowings	67,59,65,125	28,28,44,968	2,53,42,25,679	2,22,10,29,625
[b] Deferred Tax Liabilities (Net)	-	-	-	-
[c] Long Term Provisions	61,95,551	30,63,285	1,57,42,346	66,44,873
Sub- Total Non Current Liabilities	68,21,60,676	28,59,08,253	2,54,99,68,025	2,22,76,74,498
[3] Current Liabilities				
[a] Short-Term Borrowings	85,54,99,964	49,63,06,706	90,16,89,988	49,75,68,455
[b] Other Current Liabilities	51,36,95,113	26,90,04,128	2,66,26,79,089	1,30,87,46,056
[c] Short Term Provisions	81,96,642	70,19,459	7,96,08,576	4,21,08,886
Sub- Total Current Liabilities	1,37,73,91,719	77,23,30,293	3,64,39,77,653	1,84,84,23,397
Total Equity & Liability	2,53,52,23,660	1,46,02,64,764	6,98,61,51,820	4,64,51,14,413
ASSETS :				
[1] Non Current Asset				
[a] Property, Plant & Equipment	77,12,541	1,40,98,962	3,25,02,663	2,59,12,717
[b] Intangible Assets	2,13,333	3,66,259	25,88,103	22,38,554
	79,25,874	1,44,65,221	3,50,90,766	2,81,51,271
[c] Long Term Investments	48,22,18,750	22,42,18,750	2,70,15,995	2,70,15,995
[d] Deferred Tax Assets (Net)	34,58,273	15,94,665	1,78,48,923	1,06,24,108
[e] Long-term Loans and Advances	77,35,56,241	44,53,59,497	1,54,73,68,670	77,22,60,838
[f] Other Non-Current Assets	50,00,000	3,35,87,700	17,89,24,132	10,50,40,617
Sub- Total Non Current Assets	1,27,21,59,139	71,92,25,833	1,80,62,48,485	94,30,92,828
[2] Current Assets				
[a] Trade Receivables	3,14,31,562	3,16,24,531	6,36,61,051	7,42,34,076
[b] Cash & Bank Balances	11,50,60,440	3,44,56,991	50,64,70,041	18,85,49,650
[c] Short term Loans and Advances	1,11,45,33,064	67,32,77,123	4,60,56,85,106	3,43,62,61,636
[d] Other Current Assets	20,39,456	16,80,285	40,87,137	29,76,223
Sub- Total Current Assets	1,26,30,64,522	74,10,38,930	5,17,99,03,335	3,70,20,21,585
Total Assets	2,53,52,23,660	1,46,02,64,764	6,98,61,51,820	4,64,51,14,413



**Auditor's Report on consolidated audited quarterly and year to date financial results
of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015**

To,

The board of directors of

Arman Financial Services Limited

Ahmedabad

1. We have audited the accompanying Statement of Consolidated Financial Results of **Arman Financial Services Limited** ("the Parent") and its subsidiary (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit after tax for the quarter ended 31.03.2019 and for the period from 01.04.2018 to 31.03.2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 31.03.2018 and the corresponding period from 01.04.2017 to 31.03.2018 as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to audit/review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related interim consolidated financial statements/ interim consolidated financial information which has been prepared in accordance with the recognition and measurement principles laid down in "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements/ interim consolidated financial information.



(2)

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 5 below, is sufficient and appropriate to provide a basis for our audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements/ financial information of branches and joint operations of the Group and subsidiaries referred to in paragraph 6 below, the Statement:



(3)

a) includes the results of the following entities:

Arman Financial Services Limited (Holding Company) & Namra Finance Limited (Subsidiary Company).

b) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and

c) gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total net profit and other financial information of the Group for the quarter ended 31.03.2019 and for the period from 01.04.2018 to 31.03.2019.

5. We did not audit the interim financial statements / financial information/financial results of 1 subsidiaries included in the consolidated financial results, whose interim financial statements / financial information/financial results reflect total assets of Rs. 4,94,82,08,060/- as at 31.03.2019, total revenues of Rs. 27,86,24,951/- and Rs. 95,29,37,922/- and total net profit after tax of Rs. 5,52,23,093/- and Rs. 14,95,44,575/- for the quarter ended 31.03.2019 and for the period from 01.04.2018 to 31.03.2019 respectively, and cash flows (net) of Rs. 26,07,14,881/- for the period from 01.04.2018 to 31.03.2019. These financial statements / financial information/financial results have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.



(4)

6. Our opinion on the Statement is not modified in respect of the above matters.

For, Samir M Shah & Associates
Chartered Accountants,
[Firm Regd. No. 122377W]

Place: Ahmedabad
Date: 28.05.2019



(Samir M Shah)
Partner
[M. No. 111052]

**Auditor's Report on Standalone audited quarterly and year to date financial results
of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015**

To,

The board of directors of

Arman Financial Services Limited

Ahmedabad

1. We have audited the quarterly standalone financial results of **Arman Financial Services Limited** for the quarter ended 31.03.2019 and for the period from 01.04.2018 to 31.03.2019 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 for Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.



(2)

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:
- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - ii. give a true and fair view of the net profit and other financial information for the quarter ended 31.03.2019 as well as the year to date results for the period from 01.04.2018 to 31.03.2019.

Place: Ahmedabad
Date: 28.05.2019

For, Samir M Shah & Associates
Chartered Accountants,
[Firm Regd. No. 122377W]



(Samir M Shah)

Partner

[M. No. 111052]



Arman Financial Services Limited

Ahmadabad, India, 28 May 2019: Arman Financial Services Ltd (Arman), a leading Gujarat based non-banking financial company (NBFC), with interests in microfinance, two-wheelers and MSME loans, announced its financial results for the quarter ending 31st March 2019.

Commenting on the Company's performance for Q4 FY2018-19, **Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services** said, *"The consolidated AUM of the company has grown from Rs 423.59 Cr on 31 March 2018 to Rs.686.94 Cr as on 31 March 2019, a growth of 62%. The growth on a QoQ basis is 17% from Rs. 585.96 Cr as on 31st December 2018 to Rs.686.94 Cr on 31st March 2019.*

The consolidated annual profits have grown by over 193% from Rs 7.30 Cr to Rs 21.33 Cr. This is a record annual profit for the company, and I am very proud of the entire Arman team, and all of our stakeholders and supporters for accomplishing such great results. The Board of Directors have announced a Dividend (subject to the approval of the shareholders) of 14% (Rs 1.4 per share) for FY2018-19, up from 10% the previous year.

The performance of the company has been remarkable inspite of liquidity challenge being faced by NBFC sector in general, especially in the last quarter. While it has been a challenge for NBFC's to borrow from banks and other financial institutions, we have so far been able to raise adequate funds due to the goodwill we have generated over many years and our existing lender relationship. However, marginal borrowing costs have increased due to some resets and new borrowings were raised at higher costs. Operationally, we have done well and have been able to grow and maintain our profitability despite significant headwinds. We continue to look for new sources of funds and building new relationships. Last quarter, we completed four separate MOSEC (Multi-originator securitization) transactions, where multiple NBFCs pool Microfinance or Two-Wheeler loans and sell it to banks. Very recently, we also completed our third foreign NCD transaction, and are in active discussion with other foreign funders for various ECB/NCD transactions

Managing our liability side is critical to our long-term growth plans, and the uncertainty surrounding debt availability continues to remain a significant challenge for the industry. Starting from last quarter, we have made the decision to maintain sufficient cash reserves in any given month to cover our cash requirements for proceeding two months. This means that at any given time, we have a larger reserve



of idle cash than we have historically maintained. This decision is a two-edged sword; while it provides us comfort surrounding our continuing operations in the event of any further short-term market liquidity issues, it also bears a 'negative carry' cost that will marginally impact the bottom line. We believe given the current market condition and sentiments towards the NBFC sector as a whole, this is a prudent decision, which we will reevaluate on a monthly basis.

We have also been very focused on managing our Asset Liability Management (ALM). As a company that focuses on low ticket loans, we have a great advantage of borrowing long-term and lending short-term loans. Our JLG Loans tenor averages 18 months, while MSME and 2-Wheeler loans average 22 month; the average tenor of debt is 36 months. Therefore, our debt repayments are significantly smaller than our loan recoveries on a month-to-month basis. This results in a natural positive ALM and we do not face any asset-liability mismatches. Therefore, the recently released Draft RBI circular on Liquidity Risk Management Framework for NBFCs will not have a significant impact on our operations or profitability.

The company has gradually expanded its business from Gujarat to other states. We now have branches in 6 states and one Union Territory; with Rajasthan being the newest state that we have recently forayed into. The journey for the company to other states has been quite encouraging, but we continue to operate with our conservative DNA, wary to make sudden moves or quick entries/exits. For FY 19-20, we will continue expanding into our existing states in the Microfinance division and put forth significant efforts to expand our outreach in the MSME segment. We have also commenced a pilot to foray into the Rural 2-Wheeler market to help us maintain and expand our Two-Wheeler business segment, as the urban 2-Wheeler market has been facing significant headwinds in the past 2 quarters.

In all, I expect another great year ahead and I once again congratulate the whole team for all their hard work in making the company better and stronger than it has ever been. We look forward beginning fiscal 2019-20 with the same level of enthusiasm and passion as last year, and we seek everyone's continued trust and support."



Consolidated Business Review

Financial Highlights

Q4 FY2018-19 (Jan – March 2019) v/s. Q4 FY2017-18 (Jan – March 2019)

- Net Revenues increased by 59% to Rs. 40.92 Cr from Rs. 25.81 Cr
- Net Interest Income increased by 71.26% to Rs. 22.25 Cr from Rs.12.99 Cr
- Net profit increased by 126.67% to Rs. 5.49 Cr from Rs. 2.42 Cr

Operational Highlights

Q4 FY2018-19 (Jan – March 2019) v/s. Q4 FY2017-18 (Jan – March 2018)

- The total operational branches as on 31st March 2019 are 169, of which 138 are in Microfinance segment, 25 in MSME and balance in 2-Wheeler.
- Our ERP package has gone live as of April 2019 and will help us improve efficiency in the coming year.
- Our asset quality continues to improve, with a consolidated Net NPA of 0.98% for all 3 segments.

Business Mix (Consolidated)

Revenues income from operations (Rs. Cr.)	Q4 (Jan - Mar)	Q4 (Jan - Mar)	YOY	12 Months (Apr – Mar)	12 Months (Apr – Mar)	YOY
	FY 2018-19	FY 2017-18	Change (%)	FY 2018-19	FY 2017-18	Change (%)
Namra Finance	26.69	17.71	50.71%	94.13	50.70	85.66%
Asset Finance & Other	6.4	5.2	23.08%	23.31	20.39	14.32%
MSME	7.82	2.9	169.66%	23.62	6.93	240.84%
Total	40.92	25.81	58.54%	141.06	78.00	80.85%

As on date, the entire loan portfolio of Namra is microfinance and the loan portfolio of Arman Financial Services is Asset Loans and MSME loans. MSME loans in a new product line in which the



company provides business loans of 50,000 to 1,50,000 to small business owners, which has seen rapid growth in the past year.

Expenditure Analysis (Consolidated)

Expenses (Rs. Cr.)	Q4 (Jan - Mar)	Q4 (Jan - Mar)	YOY	12 Months (Apr – Mar)	12 Months (Apr – Mar)	YOY
	FY 2018-19	FY 2017-18	Change (%)	FY 2018-19	FY 2017-18	Change (%)
Employee Costs	8.01	4.79	67.22%	26.37	16.38	60.99%
Other Expenses	6.33	5.12	23.63%	20.74	17.23	20.37%
Interest Costs	18.67	12.81	45.75%	62.82	34.25	83.42%
Total Costs	33.01	22.72	45.29%	109.93	67.86	62.00%

Our other expenses normalized due to lower provisioning costs in the MFI portfolio, which has now stabilized post demonetization. The increase in borrowing cost is as a result of higher leveraging on our existing equity base to fund our portfolio growth. The employee costs have grown in proportion to the growth in our overall consolidated portfolio.

Profitability Mix (Consolidated)

Particulars (Rs. Cr.)	Q4 (Jan - Mar)	Q4 (Jan - Mar)	YOY	12 Months (Apr – Mar)	12 Months (Apr – Mar)	YOY
	FY 2018-19	FY 2017-18	Change (%)	FY 2018-19	FY 2017-18	Change (%)
EBIT	26.47	15.81	67.43%	93.47	44.03	112.26%
PAT	5.49	2.42	126.86%	21.33	7.30	192.19%
EPS (Rs Per Share)	7.90	3.50	125.71%	30.74	10.21	201.08%

Our net profit grew by 127% in this quarter. On the positive side it has been impacted by lower provisioning, better operational efficiencies, and higher margins in the MSME division. For the year,



our profits have grown 193%, and this has largely been driven by growth in disbursements, operational efficiencies and lower provisioning costs as compared to demonetization affected years.

Net Interest Income (NII) & Net Interest Margin (NIM) Analysis (Consolidated)

Particulars (Rs. Cr.)	Q4	Q1	Q2	Q3	Q4
	(Jan-Mar)	(Apr – Jun)	(Jul– Sep)	(Oct - Dec)	(Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
Period Ending (AUM)	423.34	453.5	519.07	585.96	686.94
Net Interest Income (NII)	12.99	16.33	18.31	21.3	22.25
Net Interest Margin (NIM) (Annualised)	13.22%	14.90%	15.06%	15.42%	13.98%

The NIMs have decreased due to increased leveraging on our equity base to fund our portfolio growth and increase in the upfront borrowing costs in the last quarter to increase our cash reserves. Our interest rates have also increased in the past two quarters due to the NBFC liquidity crisis by 50 bps.

Business Tracker (Microfinance)

Particulars (Rs. Cr.)	Q4	Q1	Q2	Q3	Q4
	(Jan-Mar)	(Apr – Jun)	(Jul– Sep)	(Oct - Dec)	(Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
AUM	287.46	309.84	357.98	406.38	485.17
Disbursement for the Qtr	117.93	116.1	153.54	154.28	165.66
Gross Interest Income (Interest Income + Processing Fee)	17.71	19.99	21.99	25.45	26.69

We did our highest ever disbursements of Rs 165 Cr in this quarter. This trend will continue to increase in the coming quarters. The YoY AUM increased by 69%, mostly due to an increase in our customer base. Interest income continues to trend upwards due to the steady AUM increases.



Operational Branches (Microfinance)

Particulars (Rs. Cr.)	Q4 (Jan-Mar)	Q1 (Apr – Jun)	Q2 (Jul– Sep)	Q3 (Oct - Dec)	Q4 (Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
Gujarat	36	38	38	38	40
Madhya Pradesh	24	27	31	30	30
Maharashtra	15	21	23	23	22
Uttar Pradesh	32	35	42	42	42
Rajasthan	0	0	0	4	4
Total Branches	107	121	134	137	138

Our entry into Rajasthan started in December, with 4 pilot branches. We are cautiously increasing the footprint in the state. Our liquidity remains at comfortable levels despite the overall market conditions; hence we continue to cautiously expand our branch network starting from Q1 FY2019-20. In Rajasthan, our operational bandwidth has increased sufficiently to open more branches in the area, which we have commenced in Q1 FY 2019-20. We have no plans to enter into new states in the new fiscal year but have plans to further open 40 new branches in our existing states.

NPA Analysis (Microfinance)

Particulars (Rs. Cr.)	Q4 (Jan-Mar)	Q1 (Apr – Jun)	Q2 (Jul– Sep)	Q3 (Oct - Dec)	Q4 (Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
Gross NPA	3.52	2.41	2.41	2.17	2.66
Provisions	0	0	0	0	0
Net NPA	3.52	2.41	2.41	2.17	2.66
Net NPA Percentage	1.11%	0.67%	0.67%	0.53%	0.55%
Provisions on Standard Assets	3.22	3.18	3.60	4.10	4.92

Our Net NPAs at 0.55% of the MFI AUM are among the best in the industry and have continued with the declining trend post the disruption due to demonetization. We are extremely diligent about keeping our NPA levels low and believe that this is a key differentiator that allows us to maintain profitability and grow in the competitive environment. The Provisions on Standard Assets remain



higher than the NPA, so as per RBI regulations, no NPA Provisions are required. In an effort to be further conservative, Standard Asset Provisioning was also provided for outstanding securitized assets of Rs 57 Cr as on 31-3-2019, although not statutorily required.

Business Tracker (2 Wheeler Finance)

Particulars (Rs. Cr.)	Q4 (Jan-Mar)	Q1 (Apr – Jun)	Q2 (Jul– Sep)	Q3 (Oct - Dec)	Q4 (Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
AUM	89.64	89.25	96.63	101.79	102.55
Disbursement for the Qtr	21.51	21.59	24.78	33.52	24.17
Interest Income	5.21	5.34	5.54	5.99	6.4

The 2-Wheeler sales were impacted due to new third-party insurance law, and general slowdown in auto sales all over India. In spite of this headwind, we did well and increased our market share in our operational geographies. We have commenced a pilot to originate 2-wheeler loans in the rural segment based on a new operational methodology. We hope that once stabilized, this new Rural 2-wheeler division will originate a substantial portion of our vehicle loan business.

Business Tracker (MSME)

Particulars (Rs. Cr.)	Q4 (Jan-Mar)	Q1 (Apr – Jun)	Q2 (Jul– Sep)	Q3 (Oct - Dec)	Q4 (Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
AUM	46.24	54.41	64.46	77.78	99.22
Disbursement for the Qtr	16.7	17.07	22.19	25.09	31.85
Interest Income	2.9	3.76	5.61	6.43	7.82

MSME is our newest business line and we are now reporting it as a separate product line. Our MSME loans are in the range of Rs 50,000 to Rs 150,000 and offers doorstep collections, building on the strength of our MFI distribution network.



Our MSME portfolio is performing quite well. Our total AUM for MSME stands at Rs.99.22 Cr as on 31st Mar 2019, which has almost doubled in the last one year. Contribution from MSME segment has increased significantly and we will continue to grow this business line over time.

This segment has the highest ROAs amongst all our product lines, and we are very focused on quality underwriting and keep the NPA levels under control.

NPA Analysis (2-Wheeler & MSME Finance)

Particulars (Rs. Cr.)	Q4 (Jan-Mar)	Q1 (Apr – Jun)	Q2 (Jul– Sep)	Q3 (Oct - Dec)	Q4 (Jan - Mar)
	FY 2017-18	FY 2018-19	FY 2018-19	FY 2018-19	FY 2018-19
Gross NPA	3.54	3.74	4.11	4.2	4.1
Provisions	0.36	0.37	0.42	0.43	0.41
Net NPA	3.18	3.38	3.69	4.1	3.69
Net NPA Percentage	2.33%	2.35%	2.41%	2.34%	2.02%

Arman's NPAs have come down to 2.02% due to the fantastic on-time recoveries of the MSME division. While the Two-Wheeler division faces head-winds related to sales, the NPA remains mostly stable.

For, Arman Financial Services Limited



Director





Arman Financial Services Limited

About Arman Financial Services Ltd

Arman Financial Services Ltd (BSE: 531179) is a category 'A' Non-Banking Finance Company (NBFC) active in the 2-Wheeler, MSME, and Microfinance Lending business. The Microfinance division is operated through its wholly owned subsidiary, Namra Finance Ltd, a NBFC-MFI. The group operates mostly in unorganized and underserved segment of the economy and mostly serve niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, and Rajasthan through its network of 169 branches and 55 dealer touch-points.

Arman's big differentiator from a Bank and other NBFCs is the last mile credit delivery system. They serve areas and clients where it is simply not possible for banks to provide financial services under the current market scenario.

For more information, please visit our web site www.armanindia.com.

If you have any questions or require further information, please feel free to contact

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