



# **Arman Financial Services Limited**

**Investor Presentation – February 2024**



This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Arman Financial Services Ltd.** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward-looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in future or update any forward-looking statements made from time to time by or on behalf of the Company.



**Quarterly Business Update**

**Page 4 - Page 8**

**About the Company**

**Page 9 - Page 15**

**Presence in Attractive Retail  
Lending Segments**

**Page 16 - Page 22**

**Efficient Liability Management**

**Page 23 - Page 26**

**Strong Financial Performance**

**Page 27 - Page 40**



## Quarterly Business Update



# 9MFY24 Performance Highlights



**Assets Under Management**

**INR 2,437 Crore**

(+48% Y-o-Y)

**Provisions and write offs**

**INR 42 Crore**

*Cumulative Provisions stood at ~INR 81.57 Crore (covering 3.35% of the consolidated AUM, 4.01% on-book)*

**Disbursement**

**INR 1,628 Crore**

(+43% Y-o-Y)

**Asset Quality**

**GNPA: 2.83%**

**NNPA: 0.33%**

**Shareholder's Equity**

**INR 741 Crore\***

CRAR: **Arman (Standalone): 65.76%**;  
CRAR: **Namra : 26.45%**

**Return Ratios<sup>#</sup>**

**ROAA: 7.47%**

**\$ROE: 30.51%**

**Profit Before Tax**

**INR 163 Crore**

(+115% Y-o-Y)

**Collection Efficiency**

**Steady and healthy with each month being north of 98% for 9MFY24**

**Profit After Tax**

**INR 123 Crore**

(+113% Y-o-Y)

**Active Customer Base**

**More than 7.6 Lakhs**

All numbers are on consolidated basis

\*As per IND-AS; <sup>#</sup>On annualised basis

<sup>#</sup>ROAA - Return on Average AUM; ROE - Return on Equity

<sup>§</sup> ROE calculation includes QIP proceeds of INR 230 Cr in last week of Dec 23.

# Recent Fund Raises (1/2)



## December – 2023

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

### Issue Details

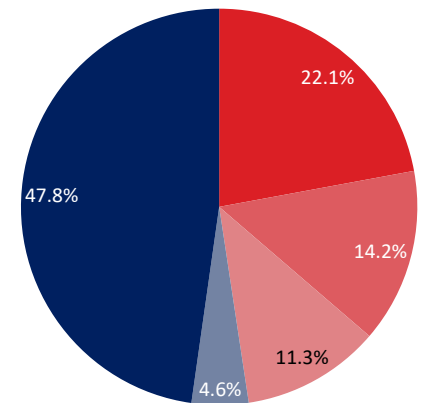
- **Size of QIP:** INR 230 Crores / 10,47,835 Shares
- **Price per Share:** INR 2195 per equity share, with a face value of Rs. 10.
- **Fully Diluted Net Worth Post QIP (Q3:FY24 Balance Sheet):** 769.8 Crores
- The QIP saw interest from investors like Whiteoak, Sundaram Mutual Fund, UTI Mutual Fund, 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 include both domestic and foreign individuals.
  - Instruments are compulsorily convertible by 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 include a mix of individuals and family offices.
  - The option to convert is valid until March 2024, else instruments would be redeemed.

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



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

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

# Recent Fund Raises (2/2)



Particulars	31-Mar-23	Particulars	Fund Raised	Converted on	Converted on	Outstanding
			30-Sep-22	30-Sep-23	30-Dec-23	31-Dec-23
Equity Share Capital	INR 365 Crore	CCDs (Nos)	6,24,388	65,040	-	5,59,348
		CCDs (Amount)	76,79,97,240	7,99,99,200	-	68,79,98,040
Total Shares Outstanding	84,92,334 Shares	OCRPS (Nos)	3,10,972	1,52,437	28,455	1,30,080
		OCRPS (Amount)	38,24,95,560	18,74,97,510	3,49,99,650	15,99,98,400



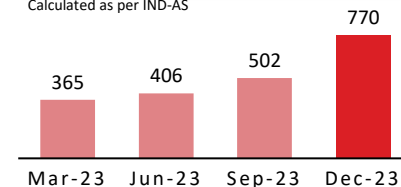
Shareholders Fund as on 31 <sup>st</sup> December 2023	Amount (INR Crore)	No of shares*
Shareholders fund (excluding CCD & OCRPS; INDS- AS equity component of INR 55.98 Crore)	685.0	97,87,346
Unsecured Compulsorily Convertible Debentures (CCDs)	68.8	5,59,348
Optionally Convertible Redeemable Preference Shares (OCRPS)	16.0	1,30,080
<b>Total</b>	<b>769.8</b>	<b>1,04,76,774</b>

\*on fully diluted basis

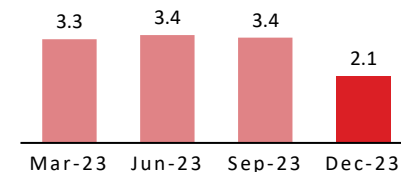
#After adjusting the impact of CCDs and OCRPS, debt component as per IND-AS and overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 152 Crore.

## Net worth (INR Crore)

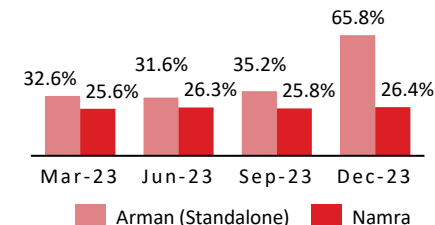
Calculated as per IND-AS



## Debt/Equity (x)#



## CRAR (%)





## 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

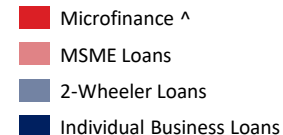
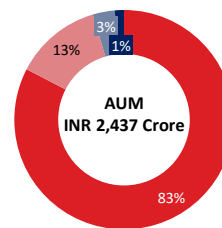
## Strong Financial Performance

- High-Growth Trajectory (FY16-23 CAGR):
  - AUM: **39%**
  - Net Interest Income: **33%**
  - PAT: **36%**
- Consolidated debt to equity ratio of 2.1:1– Sufficient Capital to drive growth going forward<sup>#</sup>
- High Return Ratios - ROE: 30.51%; ROAA: 7.47%

## Efficient Liability Management

- Consistent rating upgrades backed by strong financial & operating performance
- Currently rated BBB+(Stable Outlook) by CARE Ratings for NCDs and ACUITE A- (Stable Outlook) for NCDs and Bank Borrowings
- 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 – 9M FY24



As of December 2023

**394**

Branches

**140**

Districts

**10**

States

**~7.6 Lakh**

Live Customers

**50+**

Two-Wheeler dealerships

**Positive ALM**

Comfortable Liquidity Position

**51+**

Diversified Borrowing Profile & Relationship with Banks & FIs

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

<sup>#</sup>After adjusting the impact of CCDs and OCRPS, debt component as per IND-AS and overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 152 Crore.

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

# Journey so Far



1992

- Company Incorporated
- Started bill discounting & Machine leasing

1995

- Listing on BSE – Issue subscribed 22x

1998

- Launched 2W Loans

2010

- Launched Microfinance business

2018

- Raised PE funding from SAIF Partners

2017

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

2014-16

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

2013

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

2011

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

2019

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

2020

- Disbursement crosses INR 875 Crore

2021

- AUM crossed INR 1,000 Crore

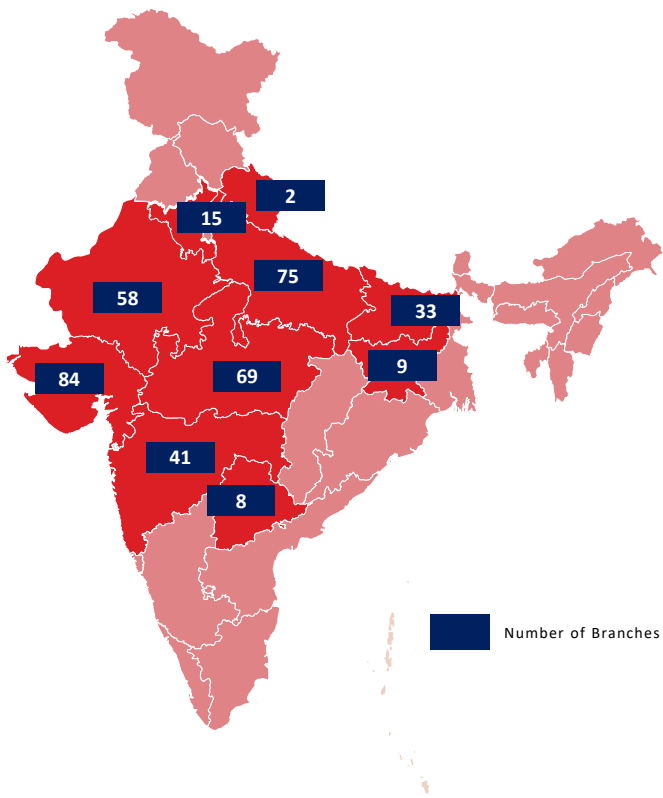
2022

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

2023

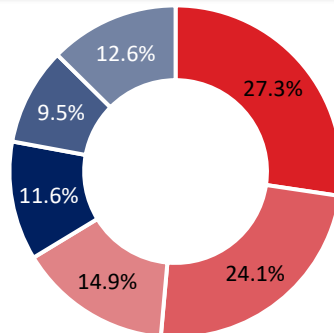
- Namra Finance received CARE Ratings' highest MFI-1 grading
- Doubled the AUM to INR 2,000 Crore in 18 months
- Entered new states of Telangana and Jharkhand
- Raised ~INR 230 Crore through QIP

# Geographical Footprint



Number of Branches

## Geographical AUM Mix (Consolidated)



- Gujarat
- Uttar Pradesh
- Madhya Pradesh
- Rajasthan
- Maharashtra
- Others

**394**

Branches

**~7.6 Lakh**

Active Customers

**3,604**

No of Employees

**2,916**

No of Loan Officers

Number of Branches	9MFY24	9MFY23
Microfinance	315	260
MSME	75	57
2W & Rural 2W	4	4
<b>Total</b>	<b>394</b>	<b>321</b>

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

# Strong Underwriting Measures by Leveraging Digital Transformation



## Loan Management

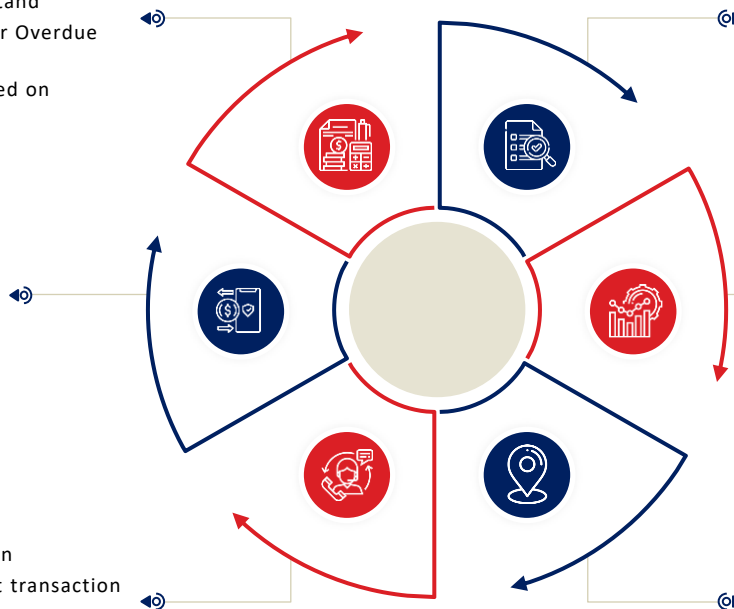
- Loan Utilization check
- Instant pre-closure and pre-settlement and its simulation for the customer to understand
- Hassle-free check in case of advance or Overdue collection
- Centre & Customer categorization based on repayment trends

## Superior Collection

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

## Customer Gain

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



## Instant Verification Of Key Details

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

## Instant First-level Credit Assessment

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

## Traceability

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

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

# 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.

## Ramakant Nagpal *Independent Director*

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

## Mridul Arora *Nominee Director*

- He is the nominee director of Elevation Capital (Erstwhile SAIF Partners).
- Prior to joining Elevation, Mridul was an Engagement Manager with McKinsey & Company where he focused on financial services, in particular banking, insurance, and asset management.
- He is a Chemical Engineering from IIT Madras and holds his MBA from IIM Lucknow.

## Geeta Haresh Solanki *Independent Director*

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



## Competitive Moat



Focus on **small ticket retail loans** to the **large under served informal segment** customer in rural & **semi urban geographies**



**Diversifying products, geographies, sources of funds** and delivering growth by increasing volumes rather than ticket sizes



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



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



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

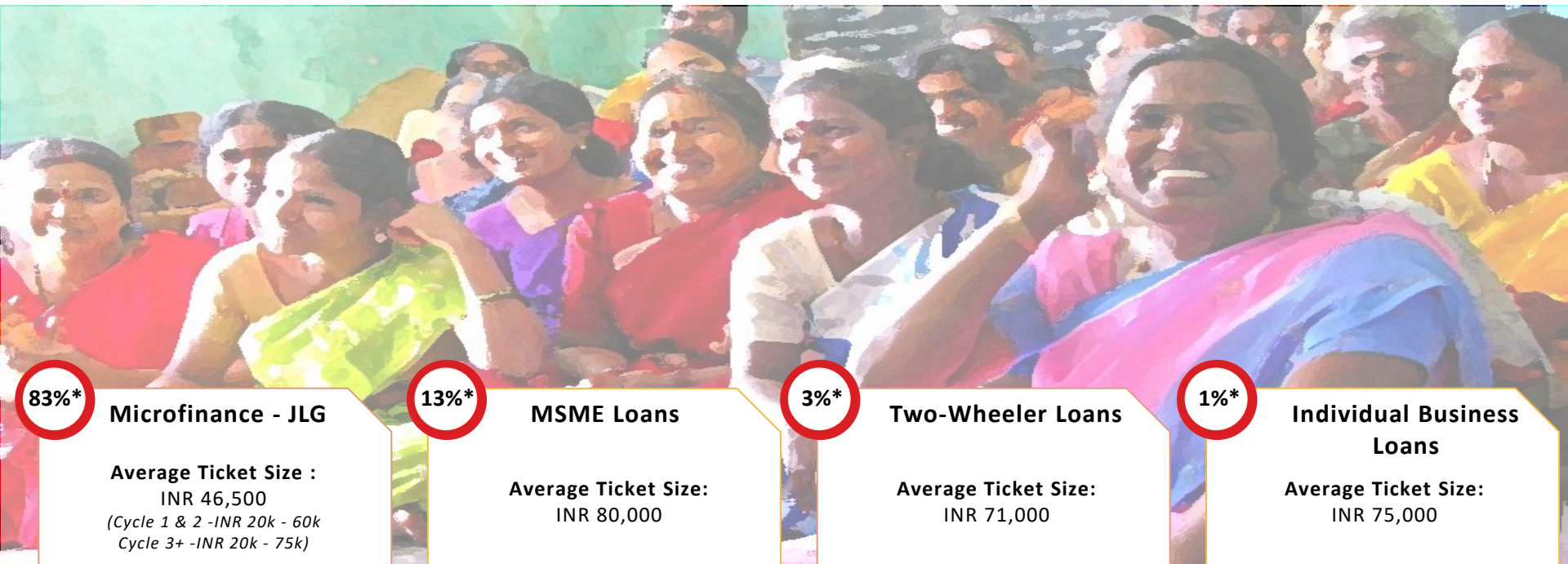


## Presence in Attractive Retail Lending Segments





# Product Offerings across Verticals



83%\*

## Microfinance - JLG

**Average Ticket Size :**

INR 46,500

*(Cycle 1 & 2 -INR 20k - 60k  
Cycle 3+ -INR 20k - 75k)*

**Tenure:** 18-24 Months

13%\*

## MSME Loans

**Average Ticket Size:**

INR 80,000

**Tenure:** 18-24 Months

3%\*

## Two-Wheeler Loans

**Average Ticket Size:**

INR 71,000

**Tenure:** 12-36 Months

1%\*

## Individual Business Loans

**Average Ticket Size:**

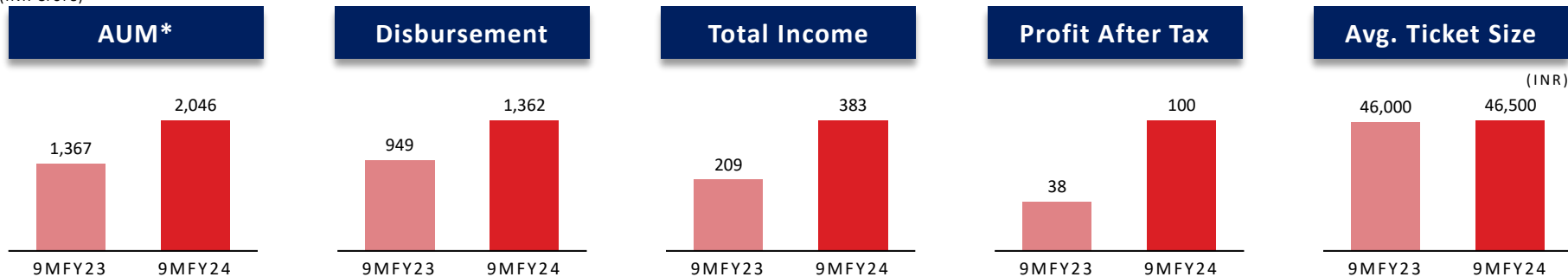
INR 75,000

**Tenure:** 24 Months

# Microfinance Loans



(INR Crore)



\*Includes Individual Business Loans

- JLG model with small ticket loans (Avg. Ticket Size – INR 46,500) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- **Operations:** Operations in 10 states; 315 MFI branches; 6.65 lakh active customers
- **Operating Model:**
  - High touch monthly collection model
  - Rural concentration: ~91.3% rural & semi-urban portfolio (vs 70% for MFI industry)
  - Conservative risk framework
    - 100% Cashless disbursement
    - JLG groups formed by customers themselves
    - Loan utilization checks to ensure loan for income generating purpose
- Controlled growth targets driven by bottom-up projections

- **Disbursement:** 100% Cashless
- **Credit Check:** CRIF / Equifax Score; JLG Model with Training, Home Visit, Lifestyle Appraisal
- **Collections:** Cash collection at centre meeting

## Key Ratios (9MFY24)

**Yield:** 24.4%

**NIM:** 12.3%

**ROAA:** 7.2%

**GNPA:** 2.79%

**NNPA:** 0.18%

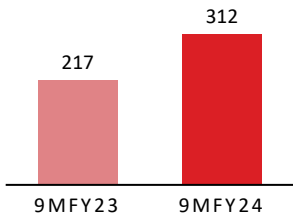
**ROE:** 35.2%

# MSME Loans

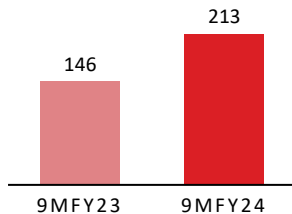


(INR Crore)

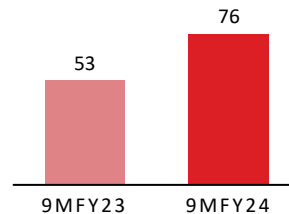
## AUM



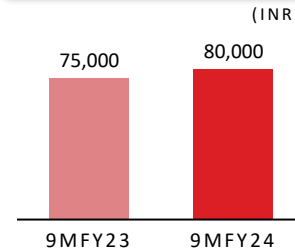
## Disbursement



## 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 75 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

## Key Ratios (9MFY24)

**Yield: 35.9%**

**GNPA: 2.47%**

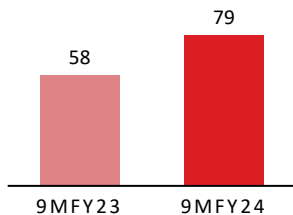
**NNPA: 0.78%**

# 2W and Rural 2W Loans

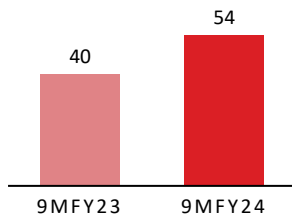


(INR Crore)

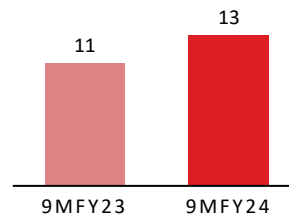
## AUM



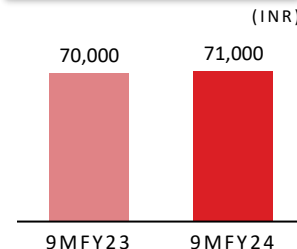
## Disbursement



## Total Income



## Avg. Ticket Size



- Hypothecation (secured) loans given to self-employed /cash-salaried customer in the informal segment in semi-urban/rural areas for a 2W
- Currently operates only in Gujarat; across 50+ dealerships
- **Piloting new Rural 2W product:** Operating in Tier 3-4 & below locations for higher yields; higher ROA business; key growth driver going forward
- **Growth levers:**
  - Increase in finance penetration
  - Geographical & new product expansion
- **Arman 2W & Rural 2W operating model:**
  - Focus on **quick turn around time**
  - Excellent **relationships with dealers and OEMs**
  - **In-house feet-on-street** model for **rigorous collections**

- **Disbursement:** 100% Cashless
- **Credit Checks:** CIBIL & CRIF Score; Home & Business Field Investigation
- **Collections:** Doorstep cash collection

## Key Ratios (9MFY24)

**Yield: 26.1%**

**GNPA: 5.13%**

**NNPA: 1.86%**

## 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



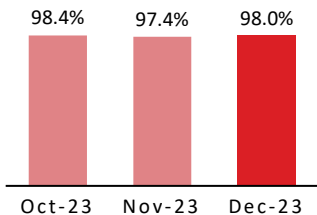
- Team member that does sales also handles collections
- Door to door collection allows Company to maintain relations with customer and ensures high collection efficiency
- Monthly collections high touch, relationship driven model

*“Door-step cash collection”*

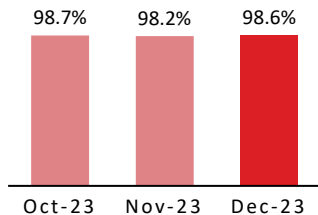
# Collection Efficiency



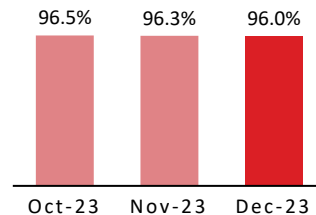
## Microfinance



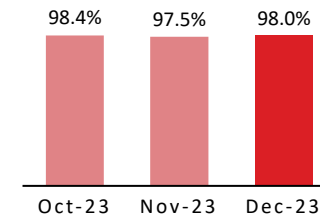
## MSME



## Two-Wheeler



## Total



### Update on Collections

- Collections in all the segments were healthy and were aligned to its pre covid levels
  - Microfinance and MSME collections was healthy and stable at 98% in December 2023
  - 2W collections continued to be well-north of 96% in December 2023
- Cumulative Provisions stood at ~INR 81.57 Crore as on 31<sup>st</sup> December 2023 (covering 3.35% of the consolidated AUM, 4.01% on book)
  - Namra Finance: Cumulative Provisions stood at ~INR 65.29 Crore as on 31<sup>st</sup> December 2023 (covering 3.19% of the consolidated AUM, 3.92% on book)
  - Standalone: Cumulative Provisions stood at ~INR 16.28 Crore as on 31<sup>st</sup> December 2023 (covering 4.16% of the consolidated AUM, 4.39% on book)

Particulars (INR Crore)		Microfinance	MSME	Two-Wheeler	Total
Oct-23	Collection Due	147.3	26.2	4.1	<b>177.6</b>
	Amount Collected	144.9	25.8	4.0	<b>174.7</b>
Nov-23	Collection Due	152.1	26.7	4.1	<b>182.9</b>
	Amount Collected	148.2	26.2	4.0	<b>178.3</b>
Dec-23	Collection Due	155.0	28.5	4.3	<b>187.8</b>
	Amount Collected	151.9	28.1	4.1	<b>184.1</b>



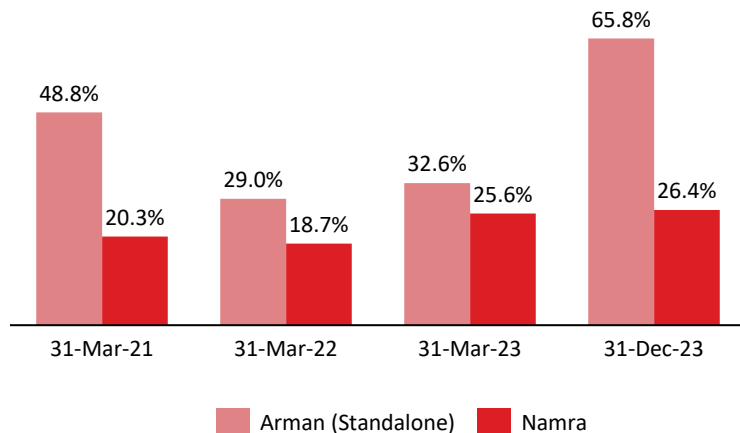
## Efficient Liability Management



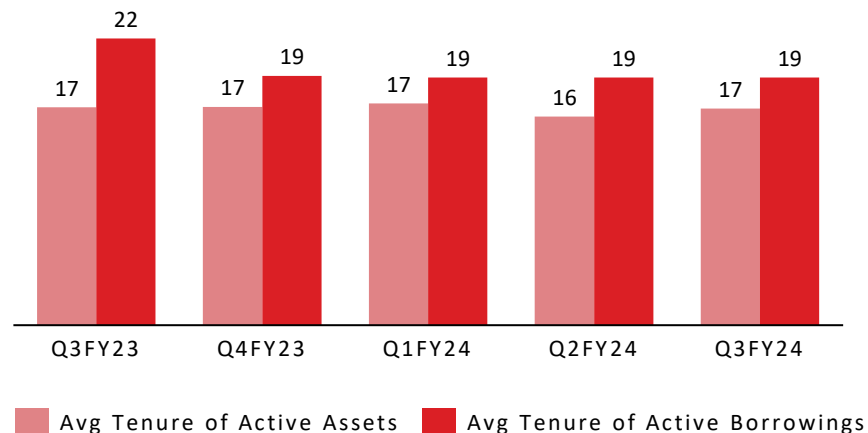
# Strong Capitalization with Sufficient Liquidity



## Capital Adequacy Ratio



## ALM Position (in Months)



### Update on Liquidity

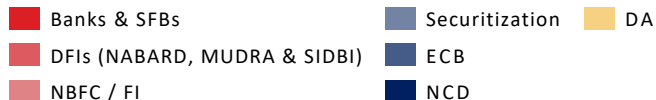
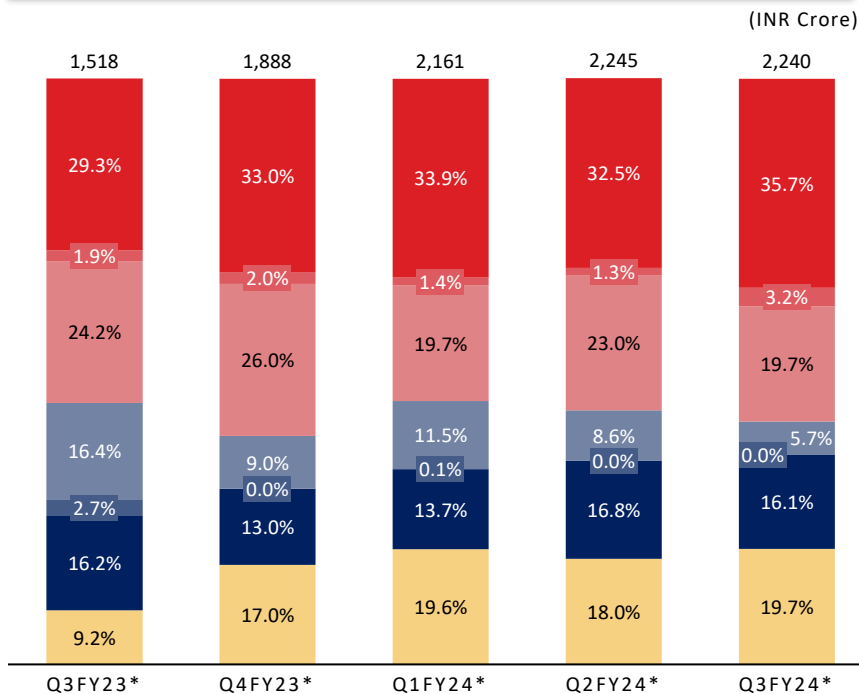
- Healthy Liquidity position with INR 355.09 Crore in cash/bank balance, liquid investments, and undrawn CC limits
- ALM continues to remain positive, and the company continue to have access to new sources of funds via DA and NCDs
- Additionally, company has INR 105 Crore undrawn sanctions from existing lenders



# Borrowing Profile



## Borrowing Mix (%)



## Top 5 Lending Partners

Top 5 Lenders	% of Borrowings
Lender 1 - TL & DA	17.06%
Lender 2 - NCD	9.09%
Lender 3 - TL, PTC & DA	6.61%
Lender 4 - TL&DA	6.26%
Lender 5 - TL	5.84%

## Credit Rating

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

In January 2023, Namra Finance Limited is assigned 'MFI-1' (MFI One) grading by CARE Advisory Research & Training Limited.

\*Excluding fund raised through CCDs and OCRPS

# Lending Partnerships



## Bank Borrowings

## Non-Bank Borrowings

## Securitization Partners

## NCDs & ECB



## Strong Financial Performance



# 9M FY24 Consolidated Profit & Loss Statement



Particulars (INR Crore)	Q3 FY24	Q3 FY23	Y-o-Y (%)	Q2 FY24	Q-o-Q (%)	9M FY24	9M FY23	Y-o-Y (%)
Income from Operations	168.8	103.0		160.3		478.6	274.6	
Other Income	0.0	0.0		0.0		0.0	0.0	
<b>Gross Total Income</b>	<b>168.8</b>	<b>103.0</b>	<b>64%</b>	<b>160.3</b>	<b>5%</b>	<b>478.6</b>	<b>274.6</b>	<b>74%</b>
Finance Costs	71.2	44.0		67.4		202.5	108.7	
<b>Net Total Income (NTI)</b>	<b>97.6</b>	<b>59.0</b>	<b>65%</b>	<b>93.0</b>	<b>5%</b>	<b>276.1</b>	<b>165.9</b>	<b>66%</b>
Employee Benefits Expenses	17.9	14.1		17.3		50.2	40.5	
Depreciation and Amortisation	0.4	0.3		0.4		1.0	0.8	
Other Expenses	6.8	6.0		6.0		19.8	17.7	
<b>Pre-Provision Operating Profit</b>	<b>72.5</b>	<b>38.6</b>	<b>88%</b>	<b>69.3</b>	<b>5%</b>	<b>205.1</b>	<b>106.8</b>	<b>92%</b>
Total Provisions & Write-offs	17.3	9.2		10.8		41.6	30.7	
<b>Profit Before Tax</b>	<b>55.2</b>	<b>29.4</b>	<b>88%</b>	<b>58.5</b>	<b>-6%</b>	<b>163.5</b>	<b>76.1</b>	<b>115%</b>
<b>Profit After tax</b>	<b>42.0</b>	<b>22.0</b>	<b>91%</b>	<b>40.8</b>	<b>3%</b>	<b>122.8</b>	<b>57.6</b>	<b>113%</b>

# Balance Sheet - December 2023



Particulars (INR Crore)	Consolidated		Standalone	
	Dec-23	Mar-23	Dec-23	Mar-23
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	134.9	26.2	42.8	1.4
Bank Balance	525.6	404.1	183.3	64.0
Loans & Advances	1,927.4	1,536.7	456.6	297.0
Investments	9.9	19.5	201.3	196.4
Other Financial assets	27.4	28.9	4.6	1.9
<b>Total Financial Assets</b>	<b>2,625.3</b>	<b>2,015.4</b>	<b>888.6</b>	<b>560.7</b>
<b>Non-Financial Assets</b>				
Current tax Assets (Net)	0.0	0.0	0.0	1.8
Deferred tax Assets (Net)	19.2	15.5	3.7	3.7
Property, Plant and Equipment	5.3	4.8	0.9	0.8
Other Intangible Assets	0.3	0.3	0.0	0.0
Right To Use Asset	0.7	0.9	0.0	0.0
Other non-financial assets	2.8	1.2	1.7	0.5
<b>Total Non-Financial Assets</b>	<b>28.4</b>	<b>22.8</b>	<b>6.3</b>	<b>6.8</b>
<b>Total Assets</b>	<b>2,653.6</b>	<b>2,038.2</b>	<b>895.0</b>	<b>567.5</b>

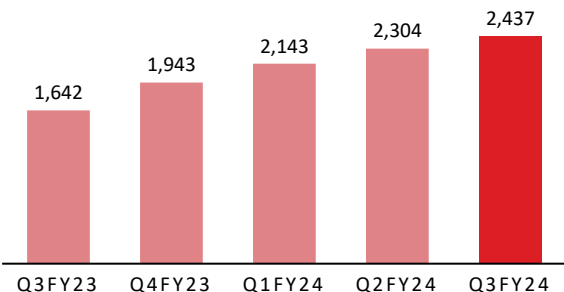
Particulars (INR Crore)	Consolidated		Standalone	
	Dec-23	Mar-23	Dec-23	Mar-23
<b>LIABILITIES &amp; EQUITY</b>				
Equity Share capital	9.8	8.5	9.8	8.5
Reserves & Surplus	731.2	357.2	494.6	220.9
<b>Total Shareholders' Funds</b>	<b>741.0</b>	<b>365.7</b>	<b>504.4</b>	<b>229.4</b>
<b>Financial Liabilities</b>				
Other Payables	8.1	1.6	7.4	0.4
Debt Securities	355.0	243.4	175.3	101.8
Borrowings	1,405.5	1,297.5	165.1	176.6
Subordinated Liabilities	41.3	63.6	21.3	43.6
Other Financial Liabilities	84.1	56.3	12.1	7.4
<b>Total Financial Liabilities</b>	<b>1,894.0</b>	<b>1,662.3</b>	<b>381.2</b>	<b>329.9</b>
<b>Non-Financial Liabilities</b>				
Current tax liabilities (Net)	11.8	4.6	0.0	0.0
Provisions	2.5	2.0	0.9	0.7
Other non-financial liabilities	4.3	3.6	8.5	7.6
<b>Total Non-Financial Liabilities</b>	<b>18.7</b>	<b>10.1</b>	<b>9.4</b>	<b>8.2</b>
<b>Total Liabilities &amp; Equity</b>	<b>2,653.6</b>	<b>2,038.2</b>	<b>895.0</b>	<b>567.5</b>

# Consolidated Business Performance

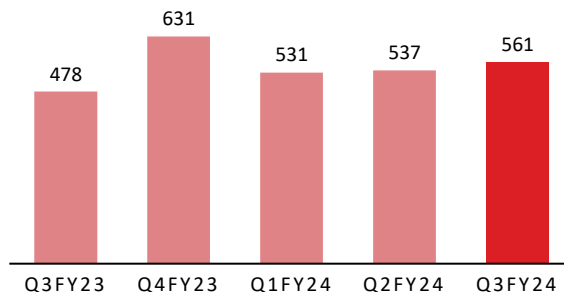


(INR Crore)

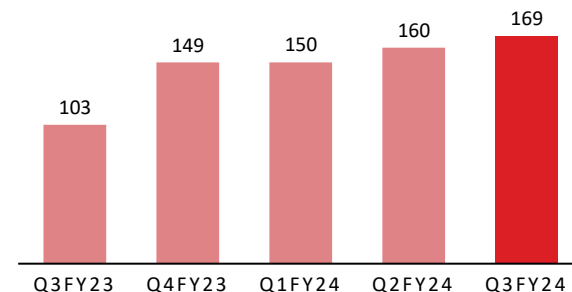
## AUM



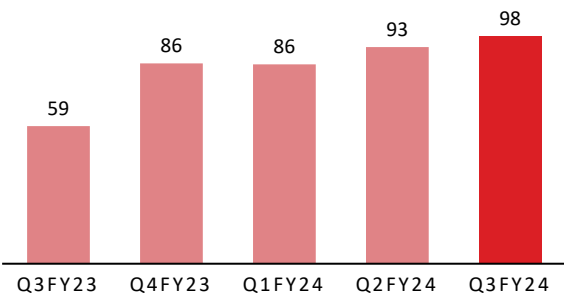
## Disbursement



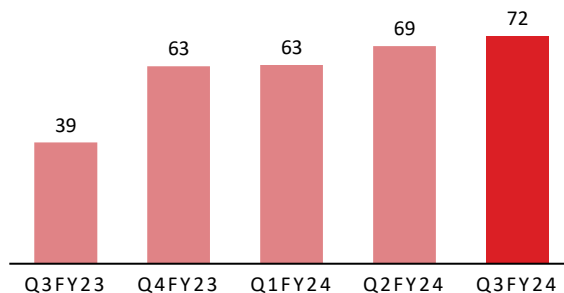
## Gross Total Income



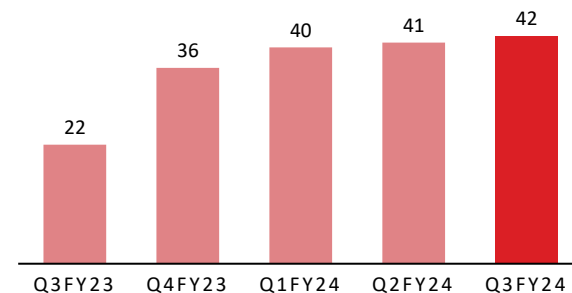
## Net Total Income



## Pre-provision Operating Profit



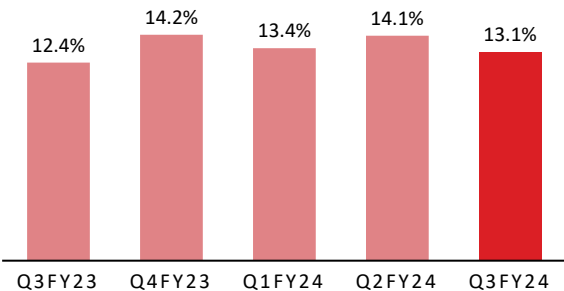
## Profit After Tax



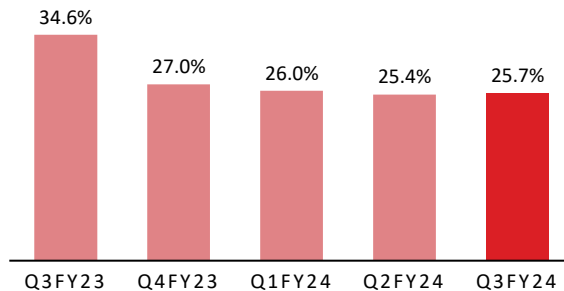
# Consolidated Business Performance



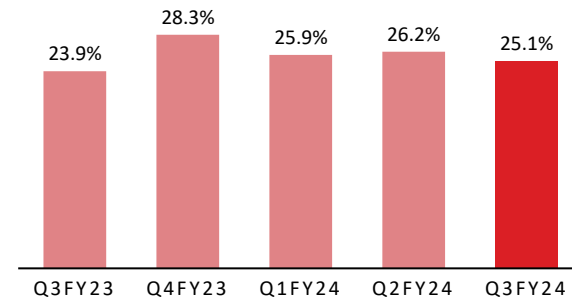
## Net Interest Margin (%)



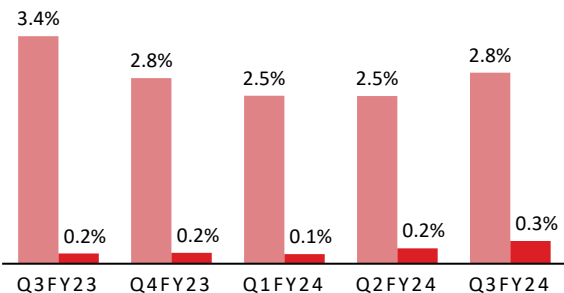
## Cost to Income Ratio (%)



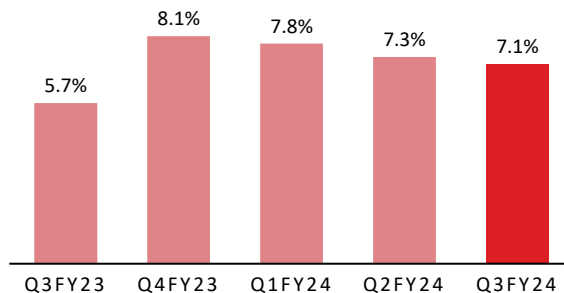
## Yield (%)



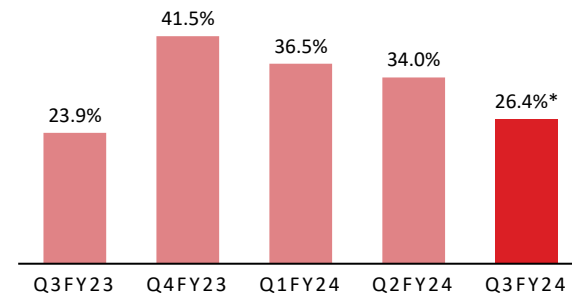
## Asset Quality (%)



## Return on Average AUM (%)



## Return on Equity (%)



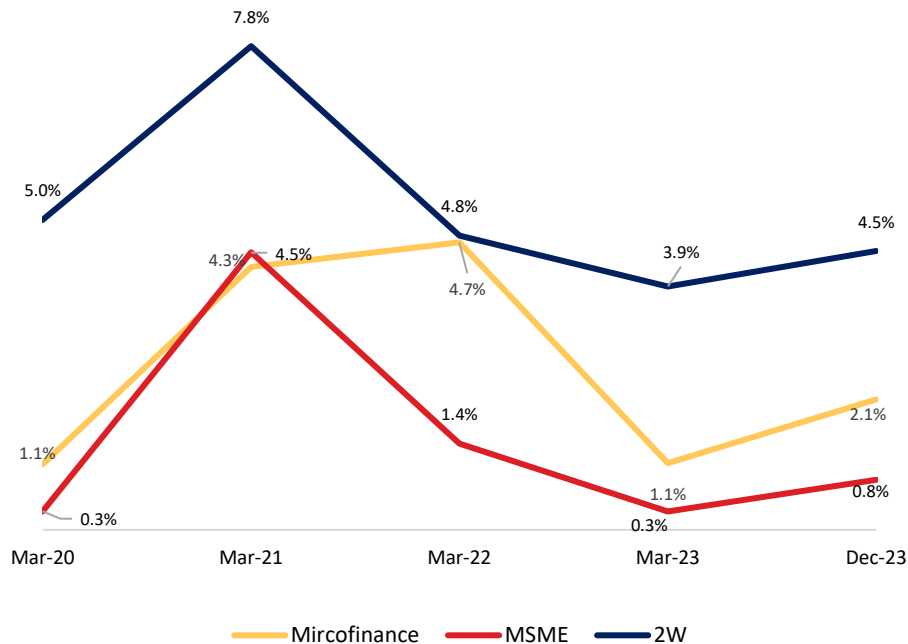
GNPA NNPA

NIMs and Yield are calculated excluding DA income. RoE and Return on Avg. AUM figures are annualized  
 \*ROE calculation includes QIP proceeds of INR 230 Crores raised in the last week of Dec 23, which was yet to be deployed at the end of Q3.

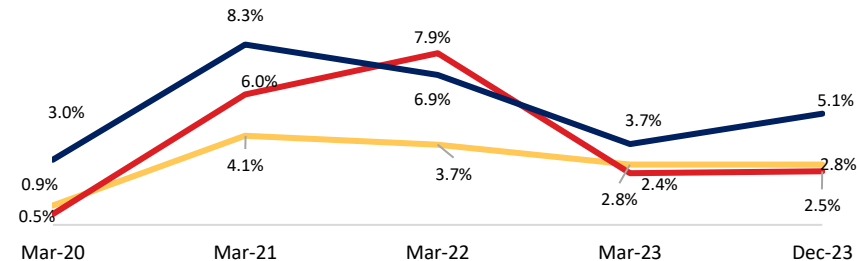
# PAR Movement



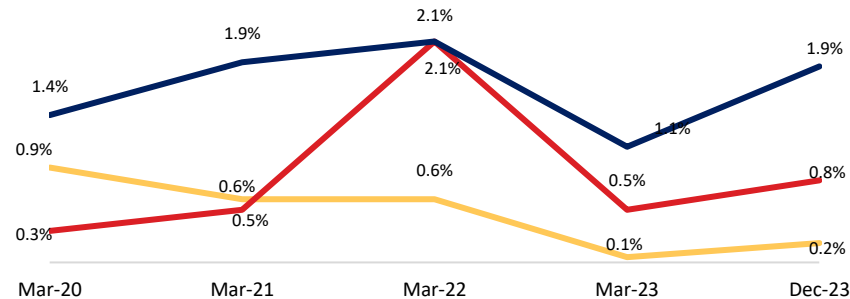
### PAR 31-90 (%) Movement



### 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.



# 9M FY24 – Standalone P&L Statement (2W & MSME)



Particulars (INR Crore)	Q3 FY24	Q3 FY23	Y-o-Y (%)	Q2 FY24	Q-o-Q (%)	9M FY24	9M FY23	Y-o-Y (%)
Income from Operations	32.6	23.7		33.8		95.8	66.8	
Other Income	1.3	0.8		0.9		3.1	1.9	
<b>Gross Total Income</b>	<b>33.9</b>	<b>24.5</b>	<b>39%</b>	<b>34.7</b>	<b>-2%</b>	<b>98.9</b>	<b>68.7</b>	<b>44%</b>
Finance Costs	12.3	9.4		11.5		35.0	21.3	
<b>Net Total Income (NTI)</b>	<b>21.6</b>	<b>15.1</b>	<b>43%</b>	<b>23.2</b>	<b>-7%</b>	<b>63.9</b>	<b>47.4</b>	<b>35%</b>
Employee Benefits Expenses	6.2	4.5		6.1		17.6	13.0	
Depreciation and Amortisation	0.0	0.0		0.0		0.1	0.1	
Other Expenses	2.3	2.0		2.3		6.7	5.8	
<b>Pre-Provision Operating Profit</b>	<b>13.1</b>	<b>8.6</b>	<b>53%</b>	<b>14.8</b>	<b>-11%</b>	<b>39.4</b>	<b>28.6</b>	<b>38%</b>
Total Provisions & Write-offs	2.1	-0.2		1.3		4.8	0.7	
<b>Profit Before Tax</b>	<b>11.0</b>	<b>8.8</b>	<b>26%</b>	<b>13.4</b>	<b>-18%</b>	<b>34.7</b>	<b>27.9</b>	<b>24%</b>
<b>Profit After tax</b>	<b>9.3</b>	<b>6.7</b>	<b>40%</b>	<b>8.9</b>	<b>5%</b>	<b>26.3</b>	<b>21.3</b>	<b>23%</b>

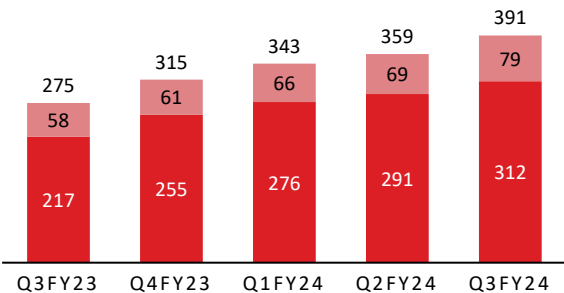
- Standalone AUM grew by 42.3% Y-o-Y to INR 391 Crore as compared to INR 275 Crore
- Disbursement growth of 43.5% Y-o-Y in 9M FY24 which stood at ~INR 267 Crore
  - Disbursements for the quarter stood at INR 101 Crore of which MSME contributed INR 79 Crore and 2W contributed INR 23 Crore
- During the quarter, the company added 3 new branches taking total branch count to 79 branches in 5 states
- As on 31<sup>st</sup> December 2023, GNPA for the MSME business stood at 2.47% and for 2W business stood at 5.13%
- Cumulative Provisions stood at ~INR 16.28 Crore as on 31<sup>st</sup> December 2023 (covering 4.16% of the consolidated AUM, 4.39% on book)
- Pre-Provisioning Operating Profit has grown by 38% to Rs. 39.4 Crore in 9M FY24
- Profit after tax has grown 23% YoY to INR 26.3 Crore in 9M FY24.

# Standalone Business Performance

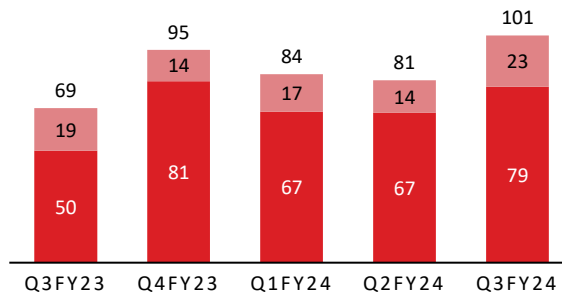


(INR Crore)

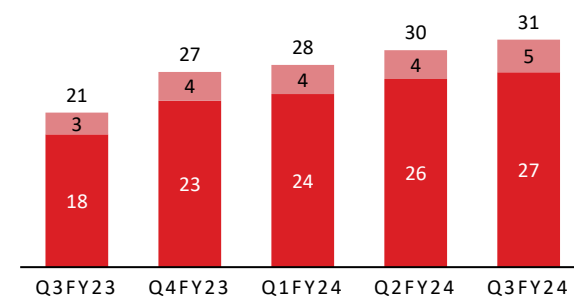
## AUM



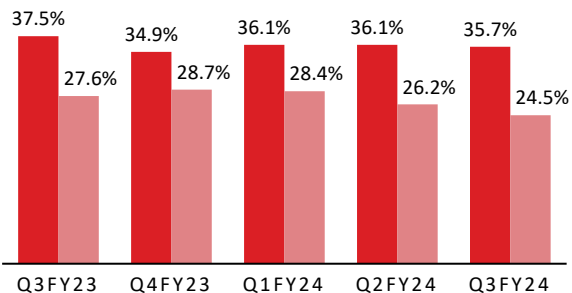
## Disbursement



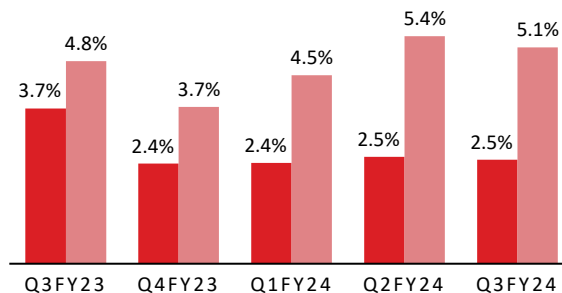
## Gross Total Income\*



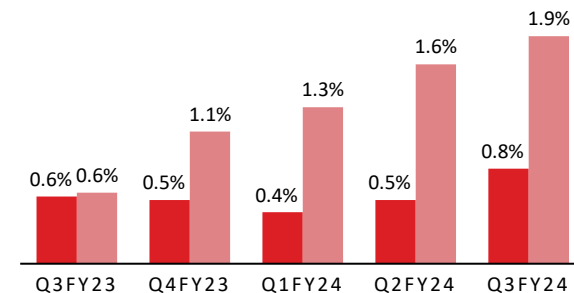
## Yield (%)



## Gross NPA (%)



## Net NPA (%)



Two Wheeler Loans MSME

Note: Yield is calculated excluding DA income. \*Gross total income is inclusive of Two-wheeler and MSME loans only

# 9M FY24 – Namra Finance Profit & Loss Statement



Particulars (INR Crore)	Q3 FY24	Q3 FY23	Y-o-Y (%)	Q2 FY24	Q-o-Q (%)	9M FY24	9M FY23	Y-o-Y (%)
Income from Operations	136.2	80.5		126.6		383.1	209.4	
Other Income	0.0	0.0		0.0		0.0	0.0	
<b>Gross Total Income</b>	<b>136.2</b>	<b>80.5</b>	<b>69%</b>	<b>126.6</b>	<b>8%</b>	<b>383.1</b>	<b>209.4</b>	<b>83%</b>
Finance Costs	58.9	35.8		55.9		167.9	89.0	
<b>Net Total Income (NTI)</b>	<b>77.3</b>	<b>44.7</b>	<b>73%</b>	<b>70.7</b>	<b>9%</b>	<b>215.3</b>	<b>120.4</b>	<b>79%</b>
Employee Benefits Expenses	11.8	9.5		11.2		32.5	27.5	
Depreciation and Amortisation	0.3	0.3		0.3		0.9	0.7	
Other Expenses	4.5	4.6		3.7		13.1	12.5	
<b>Pre-Provision Operating Profit</b>	<b>60.7</b>	<b>30.3</b>	<b>100%</b>	<b>55.5</b>	<b>9%</b>	<b>168.7</b>	<b>79.6</b>	<b>112%</b>
Total Provisions & Write-offs	15.2	9.4		9.5		36.8	30.0	
<b>Profit Before Tax</b>	<b>45.4</b>	<b>20.9</b>	<b>118%</b>	<b>46.0</b>	<b>-1%</b>	<b>131.9</b>	<b>49.6</b>	<b>166%</b>
<b>Profit After tax</b>	<b>34.0</b>	<b>15.5</b>	<b>119%</b>	<b>32.9</b>	<b>3%</b>	<b>99.6</b>	<b>37.7</b>	<b>164%</b>

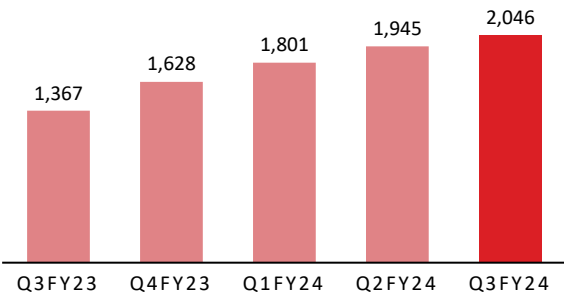
- In Microfinance space, we steadily widened our coverage and deepened our presence through our wholly owned subsidiary Namra Finance
- As of December 31, 2023, Namra's AUM stands at INR 2,046 Crore, registering strong Y-o-Y growth of 50% and Q-o-Q growth of 5%.
- Disbursements for Q3FY24 amounted to INR 459 Crore, reflecting a year-on-year (Y-o-Y) growth of 12%, while 9MFY24 disbursements grew by 43% year-on-year (Y-o-Y), totaling INR 1,361 Crore.
- During 9MFY24, Gross Total Income increased by 83% YoY to INR 383 Crore and Net Total Income increased by 79% YoY to INR 215 Crore
- Profit After Tax increased sharply to INR 100 Crore in 9MFY24 compared to INR 38 Crore in 9MFY23 on the back of strong credit growth and improving efficiencies
- Provisions & write off for the quarter increased by 18% Y-o-Y to INR 65.29 Crore
- Write off (net-of recovery) during the quarter at INR 11.93 Crore as an aggressive write off and provisioning policy was adopted

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

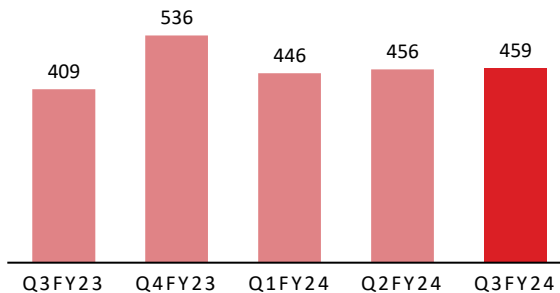


(INR Crore)

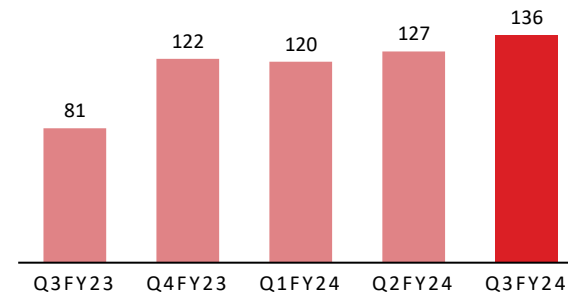
## AUM



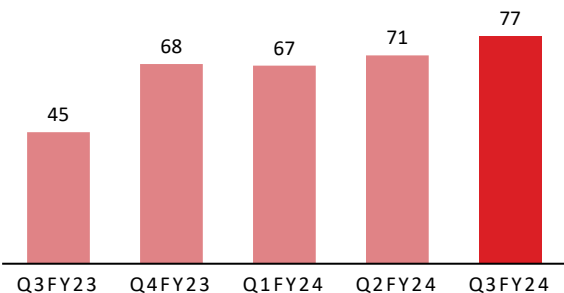
## Disbursement



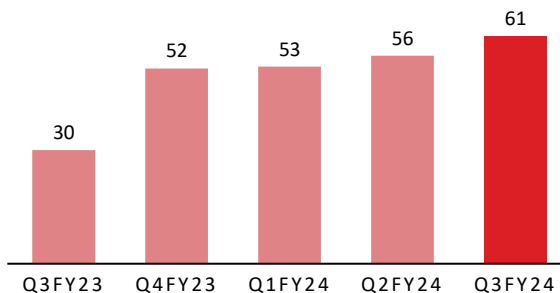
## Gross Total Income



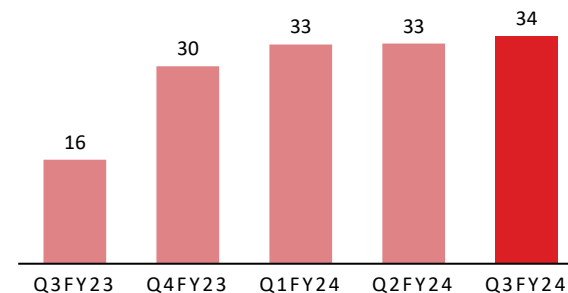
## Net Total Income



## Pre-provision Operating Profit



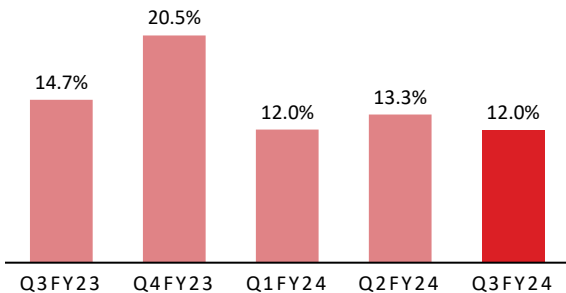
## Profit After Tax



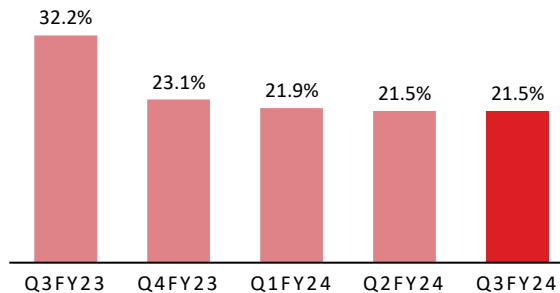
# Microfinance Business Performance – Namra Finance (2/2)



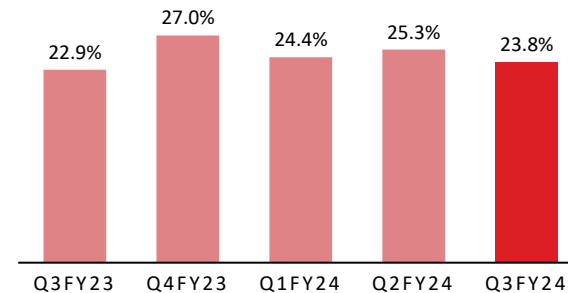
## Net Interest Margin (%)



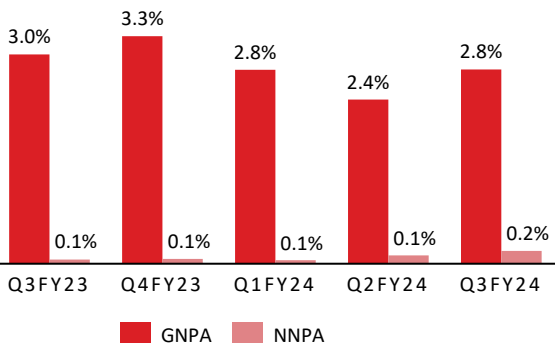
## Cost to Income Ratio (%)



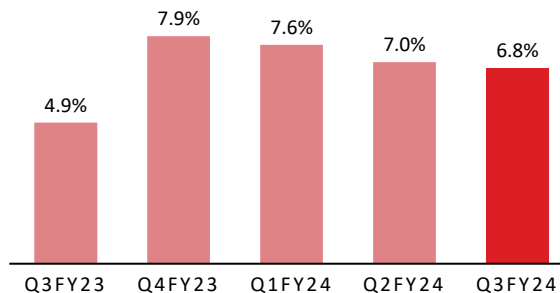
## Yield (%)



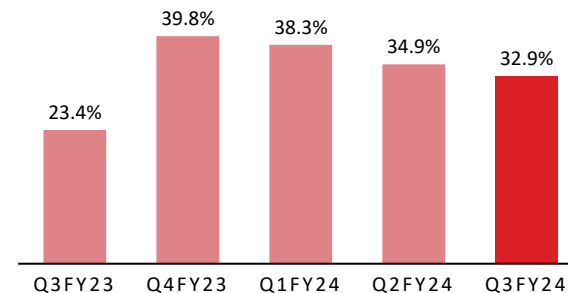
## Asset Quality (%)



## Return on Average AUM (%)



## Return on Equity (%)

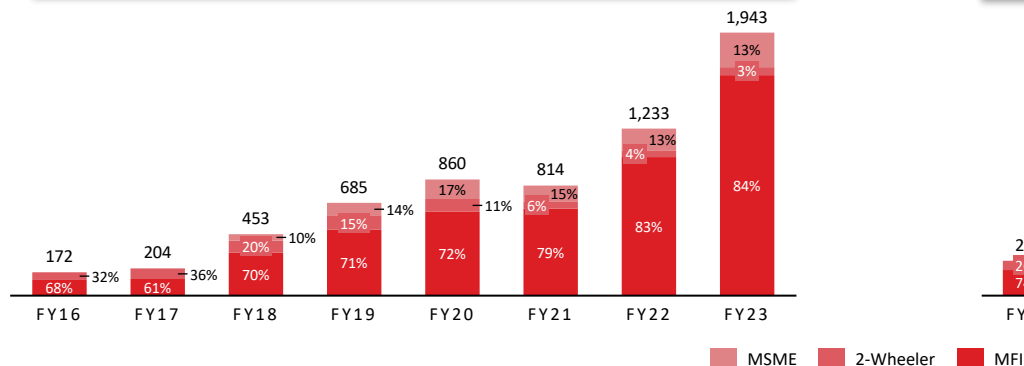


■ GNPA ■ NNPA

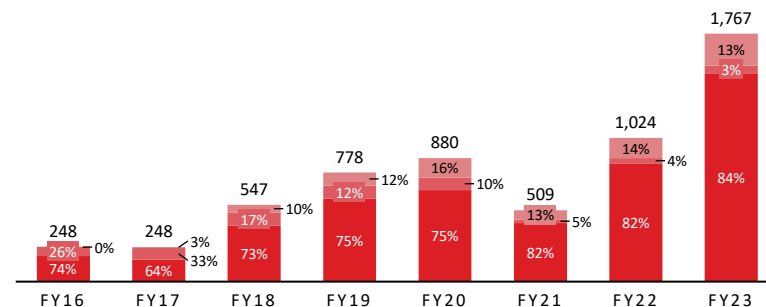
# Strong Growth in AUM and Disbursements



## Total AUM (INR Crore)



## Total Disbursements (INR Crore)



- Diversified portfolio of **INR 2,437 Crore in 9M FY24** split between –
  - Microfinance:** INR 2,013 Crore (82.6%),
  - MSME Loans:** INR 312 Crore (12.8%),
  - 2-Wheeler Loans:** INR 79 Crore (3.2%),
  - Individual Business Loans:** INR 33 Crore (1.3%)
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 312.44 Crore (12.82% 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
- 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.

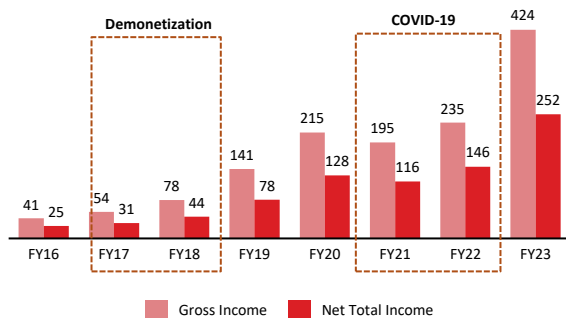
- Small ticket, granular loans - Ticket size INR 30,000 – 3,00,000
- Self-employed / cash cash-income informal segment customers
- Stringent underwriting
- Rigorous collections practices – in-house, feet feet-on - street mode
- Aim to deliver 5-6% post-tax ROA

# While Maintaining Cost Efficiency & Asset Quality

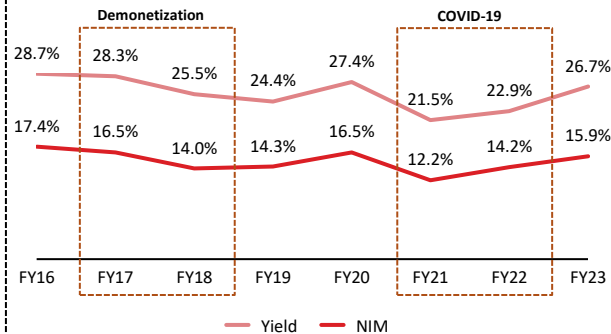


## Gross and Net Total Income

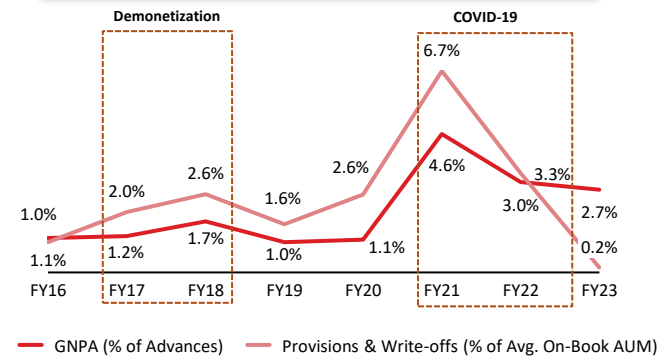
(INR Crore)



## Yield & NIM (%)

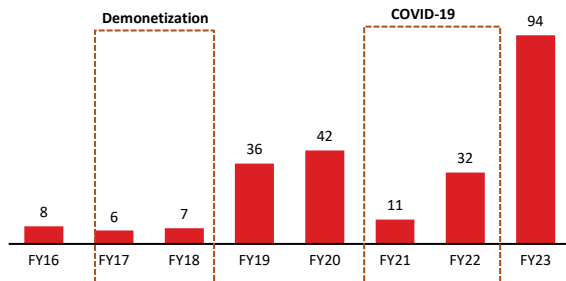


## Asset Quality

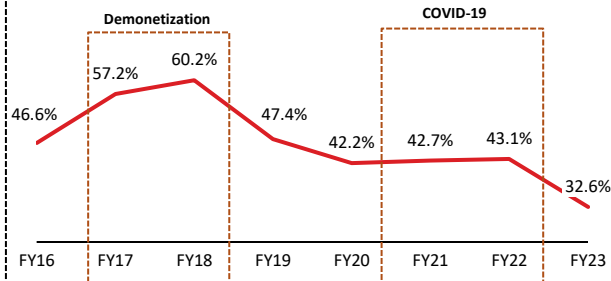


## Profit After Tax

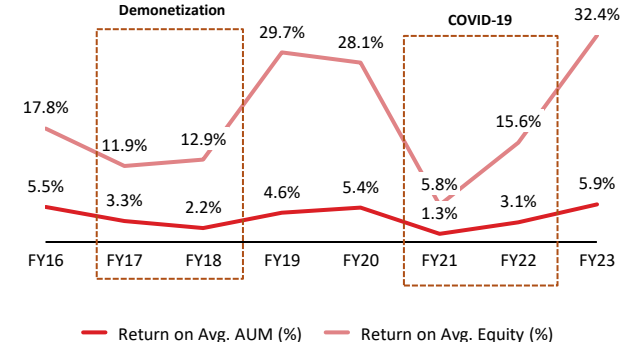
(INR Crore)



## Cost to Income Ratio %



## Return Ratios





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





Thank You

## Contact Information

### Company:



**Arman Financial Services Limited**

CIN: L55910GJ1992PLC018623

**Mr. Vivek Modi**

Chief Financial Officer (CFO)

Email : [vivek@armanindia.com](mailto:vivek@armanindia.com)

[www.armanindia.com](http://www.armanindia.com)

### Investor Relations Advisors:

**SGA** Strategic Growth Advisors

**Strategic Growth Advisors Pvt. Ltd.**

CIN: U74140MH2010PTC204285

Mr. Abhishek Shah

[abhishek.shah@sgapl.net](mailto:abhishek.shah@sgapl.net)

+91 9930651660

[www.sgapl.net](http://www.sgapl.net)