Arman Financial Services Limited

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Date: December 12, 2019

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 Complax, Bandra, Mumbai- 400051
Script Code: 531179 **ISIN: INE109C01017**	**Symbol: ARMANFIN** **Series: EQ**

Dear Sir,

SUB: DISSEMINATION OF PRESS NOTE TO SHAREHOLDERS

In further Communication with our letter dated December 12, 2019, we are enclosing Press Release on Unaudited Financial Results for the Quarter / Half Year ended September 30, 2019.

Kindly take it on your record.

Thanking you,

Yours faithfully,

For, Arman Financial Services Limited

Jaimish Patel
Company Secretary

ARMAN FINANCIAL SERVICES LIMITED * AHMEDABAD

Arman Financial Services Ltd.

Arman Financial Reports a 100% Increase in H1 FY20 Profit After Tax at ₹ 24.2 crore

Consolidated AUM grows to ₹ 753.1 crore; up 46% Y-o-Y

Ahmedabad, India, 13 December 2019: Arman Financial Services Ltd (Arman), a Gujarat based non-banking financial company (NBFC), with interests in microfinance, two-wheelers, and micro-enterprise (MSME) loans, announced its financial results for the second quarter ended 30th September 2019.

Particulars (In ₹ Crores)	Q2 FY20	Q2 FY19	YoY%	H1 FY20	H1 FY19	YoY%
Assets Under Management (AUM)	753.1	514.7	46%	753.1	514.7	46%
Total Disbursement	231.5	192.2	20%	423.0	355.3	19%
Gross Total Income	54.4	31.9	70%	102.6	60.4	70%
Profit After Tax	12.0	7.0	73%	24.2	12.0	100%
GNPA %	*1.2%*	*1.3%*	*-11 bps*	*1.2%*	*1.3%*	*-11 bps*
NNPA %	*0.6%*	*0.6%*	*1 bps*	*0.6%*	*0.6%*	*1 bps*
*RoE %***	*34.4%*	*24.4%*	*1001 bps*	*35.8%*	*29.2%*	*659 bps*

Note: ** RoE figures are annualized on a fully diluted equity base

Consolidated Financial Highlights – Q2 FY2019-20 (July - Sep 2019) v/s. Q2 FY2018-19 (July - Sep 2018)

- Asset under management as on 30 Sep 2019 stood at ₹ 753.1 crore (+46% YoY)
- Consolidated Debt-Equity Ratio as of 30 September 2019 stood at 4.75:1
- Net Total Income increased by 65% to ₹ 31.7 crore up from ₹ 19.2 crore
- Cost-to-Income Ratio improved to 40.8% (lower by 270 bps)
- Pre-Provisioning Operating Profit was higher by 73% to ₹ 18.7 crore as against ₹ 10.8 crore

Consolidated Financial Highlights – H1 FY2019-20 (April - Sep 2019) v/s. H1 FY2018-19 (April - Sep 2018)

- Net Total Income increased by 70% to ₹ 61.1 crore up from ₹ 36.0 crore
- Cost-to-Income Ratio improved to 40.5% for H1 FY20 as against 46.8%
- Pre-Provisioning Operating Profit increased by 90% to ₹ 36.4 crore compared to ₹ 19.2 crore

Operational Highlights – Q2 FY2019-20 (July - Sep 2019) v/s. Q2 FY2018-19 (July - Sep 2018)

- Total operational branches as on 30 Sep 2019 stood at 223, of which 182 are in Microfinance segment, 34 in MSME, and the rest are in 2-Wheeler.
- Asset quality continued to remain robust – Consolidated GNPA stood at 1.2% and NNPA at 0.6%

Commenting on the Company's performance for H1 FY2019-20, ***Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services*** *said, "We delivered a resilient and solid all-round performance in the first half of this year, despite the prevailing macro-economic challenges and ongoing liquidity squeeze impacting the NBFC space. Such a performance in tough times validates the robustness of our business model. Further, just to point out, we have implemented Indian Accounting Standard (IndAS) in H1 FY20, which has resulted in many notional changes in the financials compared to the previous iGAAP Standards*

Continued traction in the MFI and MSME business, coupled with an improvement in the cost-to-income ratio, has enabled us to post a strong operating performance. Asset quality remained well within check and steady vis-à-vis last year, as we continue to prioritize the quality of the book. Although the NBFC sector, in general, continues to face tough liquidity conditions, having a positive ALM, superior asset quality, and a strong performance track record has helped us to successfully raise debt capital albeit at slightly higher rates. On the leverage front, we remain comfortable and have sufficient capital to drive growth in the current year.

Arman Financial Services Ltd.

As a part of our FY20 expansion strategy, we have launched 14 new branches during the second quarter. Looking ahead, we are confident of continuing our positive growth momentum through the successful ramp-up of the newly launched branches, penetration into newer geographies, and expansion of our customer base in a calibrated manner. More importantly, we will continue to exercise prudence and closely track rural macroeconomic indicators and make all necessary adjustments to protect asset quality.

Segmental Performance Update – Q2 & H1 FY2019-20 v/s. Q2 & H1 FY2018-19

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q2 FY20	Q2 FY19	YoY%	H1 FY20	H2 FY20	YoY%
Assets Under Management	555.3	353.4	57%	555.3	353.4	57%
Total Disbursement	172.9	153.5	13%	312.5	269.6	16%
Gross Total Income	37.5	21.1	77%	69.9	41.0	71%
Profit After Tax	7.2	3.8	87%	14.4	7.3	98%
GNPA %	*0.8%*	*0.7%*	*12 bps*	*0.8%*	*0.7%*	*12 bps*
*NNPA % ****	*0.8%*	*0.7%*	*12 bps*	*0.8%*	*0.7%*	*12 bps*
NNPA % (after ECL Impact)	*0.2%*	*0.0%*	*21 bps*	*0.2%*	*0.0%*	*21 bps*

Note: *** Provisioning for NBFC-MFIs are on Standard Assets. The NNPA% does not consider provisioning on Standard Assets.

- MFI AUM stood at ₹ 555.3 crore in Q2 FY20 a growth of 57% YOY
- Net Profit increased by 87% YoY to ₹ 7.2 crore in Q2 FY20 and 98% YoY to ₹ 14.4 crore in H1 FY20, driven by a proportionately lower increase in operational expenses and taxes.
- GNPA and NNPA stood steady at 0.8% as of 30 Sep 2019
    - Post ECL adjustment, NNPA stood at 0.2%. Additional ECL provision of ₹ 0.7 crores (a notional charge) was made in Q2 after taking into account the prevalent challenging macro-environment and impact of floods in few states

Two-Wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q2 FY20	Q2 FY19	YoY%	H1 FY20	H2 FY20	YoY%
Assets Under Management	221.8	170.4	30%	221.8	170.4	30%
Total Disbursement	58.6	38.7	52%	110.5	85.6	29%
Gross Total Income	17.8	11.4	56%	33.9	20.9	62%
Profit After Tax	5.4	3.5	56%	10.6	5.5	95%
GNPA %	*1.9%*	*2.4%*	*-51 bps*	*1.9%*	*2.4%*	*-51 bps*
NNPA %	*1.3%*	*1.6%*	*-31 bps*	*1.3%*	*1.6%*	*-31 bps*

- 2W & MSME AUM increased by 30% YoY to ₹ 221.8 crore in Q2 FY20
    - MSME book witnessed strong traction – growing by 94% YoY to ₹ 125.8 crore
    - 2W AUM stood at ₹ 96.0 crore, a minor decline over the previous year due to the ongoing slump in two-wheeler sales in India.
- Net Profit grew by 56% YoY in Q2 FY20 and 95% YoY in H1 FY20 driven by higher blended yields and lower provisions in the MSME segment compared to 2W segment.
- Total GNPA and NNPA saw a YoY improvement of 51 bps and 31 bps respectively

Arman Financial Services Ltd.

About Arman Financial Service Limited

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, an NBFC-MFI. The group operates mostly in unorganized and underserviced segment of the economy and mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, and Rajasthan through its network of 223 branches and 55 dealer touchpoints.

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.

For more information, contact

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Certain statements in this document that are not historical facts are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Arman Financial Services Ltd will not be in any way be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

For, Arman Financial Services Limited

Director

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