Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
PH. : +91-79-40507000, 27541989 FAX : +91-79- 27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

Date: September 13, 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 September 12, 2019, we are enclosing Press Release on Unaudited Financial Results for the Quarter ended June 30, 2019.

Kindly take it on your record.

Thanking you,

Yours faithfully,
For, Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED ★ AHMEDABAD

Jayendra Patel
Vice Chairman & Managing Director
(DIN: 00011814)

Arman Financial Services Ltd.

Arman Financial reports 138% increase in Q1 FY20 profit after tax at ₹ 12.1 crore

Consolidated AUM grows to ₹ 722.5 crore; up 57% Y-o-Y

Ahmedabad, India, 13 September 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 first quarter ended 30th June 2019.

Particulars (In ₹ Crores)	Q1 FY20	Q1 FY19	YoY%	FY19 *
Assets Under Management (AUM)	722.5	460.3	57%	684.7
Total Disbursement	191.5	154.8	24%	789.8
Gross Total Income	48.2	28.5	69%	141.1
Profit After Tax	12.1	5.1	138%	21.3
GNPA %	*1.1%*	*1.6%*	*-51 bps*	*1.0%*
NNPA %	*0.6%*	*1.1%*	*-41 bps*	*0.9%*
*RoE %***	*34.6%*	*18.3%*	*1,635 bps*	*25.9%*

Note: *FY19 figures are as per I-GAAP while quarterly figures are as per IndAS Accounting standards
** RoE figures are annualized on a fully diluted equity base

Consolidated Financial Highlights - Q1 FY2019-20 (April - June 2019) v/s. Q1 FY2018-19 (April - June 2018)

- Asset under management as on 30 June 2019 stood at ₹ 722.5 crore (+57% YoY)
- Total Disbursements as on 30 June 2019 stood at ₹ 191.8 crore (+24% YoY)
- Gross Total Income increased by 69% to ₹ 48.2 crore from ₹ 28.5 crore
- Net Total Income increased by 75% to ₹ 29.9 crore from ₹ 17.1 crore
- Cost-to-Income Ratio improved to 35.5% for Q1 FY20 as against 43.5%
- Profit after tax increased by 138% to ₹ 12.1 crore from ₹ 5.1 crore
- Consolidated Debt-Equity Ratio (on a fully diluted basis) as of 30 June 2019 stood at 4.58

Operational Highlights - Q1 FY2019-20 (April - June 2019) v/s. Q1 FY2018-19 (April - June 2018)

- The total operational branches as on 30 June 2019 are 209, of which 178 are in Microfinance segment, 26 in MSME and the rest are in 2-Wheeler.
- Robust asset quality - Consolidated Gross NPA of 1.1% and Net NPA of 0.6%

Commenting on the Company's performance for Q1FY2019-20, ***Mr. Jayendra Patel, Vice Chairman & Managing Director, Arman Financial Services*** *said, "Despite the ongoing liquidity tightening and other macroeconomic headwinds, Arman delivered a strong all-round performance in the first quarter, driven by robust growth in our loan book combined with improvement in NIM, cost-to-income ratio and asset quality. This was the first quarter of Indian Accounting Standard (IndAS) implementation, which resulted in several notional changes in the Financials compared to the previous iGAAP Standards. Growth in our loan assets was characterised by a healthy jump across all 3 of our lending segments. Further, we enhanced our geographic presence by launching 41 new branches during the quarter as a part of our FY20 expansion strategy.*

Positive ALM, superior asset quality and a strong performance track record have helped us keep our finance costs in check and maintain adequate liquidity, despite the tough liquidity conditions faced by the NBFC sector in general. Disciplined lending backed by a rigorous credit appraisal and collection model have enabled us to keep our credit costs under control. Our consolidated Debt-Equity Ratio stood at 4.58:1, which provides us sufficient capital to drive growth in the current year. Moving forward, our endeavour is to continue our growth momentum, while exercising prudence in lending and maintaining adequate liquidity. We will closely monitor rural macroeconomic indicators and make all necessary adjustments to protect asset quality.

ARMAN FINANCIAL SERVICES LIMITED ★ AHMEDABAD

Arman Financial Services Ltd.

Segmental Performance Update - Q1 FY2019-20 (April - June 2019) v/s. Q1 FY2018-19 (April - June 2018)

Microfinance - Financial Highlights

Particulars (In ₹ Crores)	Q1 FY20	Q1 FY19	YoY%
Assets Under Management	513.7	316.3	62%
Total Disbursement	139.5	116.1	20%
Gross Total Income	32.4	19.9	63%
Profit After Tax	7.2	3.4	110%
GNPA %	*0.7%*	*1.1%*	*-44 bps*
*NNPA % ****	*0.7%*	*1.1%*	*-44 bps*

Two-wheeler & MSME – Financial Highlights

Particulars (In ₹ Crores)	Q1 FY20	Q1 FY19	YoY%
Assets Under Management	208.8	144.1	45%
Total Disbursement	51.9	38.7	34%
Gross Total Income	16.2	9.5	70%
Profit After Tax	5.2	2.0	161%
GNPA %	*2.0%*	*2.6%*	*-57 bps*
NNPA %	*0.5%*	*0.9%*	*-37 bps*

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

- Microfinance contributed 71% of total AUM in Q1 FY20
- Q1 FY20 MFI AUM stood at ₹ 513.7 crore (+62% YoY)
- Q1 FY20 Net Profit increased by 110% YoY to ₹ 7.2 Cr, mostly as a result of a proportionately lower increase in operational expenses, finance costs; and higher margins on securitized assets.
- Net NPA improved to 0.7% as on 30 June 2019

- 2W & MSME contributed 29% of total AUM in Q1 FY20
- Q1 FY20 AUM stood at ₹ 208.8 crore (+45% YoY).
  - MSME AUM stood at ₹ 110 crores
  - 2W AUM stood at ₹ 98.8 crores
- Q1 FY20 Net Profit increased by 161% YoY to ₹ 5.2 Cr driven by higher NIM in the MSME book
- Net NPA improved to 0.5% as on 30 June 2019 as a result of lower GNPA and higher provisioning.

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, a NBFC-MFI. The group operates mostly in unorganized and underserviced segment of the economy and mostly serve niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, and Rajasthan through its network of 209 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

Vivek Modi, CFO
Arman Financial Services Ltd
Tel: +91 79 40507000
vivek@armanindia.com

DICKENSON

Mandar Kapse, Investor Relations
Dickenson World
Tel: +91 98675 50004
armanfinancial@dickensonworld.com

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

ARMAN FINANCIAL SERVICES LIMITED ★ AHMEDABAD