

Arman Financial Services Limited



*An Agile
Arman*

Q3 & 9M FY23 Investor Presentation

February 2023



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Quarterly Business Update

9M FY23 Performance Highlights*



Assets Under Management INR 1,642 Crore <i>(+57% Y-o-Y)</i>	Disbursement INR 1,135 Crore <i>(+66% Y-o-Y)</i>	Shareholder's Equity INR 332 Crore <i>CRAR</i> Arman (Standalone): 48.05% Namra Finance: 21.66%	Profit Before Tax INR 76 Crore <i>(+225% Y-o-Y)</i>	Profit After Tax INR 58 Crore <i>(+273% Y-o-Y)</i>
Provisions and write offs INR 31 Crore <i>Cumulative Provisions stood at INR 70 Crore</i> <i>(covering 4.3% of the consolidated AUM, 4.6% on-book)</i>	Asset Quality GNPA: 3.4% NNPA: 0.2%	Return Ratios[#] ROAA: 5.4% ROE: 28.3%	Collection Efficiency Steady and healthy with each month being north of 98.2%[^]	Active Customer Base More than 5.8 Lakhs

[^]For the month of December 2022

*Numbers on consolidated basis

[#]On annualised basis

ROAA - Return on Average AUM; ROE - Return on Equity

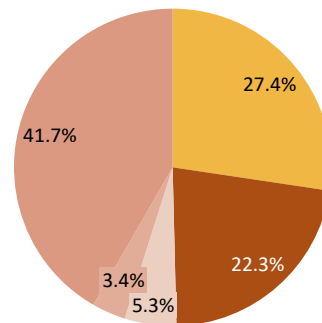
Recent Fund Raise – September 2022 (1/2)



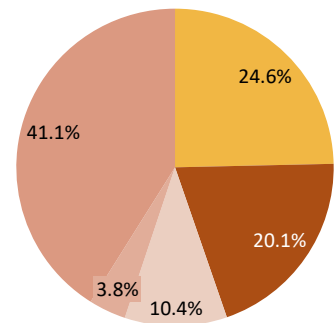
Company raised INR 115 crore via allotment of CCDs and OCRPS on a preferential basis

- Allotment of 6,24,388 Unsecured Compulsorily Convertible Debentures (“CCDs”) on preferential basis to Investors belonging to non-promoter category.
- The total amount raised is approximately Rs. 76.8 crore.
- Some of the marquee investors include fund(s) controlled by Singapore based Sixteenth Street Capital and USA based Seven Canyons Advisors.
- Other investors include both domestic and foreign individuals.
- Allotment of 3,10,972 Optionally Convertible Redeemable Preference Shares (“OCRPS”) on preferential basis belonging to non-promoter category.
- The total amount raised is approximately Rs. 38.2 crore.
- The investors include a mix of individuals and family offices.

Shareholding Pattern -
Pre-Capital Raise



Shareholding Pattern -
Post-Capital Raise*



Promoters Elevation Capital FII Bodies Corporates Retail & Others

The mix of Tier I & II equity capital will be used to fund the targeted growth plans of approximately INR 2,500 Crore with a healthy capital adequacy and debt-equity ratio by leveraging our presence in the MFI, MSME, Two-Wheeler, and other loan segments which will enables the company to achieve a sustained growth momentum in the coming few quarters.

Recent Fund Raise – September 2022 (2/2)



Particulars	31-Mar-22
Equity Share Capital	INR 213 Crore
Total Shares Outstanding	84,92,334 Shares

Particulars	Fund Raised on 28-Sep-22
CCDs	INR 76.8 Crore
CCDs Outstanding	6,24,388 CCDs
OCRPS	INR 38.2 Crore
OCRPS Outstanding	3,10,972 OCRPS



Shareholders Fund [^]	Amount (INR Crore)	No of shares [*]
Shareholders fund (excluding CCD & OCRPS)	267.7	84,92,334
15% Unsecured Compulsorily Convertible Debentures (CCDs)	76.8	6,24,388
10% Optionally Convertible Redeemable Preference Shares (OCRPS)	38.3	3,10,972
Total	382.8	94,27,694

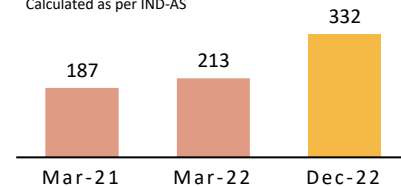
^{*}on fully diluted basis

[^]data as on 31st December 2022

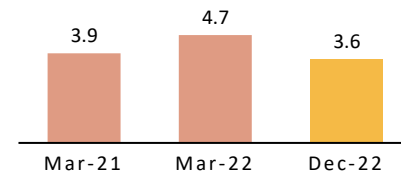
[#]After adjusting the impact of CCDs and OCRPS, debt component as per IND-AS and overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 196 Crore.

Net worth (INR Crore)

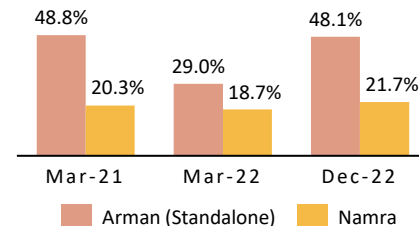
Calculated as per IND-AS



Debt/Equity (x)[#]



CRAR (%)



Impact of RBI's New Microfinance Guidelines



Annual household income limit raised to INR 3 Lakh

- Increased annual household limit from INR 1.25 Lakh to INR 3 Lakh will provide more headroom to NBFC-MFIs to lend to more customers.
- This will help microfinance lenders to service consumers from diverse segments.

Maximum FOIR of 50% considering all outstanding loans of the household

- The regulator has capped the monthly loan repayment of borrowers, it should not exceed half the monthly household income.
- This will reduce the pressure of EMI repayments on the borrowers, as well as lead to lower delinquency and lower credit costs for the industry.

Removal of Pricing Cap

- The RBI removal of the interest rate ceiling on loans offered by NBFC-MFIs has put all microfinance lenders including banks, small finance banks, NBFC and not-for-profit companies on a uniform regulatory platform.
- This has allowed lenders to go for risk-based pricing.

Qualifying assets limit revised from 85% of net assets to 75% of the total assets

- Increasing the non-qualifying asset limit provide MFIs more flexibility to experiment and innovate new products and achieve more balanced lending portfolio, reduce the cyclicity 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

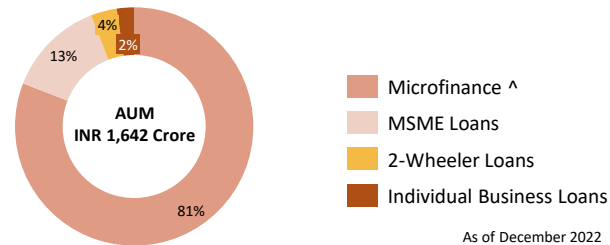
Strong Financial Performance

- High-Growth Trajectory (FY16-22 CAGR):
 - AUM: **39%**
 - Net Income: **34%**
- Consolidated debt to equity ratio of 3.6:1– Sufficient Capital to drive growth going forward[#]
- High Return Ratios - ROE: 28.3%; ROAA: 5.4% - fast recovering from the COVID impact

Efficient Liability Management

- Consistent rating upgrades backed by strong financial & operating performance
 - Currently rated BBB+(Stable Outlook) by CARE Ratings for NCDs and ACUTE 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



321

Branches

114

Districts

8

States

~5.8 Lakh

Live Customers

55+

Two-Wheeler dealerships

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

Positive ALM

Comfortable Liquidity Position

50+

Diversified Borrowing Profile & Relationship with Banks & FIs

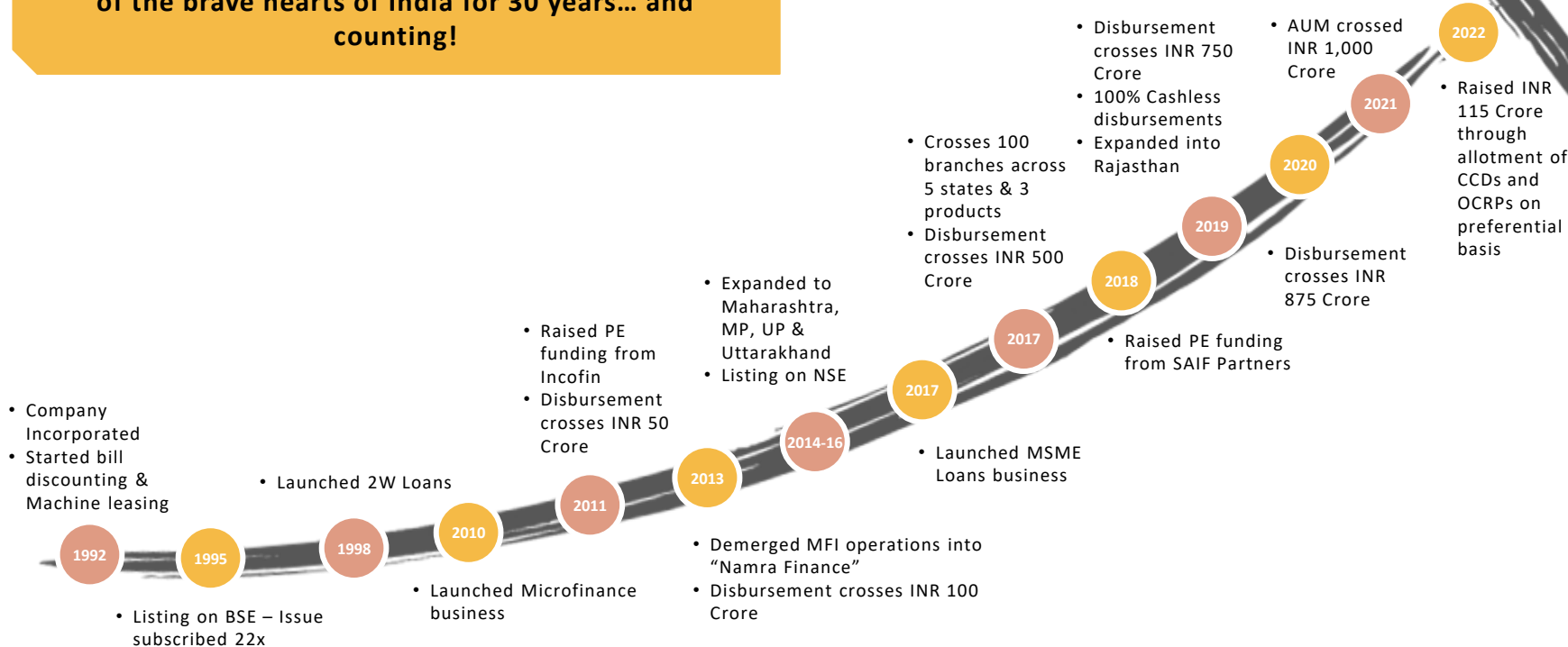
[#]After adjusting the impact of CCDs and OCRPS, debt component as per IND-AS and overdrafts (OD) from banks having 100% security against fixed deposits amounts to INR 196 Crore.

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

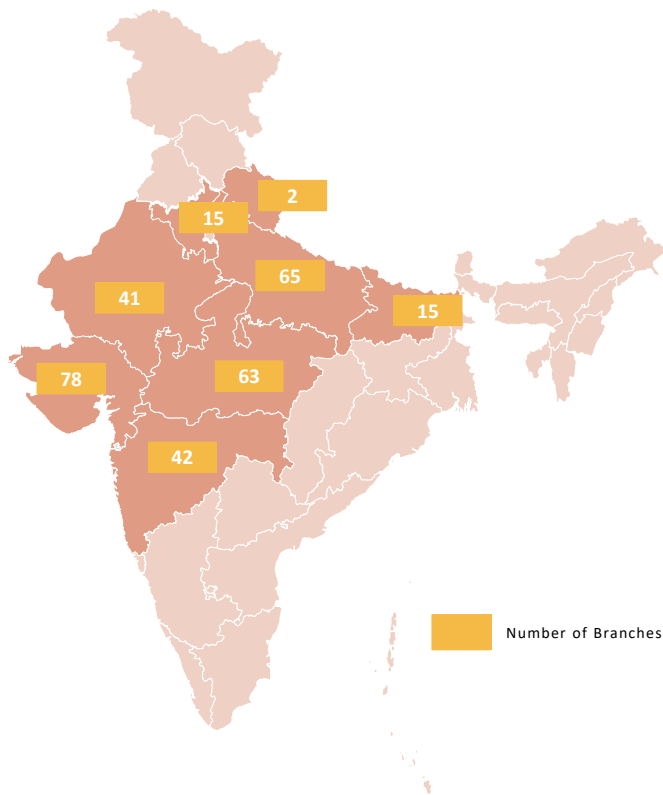
Journey so Far



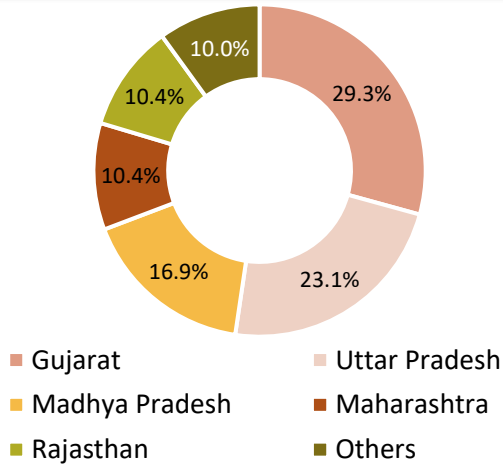
The Company has been supporting the small dreams of the brave hearts of India for 30 years... and counting!



Geographical Footprint



Geographical AUM Mix (Consolidated)



Number of Branches	9MFY23	9MFY22
Microfinance	260	211
MSME	57	50
2W & Rural 2W	4	6
Total	321	267

321

Branches

~5.8 Lakh

Active Customers

2,857

No of Employees

2,505

No of Loan Officers

Strong presence in the states of Gujarat, Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh and Uttarakhand & forayed into two new states of Bihar & Haryana

Strong Underwriting Measures by Leveraging Digital Transformation



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"

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

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



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

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

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

~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

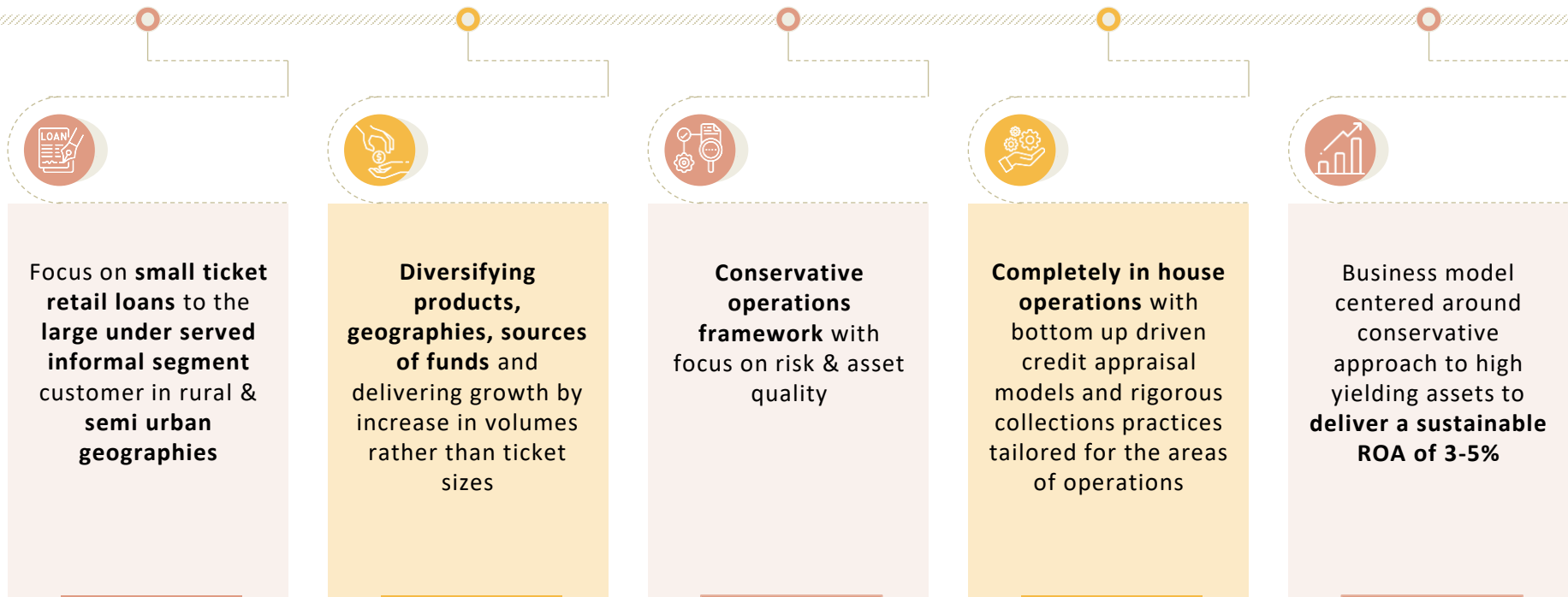
He is the nominee director of Elevation Capital (Erstwhile SAIF Partners). Prior to joining Elevation, Mridul was an Engagement Manager with McKinsey & Company where he focused on financial services, in particular banking, insurance, and asset management. He is a Chemical Engineering from IIT Madras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

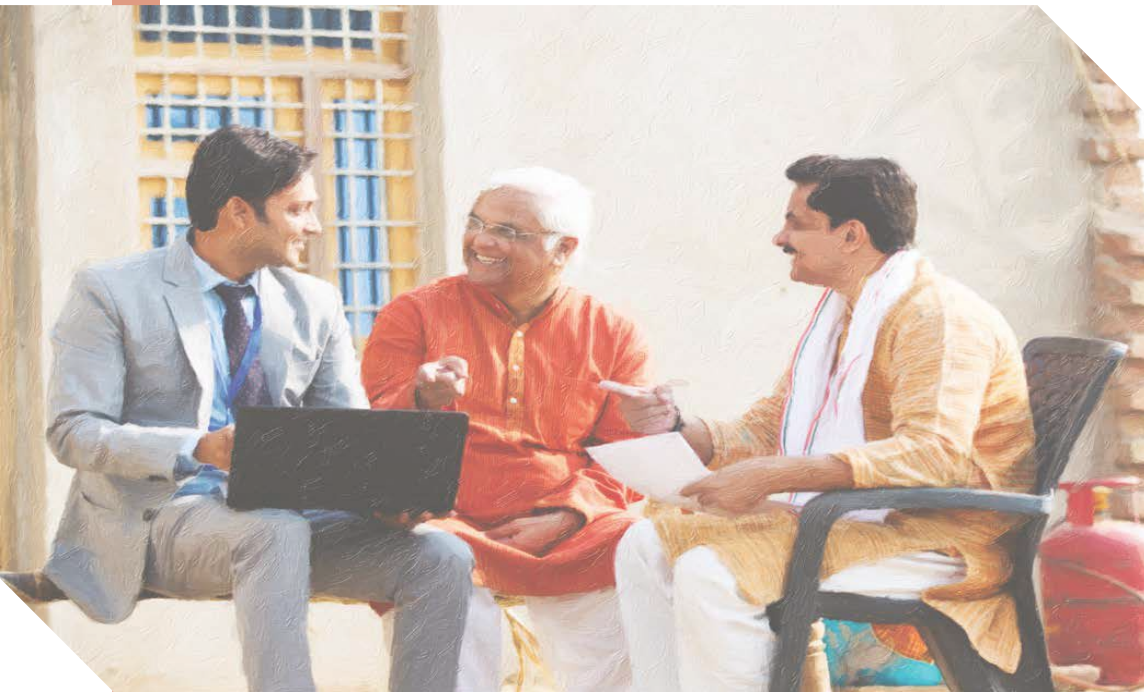
Geeta Haresh Solanki

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.

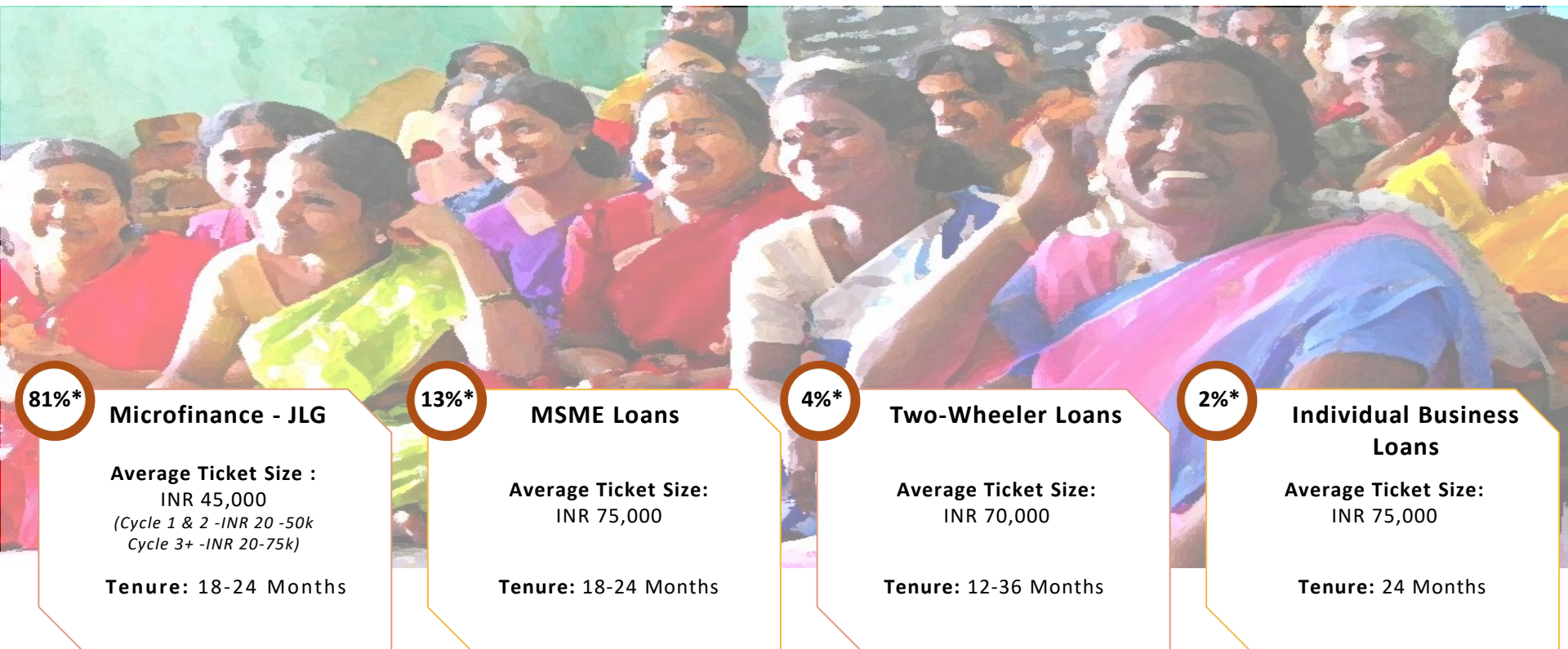
Competitive Moat





Presence in Attractive Retail Lending Segments

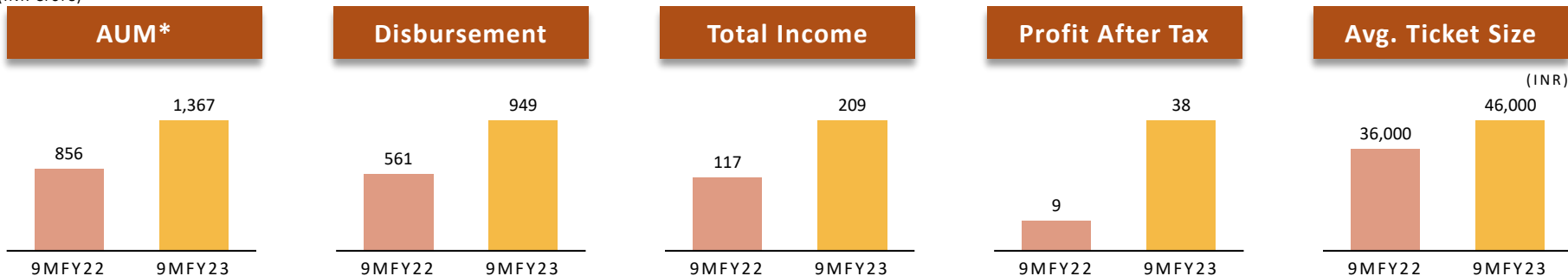
Product Offerings across Verticals



Microfinance Loans



(INR Crore)



*Includes Individual Business Loans

- JLG model with small ticket loans (Avg. Ticket Size – INR 45,000) given to women borrowers for income generating activities such as Livestock, Dairy, Agri allied, Kirana Stores
- **Operations:** Operations in 8 states; 260 MFI branches; 5.1 lakh active customers
- **Operating Model:**
 - High touch monthly collection model
 - Rural concentration: ~85% rural & semi-urban portfolio (vs 43% 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 (9M FY23)

Yield: 23.8%

NIM: 13.6%

ROAA: 4.2%

GNPA: 3.3%

NNPA: 0.1%

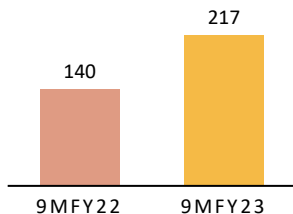
ROE: 23.4%

MSME Loans

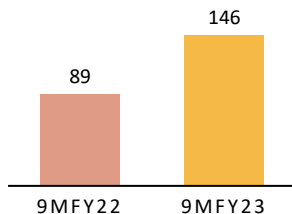


(INR Crore)

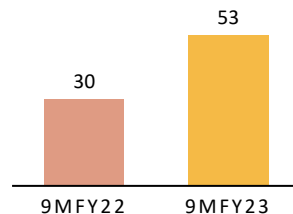
AUM



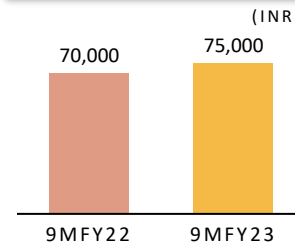
Disbursement



Total Income



Avg. Ticket Size



- Individual enterprise /working capital loans for small rural businesses in low competition areas
- Currently operates across 4 states – Gujarat, MP, Maharashtra & Rajasthan with 57 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 (9M FY23)

Yield: 36.8%

GNPA: 3.7%

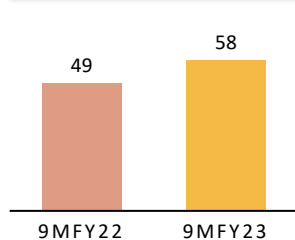
NNPA: 0.6%

2W and Rural 2W Loans

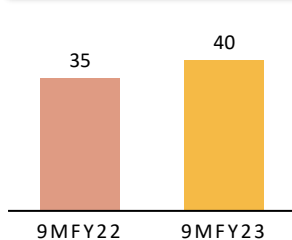


(INR Crore)

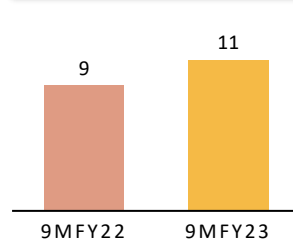
AUM



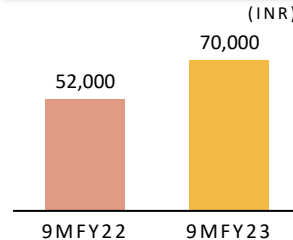
Disbursement



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 55+ 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 (9M FY23)

Yield: 27.6%

GNPA: 4.8%

NNPA: 0.6%

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



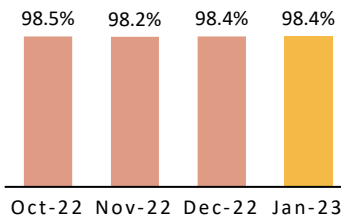
- Team member that does sales also handles collections
- Door to door collection allows Company to maintain relations with customer and ensures high collection efficiency
- Monthly collections high touch, relationship driven model

“Door-step cash collection”

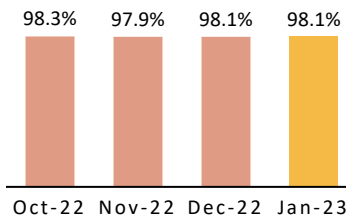
Collection Efficiency



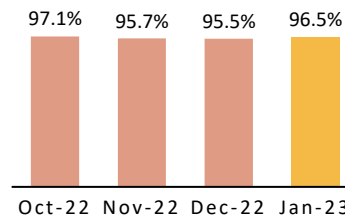
Microfinance



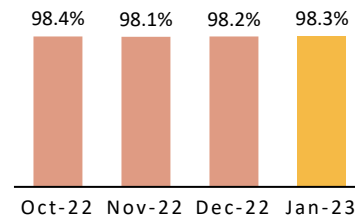
MSME



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 reached 98%+ in January 2023
 - 2W collections continued to be well-north of 97% in January 2023
- Cumulative Provisions stood at INR 70 Crore as of 31st December 2022 covering 4.7% of the total AUM (on Book)
 - Namra Finance: Cumulative Provisions stood at INR 55 Crore as on 31st December 2022 covering 4.0% of the total AUM
 - Standalone: Cumulative Provisions stood at INR 15 Crore as on 31st December covering 5.5% of the total AUM
- The company has adequately provided to withstand any further uncertainties pertaining to the pandemic

Particulars (INR Crore)		Microfinance	MSME	Two Wheeler	Total
Oct-22	Collection Due	87.5	18.1	3.4	109.0
	Amount Collected	86.2	17.8	3.3	107.3
Nov-22	Collection Due	92.8	19.2	3.4	115.5
	Amount Collected	91.2	18.8	3.3	113.3
Dec-22	Collection Due	93.3	19.9	3.8	117.0
	Amount Collected	91.8	19.5	3.6	115.0
Jan-23	Collection Due	97.1	20.2	3.5	120.8
	Amount Collected	95.6	19.9	3.3	118.8

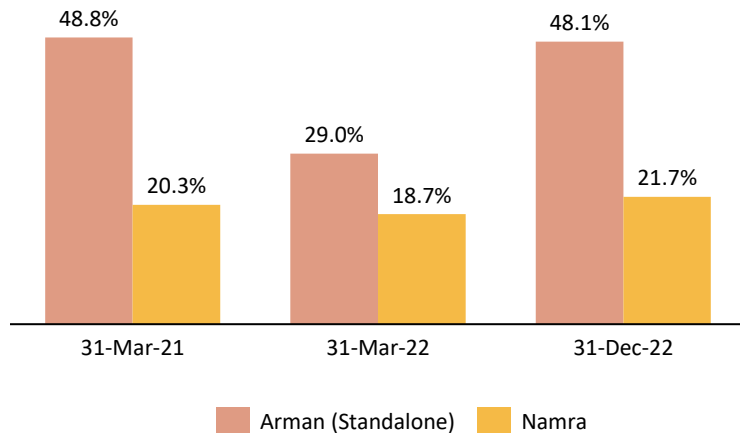


Efficient Liability Management

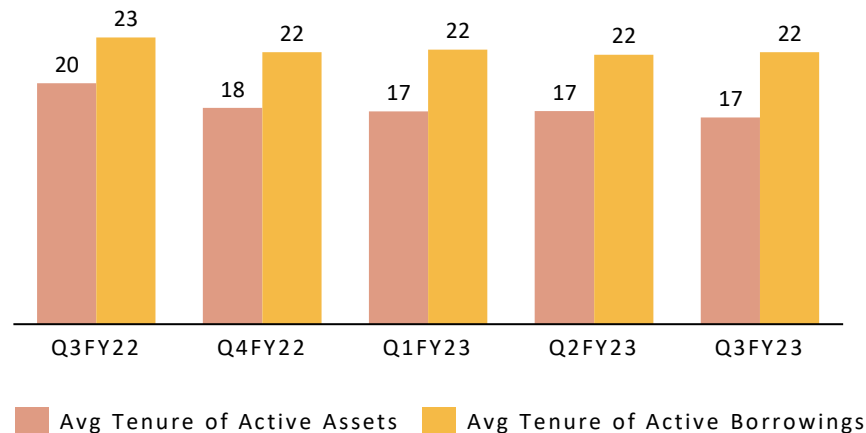
Strong Capitalization with Sufficient Liquidity



Capital Adequacy Ratio



ALM Position (in Months)



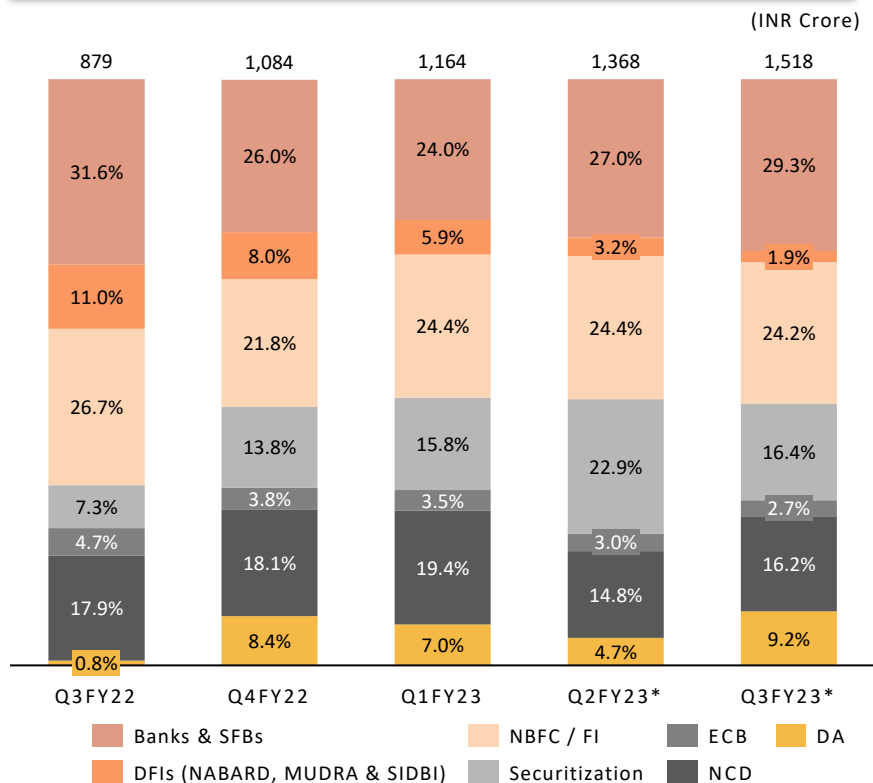
Update on Liquidity

- Healthy Liquidity position with INR 285 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 CCD's and OCRPS
- Additionally, company has INR 31 Crore undrawn sanctions from existing lenders

Lending Profile



Borrowing Mix (%)



Top 5 Lending Partners

Top 5 Lenders	% of Borrowings
Lender 1 – Term Loans & PTC	11.2%
Lender 2 – NCD	11.0%
Lender 3 – Term Loans	7.2%
Lender 4 – Term Loans	6.9%
Lender 5 – Term Loans & NCD	6.1%

Credit Rating

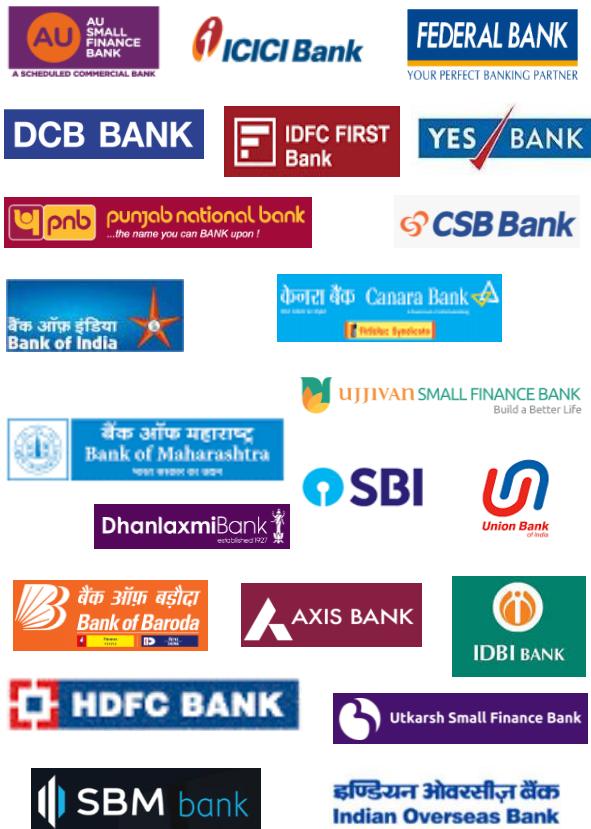
Credit Rating	CARE	ACUITE
Long Term Bank Facilities	-	ACUITE A-Stable Outlook
Non Convertible Debentures	CARE BBB+ Stable Outlook	

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

Lending Partners



Bank Borrowings

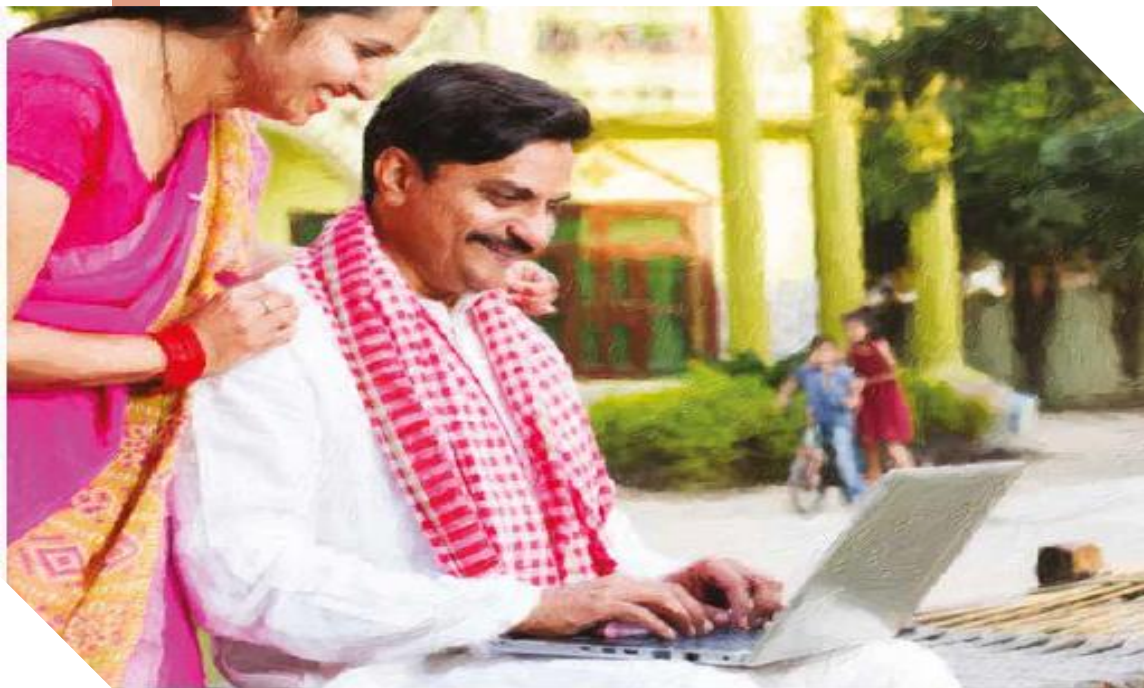


Non-Bank Borrowings



Securitization Partners





Strong Financial Performance

Q3 & 9M FY23 Consolidated Profit & Loss Statement



Particulars (INR Crore)	Q3 FY23	Q3 FY22	Y-o-Y (%)	Q2 FY23	Q-o-Q (%)	9M FY23	9M FY22	Y-o-Y (%)
Income from Operations	101.6	57.8		91.6		271.6	157.4	
Other Income	1.4	0.9		1.0		3.0	1.8	
Gross Total Income	103.0	58.7	75.6%	92.7	11.2%	274.6	159.2	72.5%
Finance Costs	44.0	25.2		36.1		108.7	64.8	
Net Total Income (NTI)	59.0	33.5	76.3%	56.6	4.3%	165.9	94.4	75.7%
Employee Benefits Expenses	14.1	11.2		13.7		40.5	30.0	
Depreciation and Amortisation	0.3	0.2		0.3		0.9	0.6	
Other Expenses	6.0	5.9		6.2		17.8	13.8	
Pre-Provision Operating Profit	38.6	16.2	138.6%	36.4	6.0%	106.8	50.0	113.6%
Total Provisions & Write-offs	9.2	6.6		9.7		30.7	26.6	
Profit Before Tax	29.4	9.6	206.5%	26.7	10.0%	76.1	23.4	224.7%
Profit After tax	22.0	7.0	213.1%	19.9	10.3%	57.6	15.4	273.1%

Balance Sheet as on December 2022



Particulars (INR Crore)	Consolidated		Standalone	
ASSETS	Dec-22	Mar-22	Dec-22	Mar-22
Financial Assets				
Cash and cash equivalents	157.3	75.5	10.5	31.0
Bank Balance	390.0	66.8	61.5	7.6
Loans & Advances	1,414.3	1,057.6	255.8	188.3
Investments	16.1	5.9	165.8	93.0
Other Financial assets	16.9	12.9	1.1	1.1
Total Financial Assets	1,994.7	1,218.7	494.6	321.0
Non-Financial Assets				
Current tax Assets (Net)	0.0	0.0	0.3	0.2
Deferred tax Assets (Net)	18.6	16.5	4.0	4.6
Property, Plant and Equipment	5.3	3.7	0.8	0.8
Right To Use Asset	1.0	1.2	0.0	0.0
Other non-financial assets	2.1	1.1	0.3	0.7
Total Non-Financial Assets	27.0	22.5	5.5	6.3
Total Assets	2,021.7	1,241.3	500.1	327.4

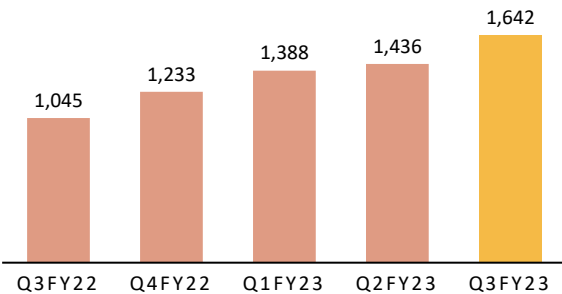
Particulars (INR Crore)	Consolidated		Standalone	
LIABILITIES & EQUITY	Dec-22	Mar-22	Dec-22	Mar-22
Equity Share capital	8.5	8.5	8.5	8.5
Reserves & Surplus	323.1	204.2	214.5	132.5
Total Shareholders Funds	331.5	212.7	223.0	141.0
Financial Liabilities				
Other Payables	0.5	1.2	0.0	0.0
Debt Securities	262.2	195.1	120.8	67.3
Total Borrowings	1,350.3	769.6	139.3	105.7
Subordinated Liabilities	25.0	25.0	5.0	5.0
Other Financial Liabilities	44.2	32.9	5.0	5.0
Total Financial Liabilities	1,682.2	1,023.8	270.1	182.9
Non-Financial Liabilities				
Current tax liabilities (Net)	1.3	2.7	0.0	0.0
Provisions	4.3	1.2	0.3	0.4
Other non-financial liabilities	2.3	1.0	6.7	3.1
Total Non-Financial Liabilities	7.9	4.9	7.0	3.5
Total Liabilities & Equity	2,021.7	1,241.3	500.1	327.4

Consolidated Business Performance

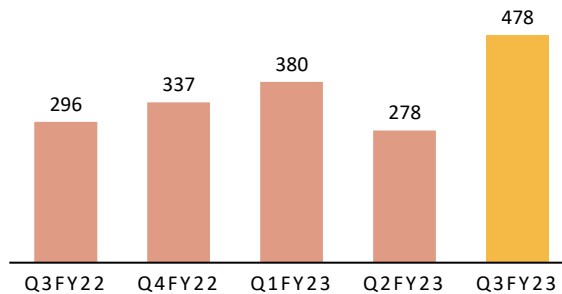


(INR Crore)

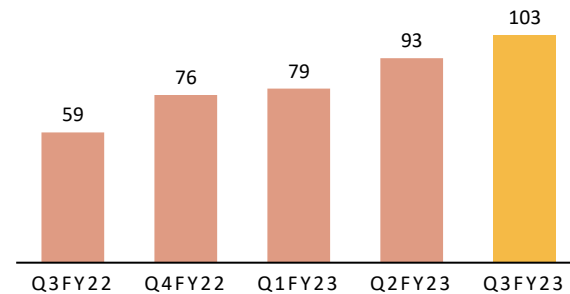
AUM



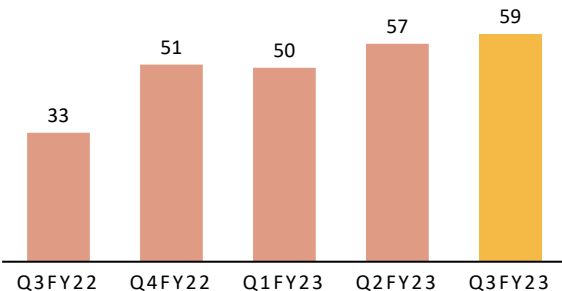
Disbursement



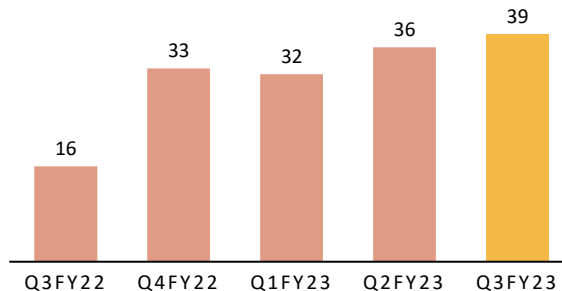
Gross Total Income



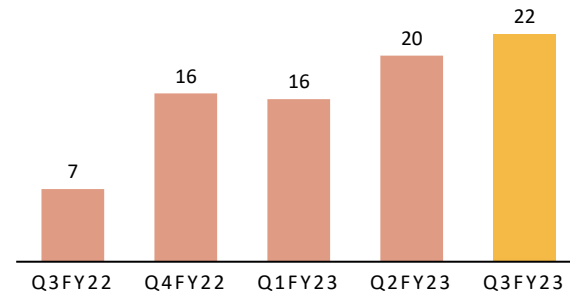
Net Total Income



Pre-provision Operating Profit



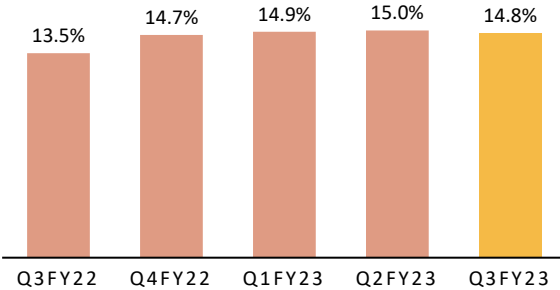
Profit After Tax



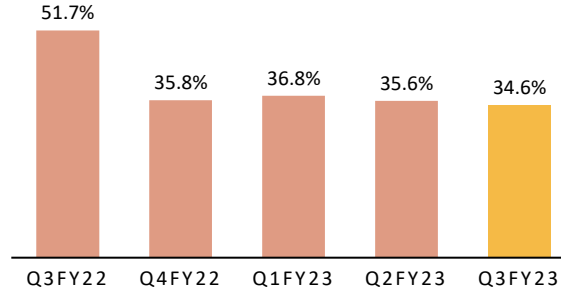
Consolidated Business Performance



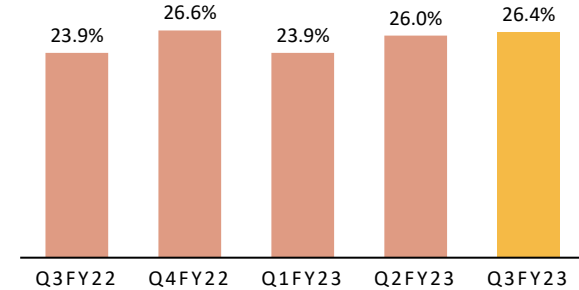
Net Interest Margin (%)



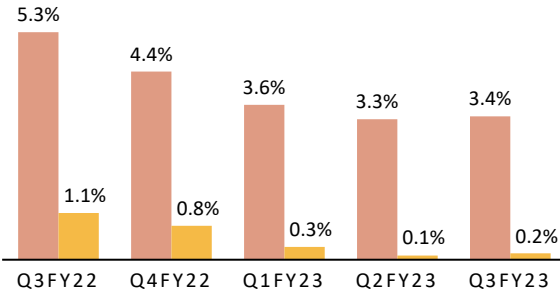
Cost to Income Ratio (%)



Yield (%)

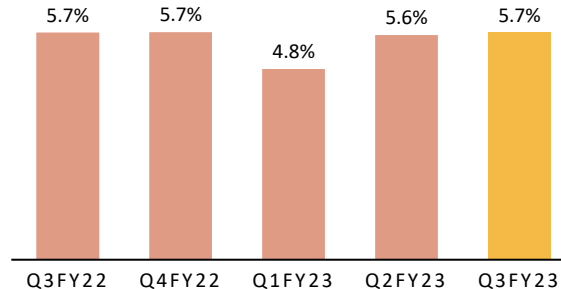


Asset Quality (%)

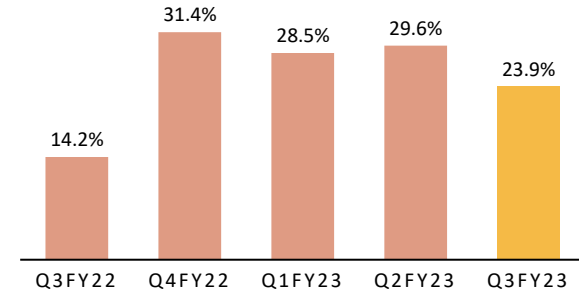


GNPA NNPA

Return on Average AUM (%)



Return on Equity (%)



Q3 & 9M FY23 – Standalone Profit & Loss Statement (2W & MSME)



Particulars (INR Crore)	Q3 FY23	Q3 FY22	Y-o-Y (%)	Q2 FY23	Q-o-Q (%)	9M FY23	9M FY22	Y-o-Y (%)
Income from Operations	23.5	15.3		21.4		66.2	42.3	
Other Income	1.0	1.3		0.8		2.5	2.9	
Gross Total Income	24.5	16.6	47.5%	22.1	10.7%	68.7	45.2	51.9%
Finance Costs	9.4	5.1		6.0		21.3	13.8	
Net Total Income (NTI)	15.1	11.5	30.7%	16.1	-6.3%	47.4	31.5	50.8%
Employee Benefits Expenses	4.5	3.3		4.4		13.0	9.2	
Depreciation and Amortisation	0.0	0.0		0.0		0.1	0.1	
Other Expenses	2.0	2.1		1.9		5.8	4.5	
Pre-Provision Operating Profit	8.6	6.2	38.9%	9.8	-12.7%	28.6	17.7	61.7%
Total Provisions & Write-offs	-0.2	0.4		-0.7		0.7	6.4	
Profit Before Tax	8.8	5.7	52.5%	10.5	-16.6%	27.9	11.3	146.8%
Profit After tax	6.7	4.5	49.8%	7.9	-15.3%	21.3	8.6	147.8%

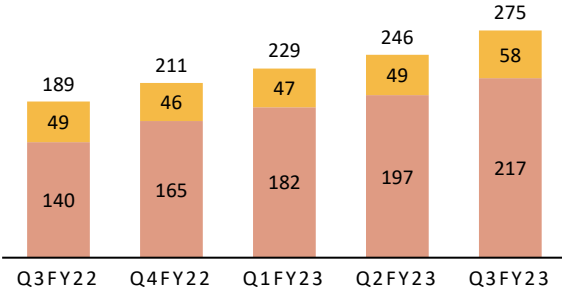
- Standalone AUM stood grew by 45.5% to INR 275 Crore as compared to INR 189 Crore
 - With the improved demand in rural and semi-rural markets, MSME AUM grew by 55% to INR 217 Crore and 2W AUM grew by 18% YoY to INR 58 Crore
- In Q3FY23, Disbursements grew by 27.8% from INR 54 Crore to INR 69 Crore. For 9MFY23, disbursements stood at INR 186 Crore.
- With the government's focus on rural and semi-rural India, we anticipate opportunities to emerge in the MSME sector, resulting in a healthy growth in disbursements.
- With lower provisioning and improving asset quality profit after tax has grown 49.8% to INR 7 Crore. For 9MFY23 profit after tax stood at 21 Crores a growth of 147.8% YoY
- The total Provisions stood at INR 15 Crore covering 5.5% of total AUM
- GNPA % and NNPA % stood at 3.91% and 0.55% respectively
- Repayment rates for both MSME and 2W were healthy and steady during the quarter at 98% & 96% respectively.

Standalone Business Performance

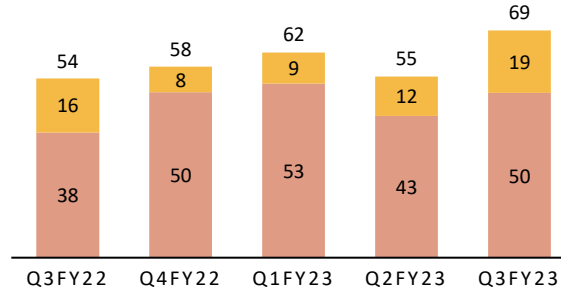


(INR Crore)

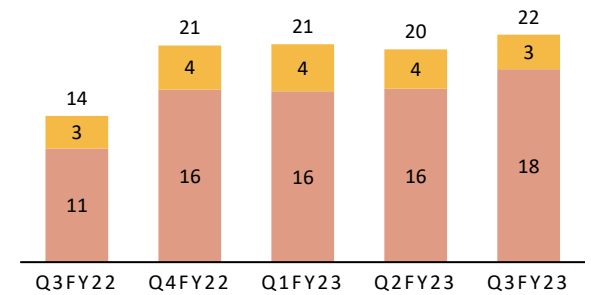
AUM



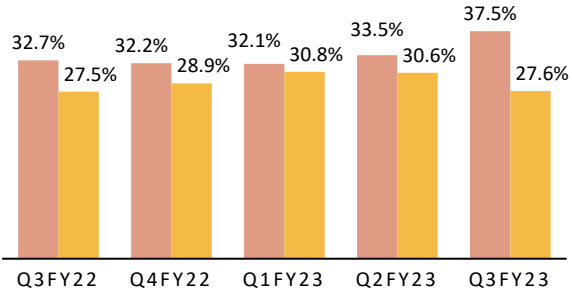
Disbursement



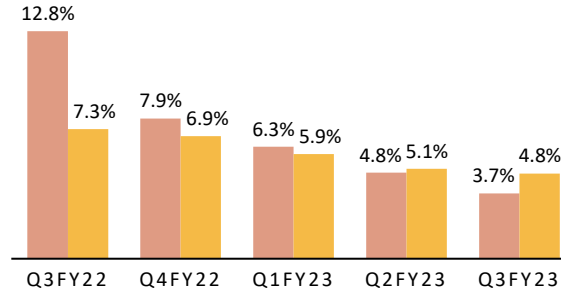
Gross Total Income



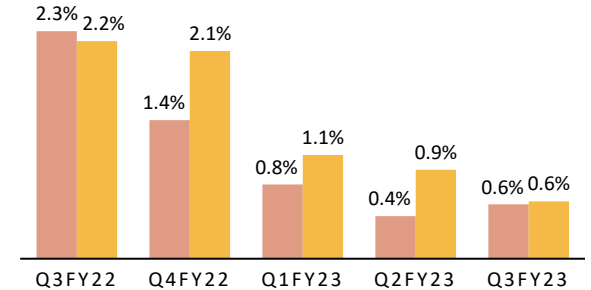
Yield (%)



Gross NPA (%)



Net NPA (%)



Two Wheeler Loans MSME

Q3 & 9M FY23 – Namra Finance Profit & Loss Statement



Particulars (INR Crore)	Q3 FY23	Q3 FY22	Y-o-Y (%)	Q2 FY23	Q-o-Q (%)	9M FY23	9M FY22	Y-o-Y (%)
Income from Operations	79.3	42.5		70.4		207.0	116.4	
Other Income	1.2	0.3		0.8		2.4	0.7	
Gross Total Income	80.5	42.8	88.0%	71.2	13.2%	209.4	117.1	78.8%
Finance Costs	35.8	20.2		30.2		89.0	52.3	
Net Total Income (NTI)	44.7	22.7	97.4%	41.0	9.1%	120.4	64.8	85.8%
Employee Benefits Expenses	9.5	8.0		9.4		27.5	20.9	
Depreciation and Amortisation	0.3	0.2		0.2		0.8	0.5	
Other Expenses	4.6	3.8		4.3		12.6	9.3	
Pre-Provision Operating Profit	30.3	10.7	182.0%	27.1	11.9%	79.6	34.2	133.0%
Total Provisions & Write-offs	9.4	6.2		10.4		30.0	20.2	
Profit Before Tax	20.9	4.6	357.7%	16.7	24.8%	49.6	14.0	254.7%
Profit After tax	15.5	3.3	375.8%	12.5	23.9%	37.7	8.7	334.0%

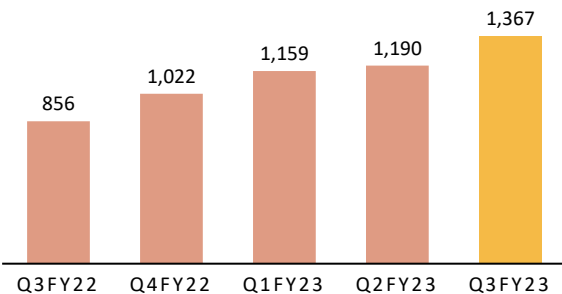
- MFI AUM stood at INR 1,367 Crore registering a growth of 59.7% as compared to same period last year
 - Active MFI Customer base stood at 5.1 Lakhs and added more than 37,000 new customers in Q3 FY23
- Namra Finance has clocked the highest ever disbursement of INR 409 Crore in Q3FY23 recording a growth of 69.0% YoY and 83.4% QoQ
 - Disbursements for 9MFY23 stood at INR 949 Crore with an increase of 68.9% YoY
 - These disbursements were backed by our technological shift that helped us to achieve a completely digital process including the loan documentation using digital signatures.
- In Q3FY23, Gross Total Income grew by 88.0% and Net Total Income grew by 97.4%
- Profit After Tax reported a remarkable growth of 375.8% to INR 16 Crore in Q3FY23; this was led by a strong AUM growth, better yields and improving asset quality.
- Cumulative provisions stood at INR 55 Crore; write-offs during the quarter stood at INR 9 Crore
- In January 2023, Namra Finance, was assigned the highest ever grading of MFI-1 (MFI One) by CARE Ratings.

Microfinance Business Performance – Namra Finance (1/2)

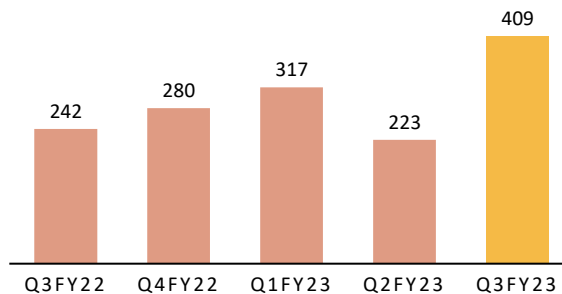


(INR Crore)

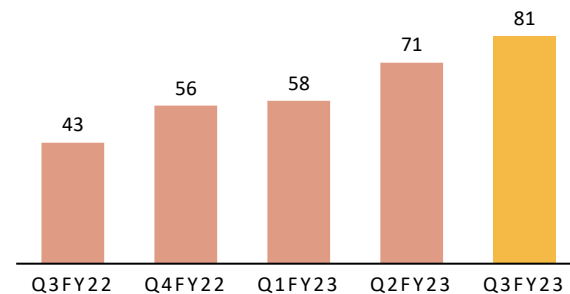
AUM



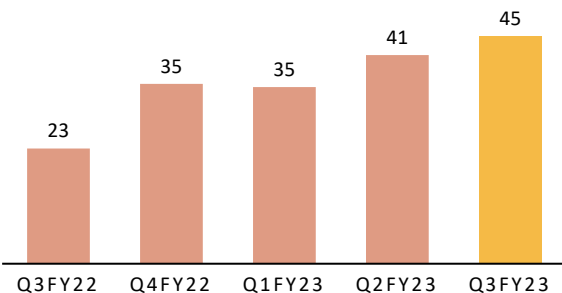
Disbursement



Gross Total Income



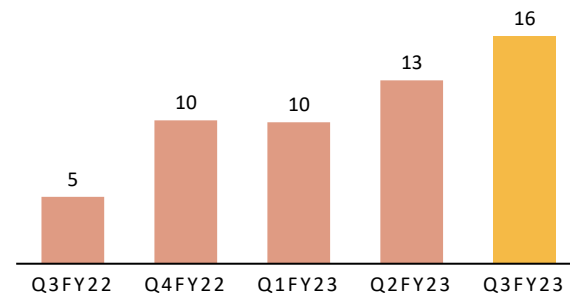
Net Total Income



Pre-provision Operating Profit



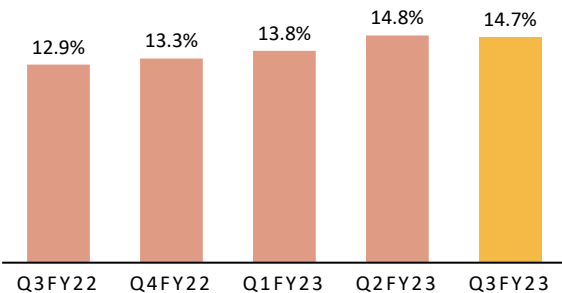
Profit After Tax



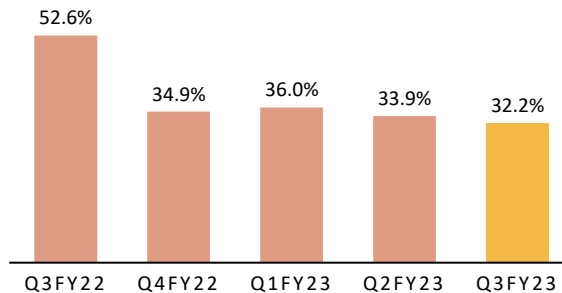
Microfinance Business Performance – Namra Finance (2/2)



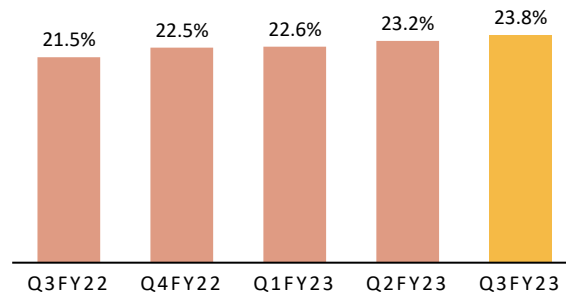
Net Interest Margin (%)



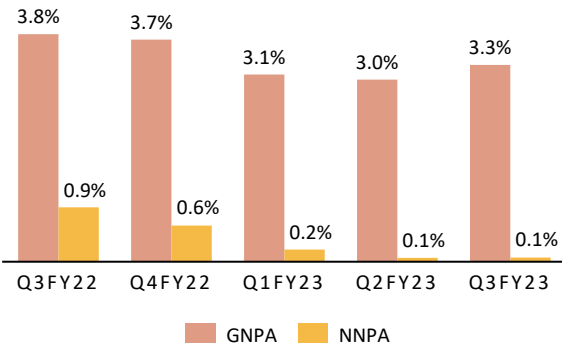
Cost to Income Ratio (%)



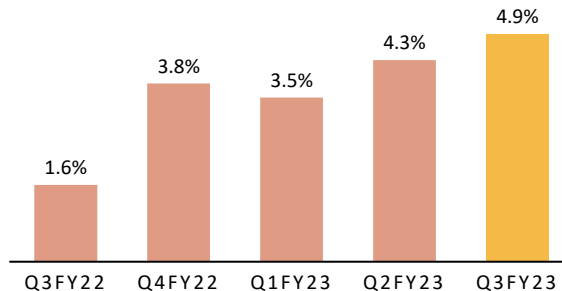
Yield (%)



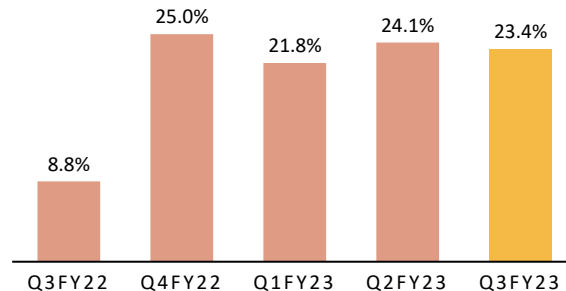
Asset Quality (%)



Return on Average AUM (%)



Return on Equity (%)

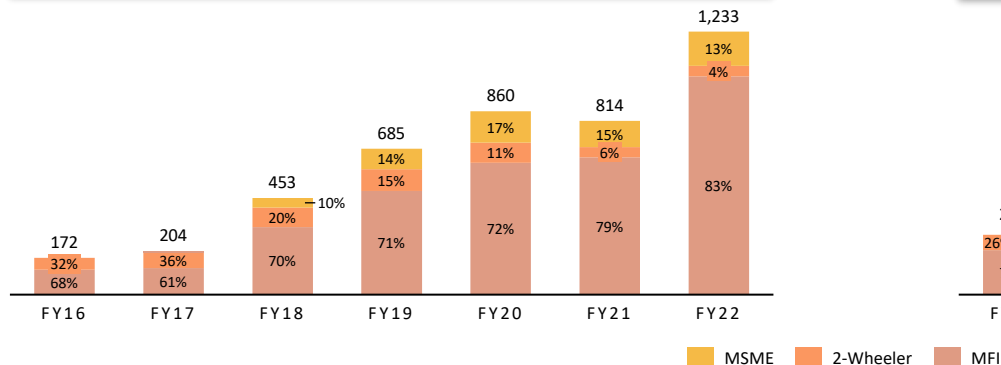


GNPA NNPA

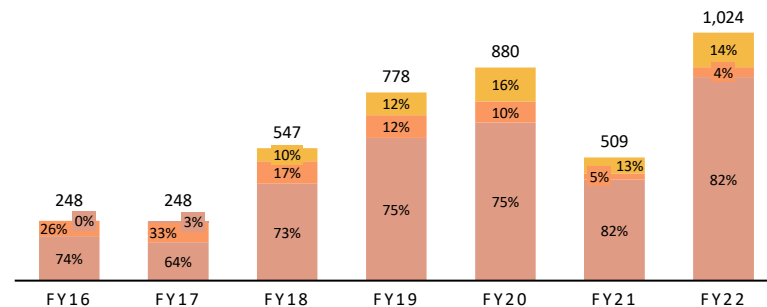
Strong Growth in AUM and Disbursements



Total AUM (INR Crore)



Total Disbursements (INR Crore)



- Diversified portfolio of 1,642 Crore in 9M FY23 split between –
 - Microfinance:** INR 1,329 Crore (80.9%),
 - MSME Loans:** INR 217 Crore (13.2%),
 - 2-Wheeler Loans:** INR 58 Crore (3.5%),
 - Individual Business Loans:** INR 38 Crore (2.3%)
- Strategically forayed into MSME Loans in 2017. Successfully scaled up the business to INR 197 Crore (13.7% of Total AUM) in the last 5 years
- Further, we recently launched a new product “Rural 2-wheeler loans”(currently in pilot stage) to effectively meet the under-served market.
 - Higher ROA business offering immense growth potential
- Plan to reduce share of MFI book in overall AUM to ~60% over time

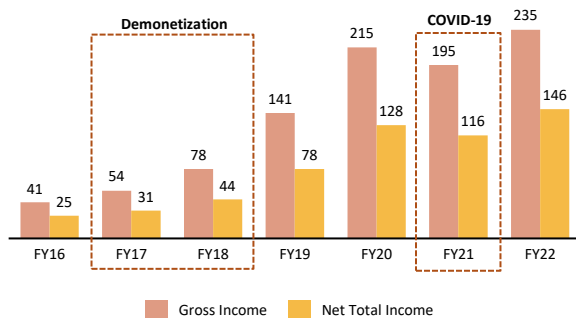
- Small ticket, granular loans - Ticket size INR 20,000 – 2,50,000
- Self-employed / cash cash-income informal segment customers
- High -yield rural focused products – 20%+ yields
- Stringent underwriting
- Rigorous collections practices – in-house, feet feet-on - street model
- Aim to deliver 3-5% post post-tax ROA

While Maintaining Cost Efficiency & Asset Quality

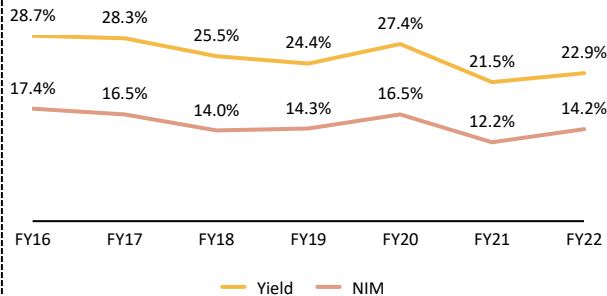


Gross and Net Total Income

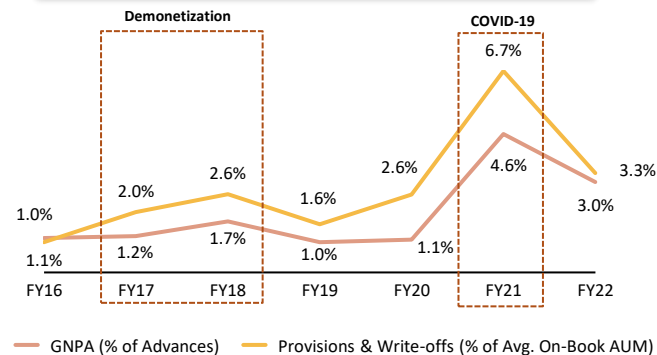
(INR Crore)



Yield & NIM (%)

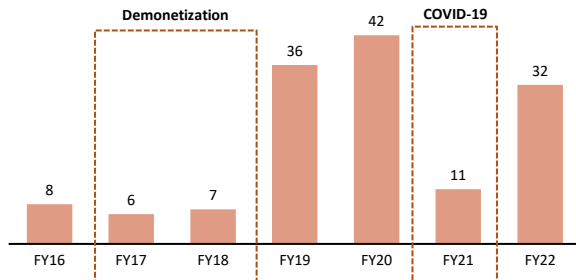


Asset Quality

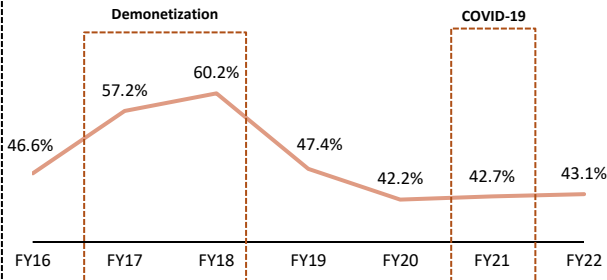


Profit After Tax

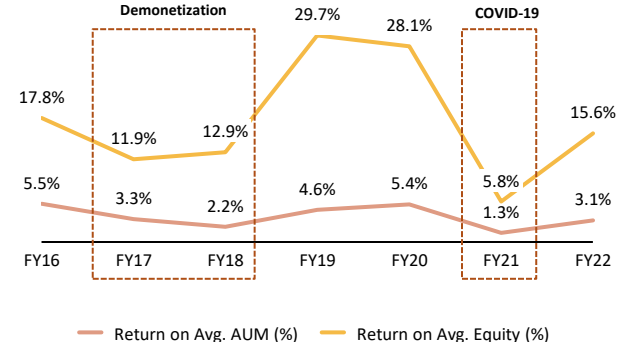
(INR Crore)



Cost to Income Ratio %



Return Ratios



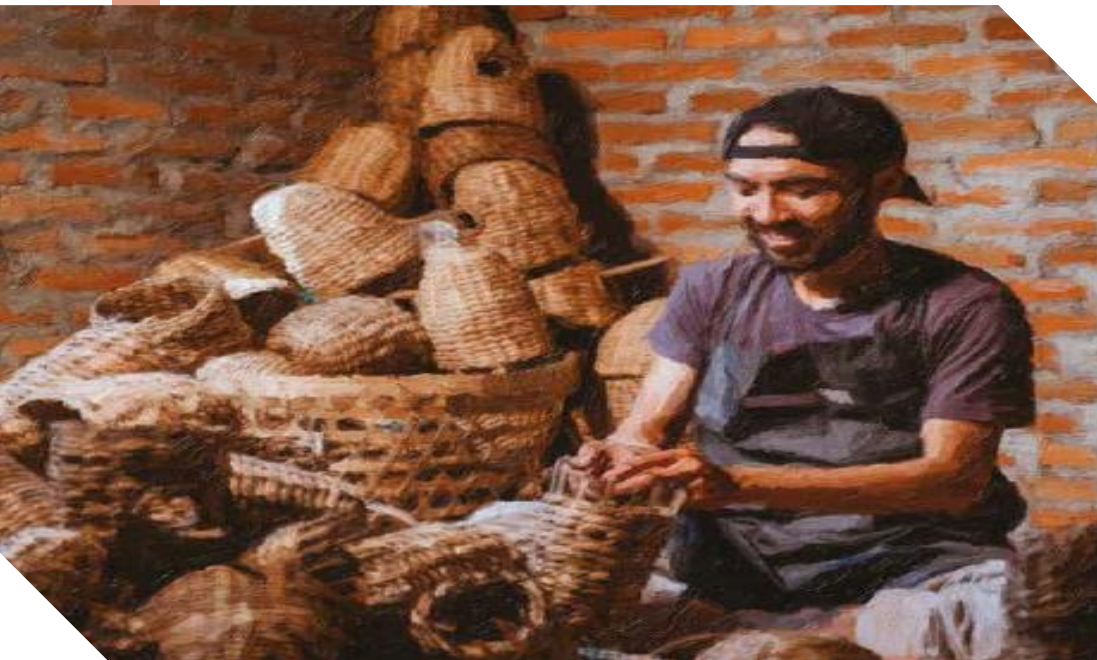
FY22, FY21 & FY20 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP



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



Thank You



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SGA Strategic Growth Advisors

Strategic Growth Advisors Pvt. Ltd.

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