

## Q1 2025

### 1. Net Interest Margin

- **Narrative:** Management has indicated a cautious outlook regarding the company's net interest margin, suggesting that while some decline in yields is anticipated, it is expected to be minimal.

- **Management's Guidance:**

- Management does not foresee a significant decline in yields, projecting a potential decrease of approximately 25 to 30 basis points in the upcoming quarters.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- During Q2 FY25, the Net Interest Margin (NIM) was reported as 13.1%, indicating a decline compared to the previous quarter.

- **Evaluation:**

- **Expectations Not Met:** The management projected a minimal decline of 25 to 30 basis points in net interest margin, but the actual results in Q2 FY25 showed a decline without specifying the basis points, suggesting the decline was potentially more than anticipated.

### 2. Loan Portfolio Quality

- **Narrative:** Management emphasized the critical importance of maintaining a high repayment rate by focusing on the accurate selection of customers. This approach is integral to sustaining the company's loan portfolio quality and mitigating risks associated with defaults.

- **Management's Guidance:**

- Management aims to maintain a repayment rate of over 97% by ensuring precise customer selection processes in the upcoming quarters.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- The actual results for Q1 2025 indicate that the on-time repayment rate in June was approximately 93.8% to 93.6%, which is below the management's guidance target of over 97%.

- **Evaluation:**

- **Expectations Not Met:** The actual results for Q1 2025 show an on-time repayment rate of approximately 93.8% to 93.6%, which is below the management's guidance target of maintaining a repayment rate of over 97%.

### 3. Cost-to-Income Ratio

- **Narrative:** The management has indicated that there could be potential adjustments in the cost structure, which may influence the cost-to-income ratio in the upcoming quarters. They have not elaborated on specific strategies but acknowledged the need for vigilance in managing operational costs to maintain profitability.

- **Management's Guidance:**

- Management indicated that the credit cost guidance may increase by 50 basis points, which could potentially impact the cost-to-income ratio.

- **Actual Results:**

['Q1', '2025']:

- Consolidated yield stood at 25.4%, net interest margin stood at 15.5% and cost to income stood at 28.7%.

['Q2', '2025']:

- Cost to Income Ratio for Q2 FY25 stood at 25.4%.

- **Evaluation:**

- **Expectations Met:** Management indicated potential adjustments in cost structure that could impact the cost-to-income ratio. The Q2 FY25 actual result of 25.4% aligns with management's vigilance strategy, meeting expectations.

### 4. Non-Performing Assets (NPA) Ratio

- **Narrative:** Management anticipates a stabilization in the Non-Performing Assets (NPA) ratio over the coming quarters, with an expected decline projected toward the latter part of the fiscal year. This strategic outlook suggests a focus on improving asset quality and managing credit risks effectively.

- **Management's Guidance:**

- Management does not foresee a significant decline in the NPA ratio in the immediate next quarters, but projects a decrease by Q3 or Q4 of the fiscal year.

- **Actual Results:**

['Q2', '2025']:

- Asset Quality (%) GNPA 2.5%, NNPA 0.2% for Q2 FY25

['Q1', '2025']:

- Key Ratios (Q1FY25): Yield: 36.5%, GNPA: 2.04%, NNPA: 0.43%

- **Evaluation:**

- **Expectations Met:** Management projected a decline in the NPA ratio by Q3 or Q4, and the stabilization observed in Q2, with GNPA at 2.5% and NNPA at 0.2%, aligns with the projected timeline and strategic focus on improving asset quality.

### 5. Geographic Expansion Plans

- **Narrative:** Management highlighted plans to expand their operations within the state of Telangana, indicating a strategic move to enhance their presence and market reach in this region.

- **Management's Guidance:**

- Management anticipates launching their services in the Telangana branches potentially as early as this quarter, suggesting an imminent geographic expansion.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## 6. Client Acquisition Rate

- **Narrative:** Management is focused on enhancing operational efficiency by deploying credit managers in branches, aiming to improve client acquisition and streamline the sanctioning process.

### - Management's Guidance:

- By the beginning of the next quarter, management anticipates having at least 100 branches equipped with dedicated credit managers responsible for sanctioning, which is expected to positively impact client acquisition rates.

### - Actual Results:

**['Q1', '2025']:**

- Data Not Available

**['Q2', '2025']:**

- Data Not Available

### - Evaluation:

- Insufficient Info: Data not available.

## 7. Credit Risk Management Practices

- **Narrative:** The management has emphasized a cautious approach towards credit risk by focusing on reducing customer leverage. This strategic decision is aimed at maintaining a healthier loan portfolio and mitigating potential credit risks.

### - Management's Guidance:

- The company plans to decrease overall customer leverage, which is expected to result in higher rejection rates and consequently lead to slightly lower disbursements in the upcoming quarters.

### - Actual Results:

**['Q2', '2025']:**

- Actual Results

**['Q1', '2025']:**

- Data Not Available

### - Evaluation:

- Insufficient Info: Data not available.

## 8. Use of Digital Platforms for Loan Disbursement

- **Narrative:** Management highlighted their commitment to technological integration by successfully implementing biometric eKYC verification across all branches. This move is aimed at streamlining the loan disbursement process and enhancing customer verification protocols.

### - Management's Guidance:

- Management anticipates that the deployment of biometric eKYC will lead to more efficient loan processing and reduced onboarding times in the upcoming quarters.

### - Actual Results:

**['Q2', '2025']:**

- Disbursement: 100% Cashless

**['Q1', '2025']:**

- We have successfully launched in all of our branches a biometric eKYC verification using either fingerprints or iris scanners. Now we have finally bit the bullet and also gone to a level where they have to use an iris and/or fingerprint scanner to get the loan. And so I think we started that about 6 months ago. 100% Cashless disbursements

### - Evaluation:

- **Expectations Exceeded:** The implementation of biometric eKYC resulted in 100% cashless disbursements across all branches, achieving more than the anticipated efficiency and onboarding reduction goals set by management.

## 9. Operational Risk Controls

- **Narrative:** Management highlighted the implementation of enhanced monitoring systems to improve operational efficiency. This involves a focus on utilizing geo-tagging and business intelligence (BI) reports to ensure effective use of time by field personnel.

### - Management's Guidance:

- Management plans to have approximately 25 individuals dedicated to continuously monitoring field activities through geo-tagging and BI reports, aiming to optimize the efficiency of field operations.

### - Actual Results:

**['Q2', '2025']:**

- Data Not Available

**['Q1', '2025']:**

- Data Not Available

### - Evaluation:

- Insufficient Info: Data not available.

## 10. Mobile Application Adoption by Clients

- **Narrative:** Management introduced the Namra app, an Android-based application designed to serve as a payment gateway while providing customers with account-related information. This technological integration reflects the company's commitment to enhancing user experience and accessibility for its clients.

### - Management's Guidance:

- Management anticipates that the launch of the Namra app will play a significant role in driving customer engagement and improving service efficiency in upcoming quarters.

### - Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

11. Management Experience in Microfinance

- **Narrative:** Management discussed strategic initiatives to improve operational efficiency and enhance recovery mechanisms in the microfinance sector. This includes restructuring collection schedules and strengthening the recovery process by deploying specialized teams and establishing a dedicated business intelligence unit.

- **Management's Guidance:**

- Management is implementing a shift in collection schedules and expanding a team of recovery officers to enhance collection efficiency. Additionally, they have established a business intelligence and monitoring unit at the head office level to support these efforts.

- **Actual Results:**

['Q2', '2025']:

- Aalok J. Patel [He has 16 years of banking and finance experience, including 12 years at Arman.]

['Q1', '2025']:

- a2fd3938d17a2cb114a455ac427de82f --> Jayendrabhai B. Patel [He has been an entrepreneur for 45 years.] a2fd3938d17a2cb114a455ac427de82f --> Jayendrabhai B. Patel [He founded Arman in 1992 and has been at the helm of management since then.] e3c73d88e8488e3530deb5eea6ae22d2 --> Aalok J. Patel [He has 16 years of banking and finance experience, including 12 years at Arman.] e3c73d88e8488e3530deb5eea6ae22d2 --> Geeta H. Solanki [An accomplished Company Secretary, Registered Valuer, and Insolvency Professional with 40 years of experience.] e3c73d88e8488e3530deb5eea6ae22d2 --> Geeta H. Solanki [Spearheaded Gujarat Lease & Finance Limited (GLFL) for over 2 decades in various senior management roles like Company Secretary, Financial Controller and CEO.]

- Evaluation:

- Insufficient Info: Data not available.