Arman Financial Services Limited

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November 04, 2026

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

Dear Sir / Madam,

Subject: Press Release on Q2 FY 2026-27

Pursuant to Regulation 30 of the SEBI (Listing Obligations ad Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Press Release on Unaudited Financial Results for the quarter and half year ended September 30, 2026, as approved by the Board of Directors at its meeting held on November 04, 2026.

The same is also being made available on the website of the Company.

Kindly take it on your record.

Thanking you,
Yours faithfully,

For, Arman Financial Services Limited

Uttambhai Narayanbhai Patel

Digitally signed by Uttambhai Narayanbhai Patel
Date: 2026.11.04 15:32:41 +05'30'

Uttam Patel
Company Secretary & Chief Compliance Officer

Arman Financial Services Limited

Ahmedabad, Gujarat, November 4, 2026:

Arman Financial Services Limited (NSE: ARMANFIN, BSE: 531179), a Gujarat-Based Non-Banking Financial Company (NBFC), with interests in microfinance, micro-enterprise (MSME) loans, two-wheelers loans and Loan Against Property (LAP) announced its financial results for the quarter ended 30th September 2026. The financial numbers are based on Ind-AS.

Business Performance:

Particulars (INR Crore)	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	H1FY27	H1FY26	YoY
Assets Under Management	**3,209**	2,130	*51%*	2,925	10%	**3,209**	2,130	51%
Gross Total Income	**235**	159	*48%*	202	*16%*	**436**	310	*41%*
Pre-Provisioning Operating Profit	**95**	56	*70%*	77	*23%*	**172**	112	*54%*
Profit After Tax	**51**	8	*544%*	45	*14%*	**97**	-7	*NA*

- Consolidated AUM stood at INR 3,209 crore as of September 30, 2026, registering a growth of 51% YoY and 10% QoQ, crossing INR 3,000 crore milestone for the first time
- Consolidated disbursements for Q2 FY27 stood at INR 818 crore, registering a growth of 72% YoY as from INR 475 crore in Q2 FY26.
    - H1 FY27 consolidated disbursements stood at INR 1,505 crore, registering a growth of 74% over H1 FY26.
    - Growth was led by continued traction in Individual Lending, while rejection rates remained high and underwriting standards were maintained.
- Net Total Income for Q2 FY27 stood at INR 161 crore, while Pre-Provision Operating Profit (PPoP) stood at INR 95 crore
- Profit After Tax reached an all-time high of INR 51 crore in Q2 FY27, registering a growth of 544% YoY and 14% QoQ, reflecting a significant improvement in profitability.
- Arman has already surpassed its full-year FY26 profit in the first half of FY27, with H1 FY27 PAT of INR 97 crore compared with INR 57 crore for the whole of FY26.
- Shareholders' Equity as of September 30, 2026, stood at INR 1,033 Crore

Borrowing & Liquidity Profile:

- Total borrowings stood at INR 2,659 Crore (Including off balance sheet direct assignment (DA) liability)
- Of the total borrowings, 31.3% is through banks, 16.3% is through NBFCs & FIs, 32.0% is through NCDs and 19.6% is through direct assignments & (off-balance-sheet liabilities). The rest is borrowed from DFIs and others.
- ALM position remains positive, with continued access to diversified funding sources, including DA and NCDs, along with support from existing lending partners.
- As on 30th September 2026, the Company has healthy liquidity position with INR 334 Crore in cash/bank balance, liquid investments, and undrawn CC limits
- Additionally, the company has INR 145 Crore undrawn sanctions from existing lenders

Collection Efficiency:

- Collection efficiency for the quarter stood 96.5%.
- Segment-wise collection efficiency for the month of September 2026 was:
  - Microfinance segment – 96.2%
  - MSME segment – 96.5%
  - 2W segment – 96.4%

Asset Quality:

- GNPA stood at 2.73%; NNPA stood at 0.92%
- Cumulative Provisions stood at INR 80 Crore as on 30th September 2026 (covering 2.5% of the consolidated AUM, 2.94% on book)

Standalone Business (Two-Wheeler, MSME Segment, Loan Against Property):

Particulars (INR Crore)	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	H1FY27	H1FY26	YoY
Assets Under Management	**784**	623	*26%*	758	*3%*	**784**	623	*26%*
Gross Total Income	**68**	52	*30%*	66	*3%*	**134**	103	*30%*
Pre-Provisioning Operating Profit	**27**	20	*34%*	24	*14%*	**51**	44	*18%*
Profit After Tax	**17**	9	*95%*	15	*19%*	**32**	21	*50%*

- Assets under Management for the MSME, Two-Wheeler, LAP stood at INR 784 Crore
    - AUM for MSME - INR 583 Crore
    - AUM for Two-Wheeler - INR 94 Crore
    - AUM for LAP - INR 104 Crore
    - AUM for Solar Loans – INR 3 Crore
- Total Disbursement for the MSME, Two-Wheeler and LAP stood at INR 164 Crore in Q2FY27.
- Net total income for Q2FY27 stood at INR 49 Crore, registering a 28% year-on-year growth.
- Pre-Provision Operating Profit (PPoP) for the quarter stood at INR 27 Crore.
- Profit After Tax improved by 95% year on year to INR 17 Crore
- GNPA for MSME stood at 3.34%; while NNPA stood at 0.49%.
- GNPA for Two-Wheeler stood at 3.24%; while NNPA stood at 1.49%.
- GNPA for LAP stood at 1.50%; while NNPA stood at 1.15%.
- Company has a strong capital base with a capital adequacy ratio of 36.26% as on 30th September 2026.

Microfinance Segment (Namra)

Particulars (INR Crore)	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	H1FY27	H1FY26	YoY
Assets Under Management	**2,424**	1,507	*61%*	2,167	12%	**2,424**	1,507	61%
Gross Total Income	**168**	107	*56%*	138	22%	**306**	209	*46%*
Pre-Provisioning Operating Profit	**67**	36	*88%*	52	30%	**119**	67	*77%*
Profit After Tax	**34**	-1	*NA*	30	14%	**63**	-29	*NA*

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- As of 30th September 2026, Namra's AUM stood at INR 2,424 reporting a growth of 61% YoY
- Disbursements during Q2 FY27 stood at INR 654 crore, supported by healthy traction in the Individual Loan segment.
- Gross Total Income for Q2FY27 stood at INR 168 crore, up 56% YoY and 22% QoQ, while Net Total Income stood at INR 113 crore.
- Profit After Tax (PAT) stood at INR 34 crore in Q2 FY27, compared to a loss of INR 1 crore in Q2FY26

- Total ECL Provisions decreased by 10% YoY to INR 52 Crore with the improvement in asset quality and CGFMU cover.
- Write-off (net of recovery) during the quarter stood at INR 12 crore, with improved collection trends supporting a gradual improvement in portfolio quality.
- Active MFI Customers stood at ~5.05 lakh.
- GNPA stood at 2.59%; NNPA stood at 1.01% as on 30th September 2026.
- As on 30th September 2026; the capital adequacy ratio for Namra stood at 37.19%.

Commenting on the Company's performance, Mr. Aalok Patel, Vice Chairman & Managing Director, Arman Financial Services said,

"Q2 FY27 has been an important quarter for Arman, with our consolidated AUM crossing INR 3,000 crore for the first time and our highest-ever quarterly profit of INR 51 crore. More importantly, the improvement in the operating environment that we started seeing in the second half of FY26 has now continued for four consecutive quarters. We are seeing growth, improving profitability, and better asset quality at the same time. I believe this is a reflection of the changes we have made to our underwriting and collection practices over the past two years, particularly during what has been a very difficult period for the microfinance industry.

Collection trends have remained largely stable across our operating geographies, fresh delinquencies have continued to decline, and overall repayment behaviour has improved. While the external environment has certainly helped, I believe a large part of this improvement is also attributable to the changes we have made internally. We continue to be very selective in our lending, and our rejection rates remain high. I am comfortable with that. We would much rather lose out on some business today than compromise on the quality of our portfolio. This does not mean that we are not keen to grow. It simply means that the lessons we have learnt over the past two years must be reflected in how we make lending decisions going forward.

Despite this cautious approach, growth has been encouraging. Consolidated AUM increased 51% year-on-year, while disbursements during the quarter stood at INR 818 crore, an increase of 72% over Q2 FY26. We believe that moving towards more individualised credit assessment is the right direction for our microfinance business, and we expect this segment to become increasingly important over time. Our standalone MSME, LAP and Two-Wheeler businesses have also continued to perform well, with their combined AUM reaching INR 784 crore.

What is particularly encouraging is that this growth has been accompanied by an improvement in asset quality. The separation of credit and recovery functions from branch operations, which we undertook over the past two years, is now well established across the organisation and has made a meaningful difference to both credit decisions and collection performance. X-Bucket collection efficiency for the quarter stood at 99.4%, while GNPA and NNPA improved to 2.73% and 0.92%, respectively, compared with 2.76% and 0.84% in Q1 FY27.

As of September 30, 2026, 51% of our microfinance portfolio was covered under the CGFMU scheme. While this provides an important additional layer of protection against credit losses, I have always maintained that a credit guarantee cannot be a substitute for sound underwriting and effective collections. These must remain our first line of defence.

The CGFMU scheme was originally introduced for a ten-year period ending March 31, 2026, and its renewal is currently pending approval. While the process has taken longer than expected, eligible loans originated up to March 31, 2026, continue to remain covered under the existing scheme, subject to its terms. Loans originated from April 1, 2026, are currently not covered but are expected to become eligible once the scheme is renewed, subject to the final terms.

We remain confident about the renewal, as we have received no indication to suggest otherwise. However, the timing and terms are yet to be finalised. We continue to closely monitor the progress of the renewal. Meanwhile, our underwriting, collections and credit risk management practices remain unchanged, irrespective of the availability of the guarantee.

Coming to our financial performance, consolidated Gross Total Income grew 48% year-on-year to INR 235 crore, PPOP stood at INR 95 crore, and PAT reached INR 51 crore, compared with INR 8 crore in Q2 FY26.

For H1 FY27, Gross Total Income stood at INR 436 crore, PPOP at INR 172 crore, and PAT at INR 97 crore, compared with a loss of INR 7 crore in H1 FY26. Annualised return on average AUM improved to 6.71%, and RoE to 20.47%, compared with 1.49% and 3.69%, respectively, in Q2 FY26. This improvement has been driven by growth in AUM, stable margins, lower credit costs, and a gradual improvement in operating efficiency, with our cost-to-income ratio improving to 42.59%.

Our balance sheet continues to remain strong, with capital adequacy of 36.26% at Arman and 37.19% at Namra. We have healthy liquidity of INR 334 crore, along with another INR 145 crore in undrawn sanctions from our lenders. During the quarter, Acuité also revised the outlook on our credit ratings from Stable to Positive, which is an encouraging development and reflects the progress we have made.

While the overall outlook is positive, we are not ignoring the risks around us. The below-normal monsoon this year, partly attributable to El Niño conditions, is a concern, particularly in Maharashtra and Karnataka, where the respective state governments have declared drought in a large number of talukas. These two states together account for 7.60% of our consolidated AUM. So far, portfolio performance in these geographies has remained largely stable, although we have observed some marginal deterioration in repayment behaviour in Maharashtra following the drought declarations. The impact has not been material at this stage, but our experience tells us that the financial stress caused by such events can take time to show up in the repayment capacity of our customers. We are therefore keeping a close watch on developments and will continue to calibrate our lending based on collection trends, early signs of delinquency, and our assessment of borrower cash flows. We have no intention of chasing growth at the expense of asset quality.

There is still work to be done, particularly in improving operating efficiency as the portfolio grows. We have made progress on this front, although I would like to see further improvement over the coming quarters.

As we enter H2 FY27, which has historically been the stronger half of the year for our business, I remain optimistic. Demand across our lending businesses continues to be healthy, our underwriting and collections framework is considerably stronger than it was a year ago, and we have the capital and liquidity to support further growth. Our priorities remain unchanged: maintain credit discipline, protect asset quality, improve operating efficiency, and continue to grow the business responsibly. We have worked hard over the past two years to put the business on a stronger footing, and I believe we are now beginning to see the results."

About Arman Financial Services Limited

Incorporated in 1992, Arman Financial Services Ltd. is an Ahmedabad based, Category B Non-Banking Finance Company (NBFC), which provides lending services primarily in the Two-Wheeler, Micro-Enterprise (MSME), Microfinance and LAP segments. The Microfinance division is operated through its wholly owned subsidiary, Namra Finance Ltd, an NBFC-MFI.

Arman is one of the market leaders in the NBFC space across the underpenetrated low-income parts of the country providing livelihood promotion services such as microcredit to socio-economically backward people, who have no or little access to the formal banking system or regular NBFC services. The group mostly serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, Rajasthan, Haryana, Bihar, Jharkhand, Karnataka and Telangana through a strong distribution network of 605 branches, 50+ two-wheeler dealerships spread across 184 districts in 11 states serving ~6.4 lakh customers. Company focuses on small ticket retail loans to the large underserved informal segment customers in rural & semi urban geographies. The Company has completely in-house operations with bottom-up driven credit appraisal models and rigorous collections practices tailored for the areas of operations.

Safe Harbor

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

For further information, please contact

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