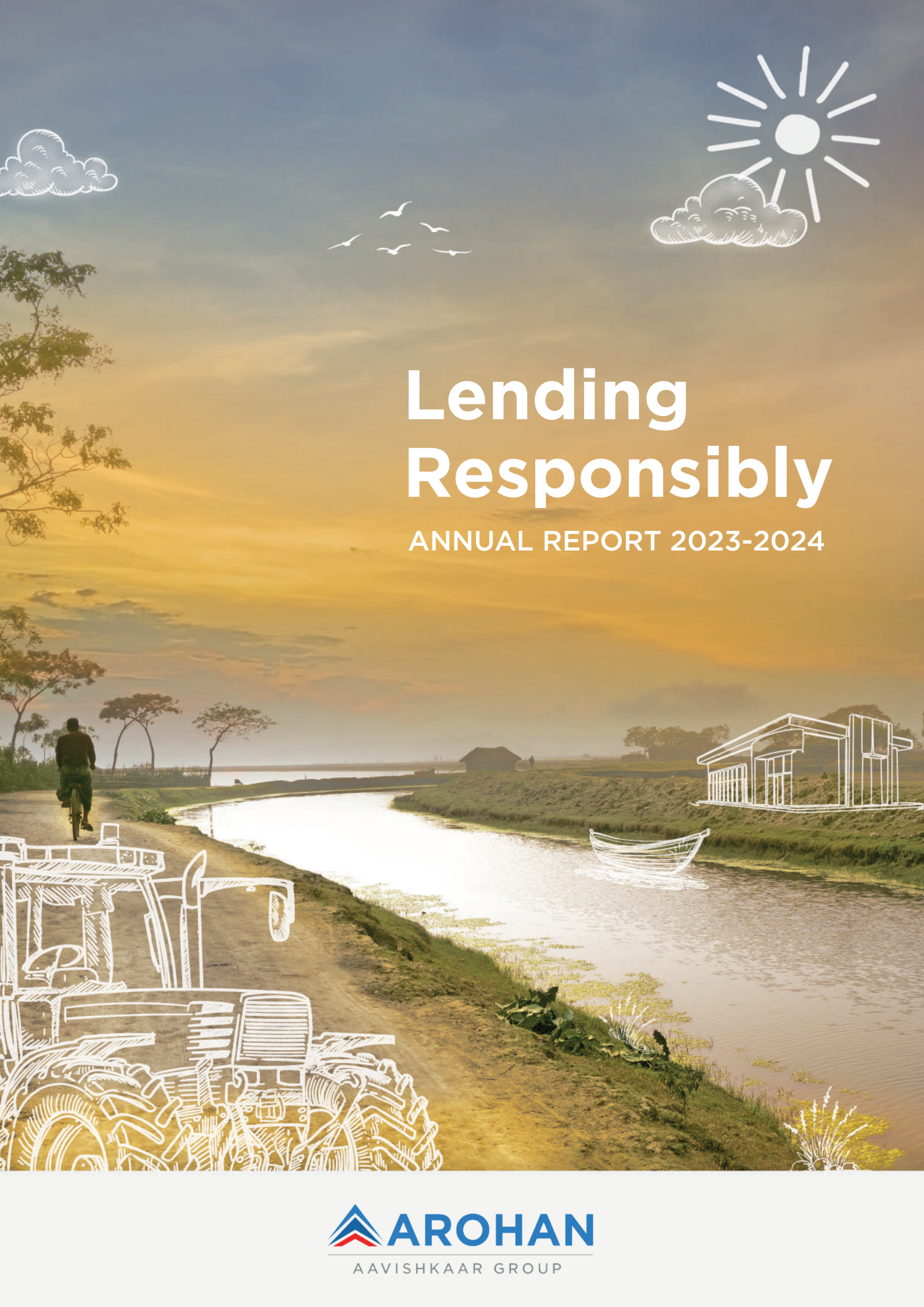
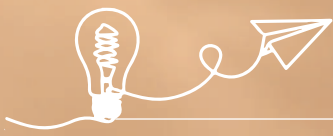




Lending Responsibly

ANNUAL REPORT 2023-2024



Lending **Responsibly**

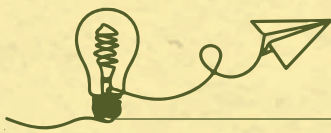


It is believed that only a true leader takes responsibility of all his stakeholders. At Arohan Financial Services Limited, as part of the Aavishkaar Group, it is our belief that as we navigate the intricate landscape of microfinance in India, it's imperative to anchor our efforts in principles of responsibility and sustainability to successfully move forward in the journey of industry leadership.

Microfinance in India has emerged as a powerful tool for financial inclusion, empowering millions with access to credit and fostering economic growth. However, with great power comes great responsibility, especially in a sector that directly impacts the lives of vulnerable communities. At the heart of Arohan's responsible lending practices lies the principle of Client Protection. For Arohan, responsible lending entails transparency and fairness not only for its customers, but also for its employees, its partners and lenders, and most importantly the industry and the environment as a whole.

As Arohan charts the course for the new future of microfinance in India, join us in our affirmation to our commitment to ethical conduct, social impact, and financial sustainability – **a commitment to Lending Responsibly.**





Commitment to Value Creation

At Arohan, sustainable value creation does not merely transcend to profitability; it encompasses a holistic commitment to stakeholders and the environment. At the heart of this commitment lies its four pillars of customers, employees, shareholders, and the environment.

Customers

Arohan recognises, anticipates and meets the evolving needs of its customers, in a constant quest to provide innovative solutions and best-in-class service experiences. By cultivating lasting relationships built on trust and integrity, Arohan aims to enhance customer satisfaction and loyalty, driving mutual growth and prosperity.

To this effect, in FY 2024, the MFR Certification Committee has assigned the Company the prestigious GOLD Standard in Client Protection Principle under the Cerise+SPTF Methodology. The GOLD level is the highest level of achievement and signifies that the certified institution meets the most rigorous standards of Client Protection found in the Universal Standards for Social and Environmental Performance Management. The Company has successfully met 99.1% of the indicators and has bagged the prestigious Gold Standard in CPP certification in its inaugural attempt.



Employees

Employees are the key stakeholders of the Company. Arohan's people practices strives to foster a culture of inclusivity, respect, and professional development, where every individual can thrive and contribute their best. Through investment in training, career advancement opportunities, and a supportive work environment, Arohan empowers its employees to realize their full potential, driving collective success and fulfilment.

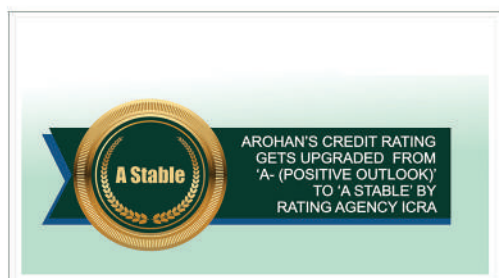
As a result of its focused people orientation, in FY 2024, Arohan has successfully built a High-Trust, High-Performance Culture - and has been Great Place To Work® Certified™, for the 4th time, with a remarkable score of 92 in the Trust Index© Employee Survey of the Great Place to Work Institute that was conducted in the month of January 2024. Further, the Company has also been recognised among India's Best Workplaces™ in BFSI 2024: Top 25, in an assessment undertaken by the Great Place To Work® Institute.



Shareholders

Arohan is committed to shareholder value creation and delivering sustainable returns over the long term. By maintaining transparency, accountability, and prudent risk management practices, the Company generates value and continuously improves bottom line, while upholding the highest standards of corporate governance.

In a milestone achievement, in FY 2024, Arohan's credit rating has been upgraded from 'A- (positive outlook)' to 'A (Stable Outlook)' by rating agencies ICRA and CARE. Credit Ratings are forward-looking opinions on the relative credit risk associated with the rated debt instrument as represented by an appropriate symbol on the relevant rating scale. "A" rating outlook gives additional information to lenders, investors or other users about the expected direction of rating movement and the "Stable" outlook indicates a low likelihood of rating change in the near to medium term. This reinforces Arohan's stance amongst the elite league of microfinance institutions in the country, and will enable the Company to serve its customers better.

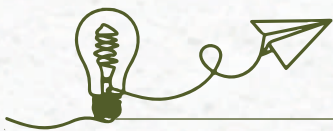


Environment

As a responsible corporate citizen, Arohan acknowledges the inter-connectedness between business activities and environmental sustainability. The Company is committed to empowering the communities it serves and the geographies its present in, while minimizing its carbon footprints. Through responsible sourcing, energy efficiency measures, and eco-friendly practices, Arohan strives to promote environmental stewardship.

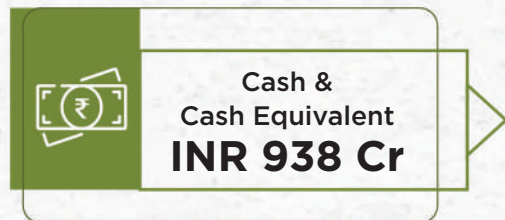
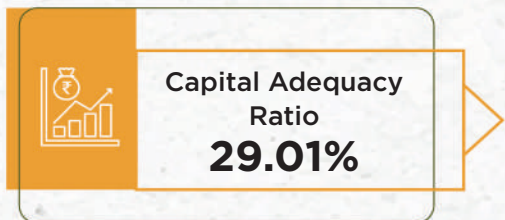
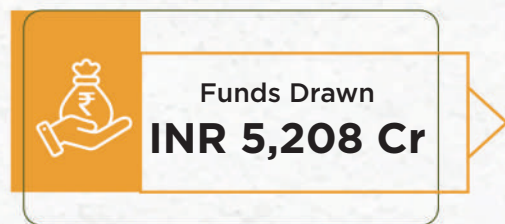
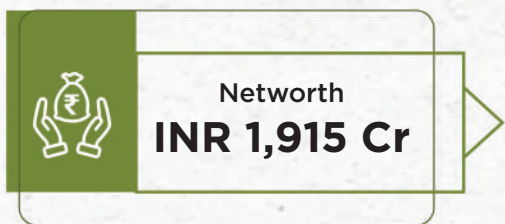
To this effect, in FY 2024, the Company earned the prestigious "Social Impact Certificate", a recognition for its impactful endeavors at the Impact Summit, 2024 organised by d.light in Nairobi, Kenya. This accolade underscores the Company's commitment to fostering social change by providing affordable and sustainable impact products to rural communities across India with unreliable energy access. This certification validates Arohan's ongoing efforts to make a positive difference in the lives of those we serve.



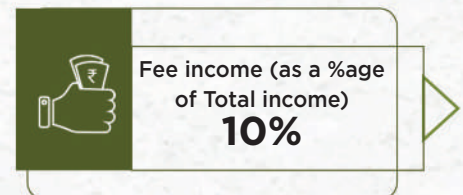
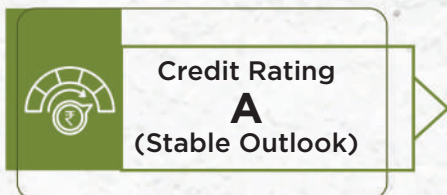


Key Performance Indicators

SOLVENCY & LIQUIDITY



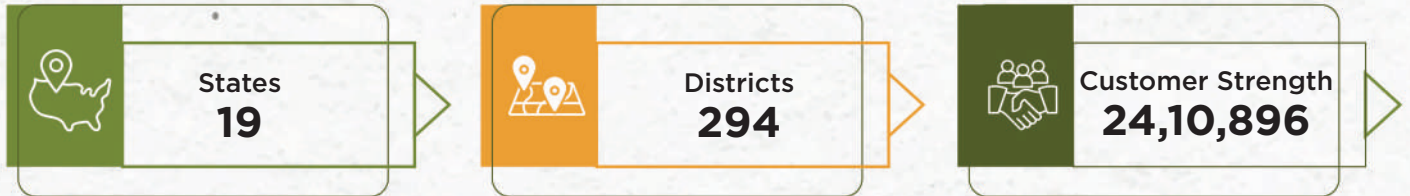
EFFICIENCY RATIO



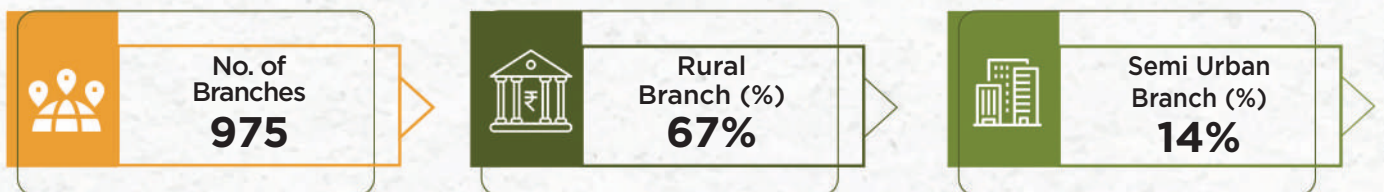
AROHANPRIVILEGE DIGITAL LENDING



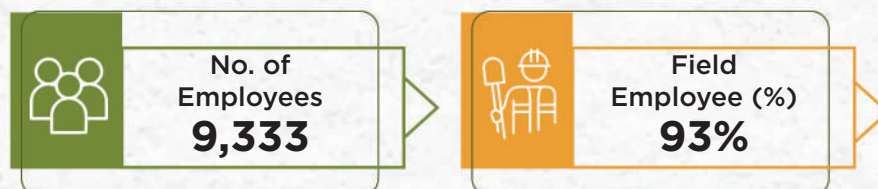
IMPACT NUMBERS



Branch

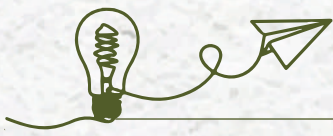


Employees



Borrower's Demography





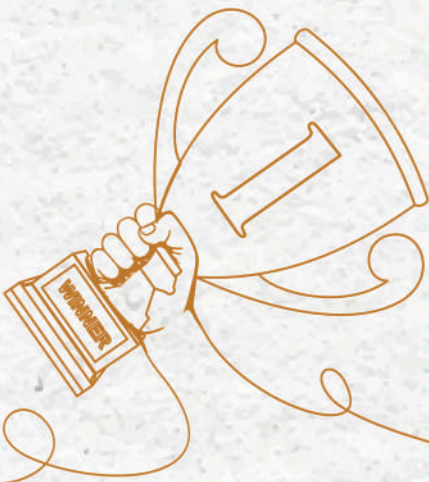
Awards & Recognitions

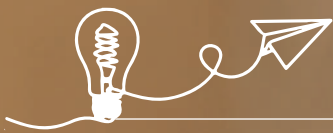
- 🏆 Asset Triple A, 2023 for the “Best Payment and Collections Solution, India” in association with IDFC First Bank for their digital payments solution for Arohan
- 🏆 SKOCH Order of Merit Awards for Innovation in Lending (ArohanPrivilege)
- 🏆 SKOCH Order of Merit Awards for Solution in Lending (Nirnay)
- 🏆 SKOCH Order of Merit Awards for Solution in Financial Inclusion Programme (ApnaArohan Customer App)



Rating, Grading & Certifications

- 🏆 Assigned the prestigious GOLD Standard in Client Protection Principle under the Cerise+SPTF Methodology by the MFR Certification Committee.
- 🏆 Corporate Agent (Composite) License by Insurance Regulatory and Development Authority of India.
- 🏆 CARE MFI 1 Grading, highest on an 8-point scale.
- 🏆 COCA Assessment score of C1 (top grade) indicating "Excellent Performance on COCA Dimensions".
- 🏆 Credit Rating A (Stable).
- 🏆 Arohan's Information Security Management Systems is certified with ISO/IEC 27001:2013 by BSI.
- 🏆 Arohan's Internal Audit practices is certified with ISO 9001:2015.
- 🏆 Great Place to Work-Certified™ for the 4th time.
- 🏆 Ranked 35th among India's Top 100 Best Companies to Work for, Best Workplaces™ in BFSI 2024: Top 25, and the Best in the Microfinance Industry, by the Great Place To Work® Institute.





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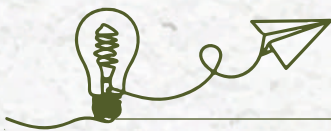
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Chairman's Address



Dinesh Kumar Mittal
Chairman
Board of Directors

Dear Shareholders,

I am pleased to present to you the Annual Report of Arohan Financial Services Limited, marking yet another remarkable chapter in our journey together.

The financial year 2024 has been nothing short of exceptional for the Indian financial landscape against the backdrop of a dynamic global economic canvas. The OECD's latest Economic Outlook paints a picture of steady global GDP growth, projected at 3.1% for 2024, with a modest uptick to 3.2% anticipated in 2025. Despite significant central bank interest rate adjustments aimed at stabilizing prices, the global economy has shown surprising resilience, a testament to its robustness.

In the midst of this global scenario, India shines brightly as a beacon of growth. According to Moody's, India is poised to lead among the major G20 economies, with a GDP growth rate accelerated to approximately 8% in FY 2024 from 7% in the previous fiscal year. Notably, the third quarter of FY 2024 saw an impressive growth rate of 8.4%, surpassing market expectations, fuelled by robust public investment, resilient private consumption, and a thriving services sector.

The Indian government, in tandem with the Reserve Bank of India, continues to create avenues for millions through

financial inclusion initiatives. This conducive economic environment, coupled with revised regulatory frameworks, has propelled the microfinance sector forward, witnessing a decent 20% growth in loan portfolios, reaching INR 4.3 tn across 75 mn plus borrowers by the close of FY24. Notably, a study by NCAER underscores the MFI sector's substantial contribution, constituting 2.7% of India's GDP as of December 2023.

The Government of India introduced the concept of "Amrit Kaal" or "The Era of Elixir", outlining a transformative vision for a "New India" by 2047. This vision encompasses holistic economic growth, enhanced living standards, infrastructural advancements, technological innovation, and a renewed global stature for India. Microfinance emerges as a pivotal instrument in this journey, particularly in bolstering small industries and fostering employment opportunities.

The pursuit of high-income status by 2047 necessitates inclusive growth, benefiting all strata of society. This entails not only economic reforms but also the creation of quality employment opportunities, with a special emphasis on bridging gender gaps in workforce participation.

The microfinance sector in India has undergone a

remarkable metamorphosis over the years, emerging as a linchpin for economic empowerment. By extending accessible and affordable financial services to the underserved, including women, microfinance institutions, including ours, have catalyzed economic development, enabling entrepreneurship, fulfilling household needs, and uplifting living standards.

At Arohan, our dedication to empowering the underprivileged remains resolute. Upholding our unwavering commitment to corporate governance, we have bolstered our team with seasoned professionals, led by an agile and experienced management team, elevating our operational prowess and ensuring superior customer service delivery. Throughout the year, our leadership has demonstrated exceptional foresight, steering the Company towards robust growth and reinstating pre-COVID normalcy and a Net NPA Zero status. Grounded in our core values, we have nurtured an environment conducive to the prosperity of small businesses and individuals, harnessing the potential of micro-credit and related financial services.

I am excited to announce our strategic expansion into the vibrant southern Indian market, marked by the inauguration of a new zonal office in Bengaluru. Additionally, we have ventured into promising territories such as Gujarat, Uttarakhand, and Haryana, further strengthening our presence while deepening our roots in existing geographies.

In the fiscal year, our focus on product and geographic diversification has yielded remarkable results. We recorded a portfolio outstanding exceeding INR 7000 Cr, empowering a myriad of aspirations - from fuelling entrepreneurial ventures to facilitating educational pursuits, from realizing dreams of homeownership to ensuring access to essential healthcare services. Our unwavering commitment to operational excellence has propelled us forward, driving significant advancements in digitization with focus on IT-driven operational and lending platform, risk management practices, and strong corporate governance at the Company & Board levels. This transformative initiatives have not only enhanced efficiency but also fortified the security of our services, ensuring a seamless experience for our valued customers.

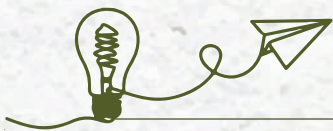
Among our focus areas, highest priority remains to achieve highest standards of customer service and to be a Digital-first financial inclusion entity. I am happy to inform you that we have travelled a long distance in both areas and want to be a leader in these areas in India. Our standing on this is evidenced by our Gold Standard CPP certification, the various awards we have won for the IT platform we have created & an industry-first, ArohanPrivilege product for seasoned MFI borrowers to be treated with utmost respect.

In closing, I extend heartfelt gratitude to all our stakeholders - customers, employees, and shareholders - for their unwavering support and dedication. It is their collective commitment that propels us forward on our mission to uplift the underprivileged and extend financial empowerment.

As we chart our course into the next financial year, I am confident in our ability to achieve our objectives and continue making a positive impact on society.

Warm Regards,

Dinesh Kumar Mittal
Chairman
Board of Directors



Founder & Group Chairperson's Address



Vineet Chandra Rai
Founder and Chairman
Aavishkaar Group

Dear Shareholders,

Welcome to the Annual Report FY 2023-24 for Arohan Financial Services Limited, a Non-Banking Finance Company-Micro Finance Institution, an Aavishkaar Group Company.

In 2001, we believed that Entrepreneurship has the potential to contribute toward solving complex social problem of the world. Today everything we do centres around the entrepreneur. We build entrepreneurial ecosystem through Intellectap, provide high growth capital through Aavishkaar capital, collateral free loan to MSME through Ashv Finance and Microfinance loans to millions of clients from Arohan Financial Services.

Each year when we reminisce the year gone by, we try to summarize our understanding from the point of view of our Clients, our regulator, our employees and our shareholders. Along with the reflections from these critical stakeholders, we diligently look at four critical metric, our values, our culture, our financials and our impact.

As I look forward to the year gone by, our clients have been resilient. They fought through the upheaval of the

pandemic and they are now dealing with the impact of El-Nino. The impact of climate change and related disruption has significantly increased the challenges in front of them in managing their cash flows and livelihood. Despite all the above, the clients have remained steadfast in making on time payment for the EMI and continue to be the most resilient stakeholder of the microfinance story.

Reserve Bank of India our regulator has provided a light touch and nurturing regulatory ecosystem to microfinance institutions to thrive and deal with the challenges of the COVID pandemic. Our sector Self-Regulatory Organization - Microfinance Industry Network (MFIN) with the recognition and support of the RBI has been the anchor around which the credibility of Microfinance sector has been built and we are grateful to the leadership of MFIN for their contribution in helping the sector build such a credible track record. Arohan represents the ambition of its close to 10,000 strong workforce and it is them who continue to push the company forward. Our Chief Financial Officer - Milind Nare, Chief Business Officer - Sumit Mukherjee, Chief Compliance Officer - Anirudh Thakur, Chief Information Officer - Arvind Murarka

and Chief Risk Officer - Ranjan Das are the leadership bull wark that has supported our Managing Director Manoj Nambiar to build Arohan into a world class institution.

Our shareholders who have stuck with us through ups and downs and supported us while dealing with large and small disruptions. Their support and encouragement have allowed Arohan to scale new heights and deal with the toughest of times.

Last but certainly not the least – millions of our microfinance borrowers who have given us the privilege of serving them with our products and services amongst so many other options available to them

As promoter we aspired to build an institution on four pillars of transparency, governance, ethics and impact while delivering commercial returns and our commitment is best represented in the financial results presented in the annual report.

Before I end, I wanted to thank our Chairman and Independent Directors who have selflessly contributed in helping us build a credible ethical and transparent institution.

Warm Regards,

Vineet Chandra Rai
Founder and Chairman
Aavishkaar Group



Managing Director's Address



**Manoj Kumar
Narayan Nambiar**
Managing Director

Greetings,

I am delighted to once again connect with all of you through our Annual Report for a landmark business and financial year gone by – FY 2024.

The year 2023/24 has been a great one for us, as we ended the year with the highest ever disbursements and portfolio size, the highest ever profit in our 17-year history, a fully capacized and diverse senior management team, the Company's expansion into South India and many more. As of March 2024, we are over INR 7112 Cr in portfolio size across over 2.4 mn borrowers, covering 19 states with 975 branches, being managed through 10 zones/47 regions and an employee base of over 9300.

The Indian microfinance sector grew by over 24% to serve over 78 mn BoP segment borrowers with a credit portfolio outstanding of over INR 4.3 Lakh Cr as of March 2024 across 29 states & 7 UTs. With the progressive policies of our regulator, the Reserve Bank of India on credit harmonisation and pricing deregulation, the sector is poised to grow its outreach to the millions of potential borrowers yet to access formal credit in the most populous country on the planet. The key issues facing the sector as identified by the first formal Self-Regulatory Organisation (SRO) in the financial services sector, Microfinance Industry Network (MFIN) are – higher delinquencies, high frontline

employee attrition, lower centre attendance, higher operating costs and higher cost of funds, all of which, unfortunately, leads to higher end-borrower pricing.

In this above background, I am delighted to inform you that Arohan has moved back to being a unique Net NPA Zero status company with effect from September 2023, and retained that position as of March 2024. We continue to track better than the overall sector and our peer group, on delinquencies with our conservative, prudent credit policies and a robust underwriting process. Like Net NPA Zero, we also plan to launch and institutionalise a new indicator – EGI (Ever Greening Index). Needless to add, Arohan will score a zero on this index as we do not lend to any delinquent borrower ever!

2023/24 has been an eventful year with many significant highlights for Arohan. The Company closed the INR 730 Cr capital equity raise with Nuveen, FMO, IFU & Piramal Alternatives as our new investors, as well as managed an efficient debt raise during the year on both cost & quantity. We received a credit rating upgrade to A (Stable Outlook) from 2 rating agencies and successfully conducted an ARC deal to clear the pandemic and Assam residue. The much awaited start of the Cat 3 relief was initiated in September 2024 with row 1 payment made under the Assam



Hon'ble Chief Minister of Assam, Dr. Himanta Biswa Sarma, handing over the Cat 3, Row 1 relief cheque

Microfinance Incentive & Relief Scheme, 2021. Our focus on customer service excellence & client protection principles was recognised with a Gold standard CPP certification by MFR, a top-notch MFI 1 grading & COCA C1 rating from CareEdge Advisory and we becoming a formal Corporate Agency for selling insurance products licensed by IRDA. Arohan's fully capacitated senior management team has successfully led our expansion programme with our entry into the Southern India markets with a zonal office and branches in Karnataka, setting up of a dedicated Micro Enterprise Loan team to leverage credit opportunities around our branches, an MFI Alliances business growing to over INR 440 Cr in portfolio outstanding and our unique seasoned MFI borrower ArohanPrivilege offering, maturing with close to INR 144 Cr portfolio with over 30,000 borrowers. We also relaunched "Sahbhaagi", our unique center reward and loyalty programme for customers to enhance attendance.

Ours is an employee intensive business as they make all the difference in our interaction with our borrowers. We therefore exercise an unfaltering focus on providing our employees with an environment of growth, positivity and trust. In that context, we recorded the highest ever employee satisfaction score of 92 in the Great Place to Work® Trust Index© Employee Survey, ranking 35th in the Top 100 companies' list in India, among the Top 25 in the BFSI sector and the coveted Best in the Microfinance Industry in India. We launched an energising employee anthem – "Arohan Mera Garv Mera Sammaan" and also launched "Knowledge Tank Arohan" – a blog series by the senior management group of the Company. We launched a proprietary application, "Swagatam", facilitating seamless mass recruitment, optimizing time and resources while delivering insights through

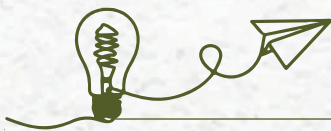


Receiving the recognition of Rank 35 among India's Top 100 Best Companies to Work For

Our Staff Loan process has been automated and made completely paperless this fiscal with tighter underwriting and credit bureau reporting. Additionally, we also launched our first ever "High Potential" employee programme across the Company. Our unique working Saturday morning field connect programme, "Pragati" continues to ensure growth and learning for our last mile feet-on-street while we also draw sharp focus on capacity building of all employees through Learning & Development, resulting in significant PIP pull backs.

In our constant quest to improve and optimize operational efficiencies, we launched "Disha" a digital voice activated assistant in our Business Intelligence dashboard - Vishleshan, along with the launch of a digital Document Access module allowing users to get access to relevant information with ease. We launched "Arohi", our first AI bot employee deployed in our Debt Receivable vertical effectively following up with our customers. We have also successfully leveraged Lok Adalats for our recovery efforts with good results. We have further enhanced PQR & I-PQR quality & control discipline with proactive credit policies & nonstarter/early delinquency tracking. We have further detailed out our Enterprise Risk Management (ERM) initiative with our own system "Sandesh". Our active Vigilance team ensures investigation and action on fraudsters and helps her adhere to our operational processes, policies and guidelines.

Most of the above were recognised by the various awards/recognition we won – AMFI WB for best IT platform; 3 prestigious "Award of Merits" at SKOCH'23, Asset Triple A IT/Cash Management Awards; ISO 9001 recertification of our Internal Audit unit; ISO 27001 recertification of the Data Security network, amongst many others.



Our board saw a few changes – Aditya Mohan passing on the baton to Rupa Vora as the FMO director; David Paradiso handing over to Karina Isabel as the MAJ Invest representative and Matangi Gowrishankar, our Human Resources specialist moving on after almost 9 years where she helped reorient our Human Resources Department in a new perspective. We welcomed Arun Diaz, who has a deep financial services Operations & IT experience and Ulhas Deshpande as the new Human Resources specialist on the board. In April 2024, Sumantro Banerjee also finished his 10 years with Arohan and stepped down from the board. Our heartfelt gratitude to all of them for having been with us for years adding value to the management thought process as we grew the business in scale & size.

Our endeavour to strengthen the executive committee saw the addition of Sumit Mukherjee as our Chief Business Officer, Sharoni Pal as the new SVP & Head Central Operations and Kanchan Banerjee as our new SVP & Head Human Resources/ Administration/ Training & Development & Corporate Social Responsibility. This makes our team one of the best in the MFI sector in India with over 350 years of cumulative & varied work experience.

I am delighted to be back on the governing board of MFIN, our microfinance Self-Regulatory Organisation, as its Vice Chair in July 2023, at a critical time as we take stock on the implementation of the new RBI guidelines on credit harmonisation & pricing deregulation and also transform MFIN into a holistic MFI body across banks and non-banks. A meeting of the Top 20 MFI CEOs resolved to “getting back to the basics” – addressing the key issues of centre attendance, employee attrition,

pricing, adherence to a minimum Code of Conduct like not lending to delinquent borrowers, credit & employee bureau submission and usage, basic credit norms on indebtedness & number of lenders, etc.

With such an eventful last year, our key priorities for the FY 2025 are even more critical – ensuring a good balance on quality & quantity aspects of our business; significantly growing our presence in the South, scale up the ArohanPrivilege and Micro Enterprise Loan businesses; focus on Diversity & Inclusion across levels; significantly enhancing productivity levels across field and non-field employees; manage the ambitious expansion plan well; enhance retention of both employees & borrowers; enhance our IT platform and launch the critical e-KYC facility; relaunch “Nirnay” our unique updated Credit Scoring model in the microfinance space and close the next equity fund raise between a PE or an IPO option.

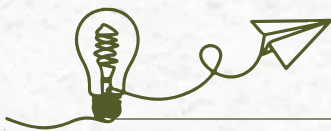
I wish to thank the government for their focus on Financial Inclusion, our regulator the Reserve Bank of India, for their progressive policies, our Self-Regulatory Organisation, MFIN for the critical sector building work, our promoter group, Aavishkaar for the belief in this business, our investors for their continued support and understanding, our esteemed board for their involvement & valuable contributions, our employees for the hard work and dedication and last but certainly not the least – our millions of borrowers for giving us the opportunity to serve them. I am privileged & honoured to receive your vote of confidence to be the Managing Director of this wonderful business and look forward to the next year with great expectations.

Warm Regards,

Manoj Kumar Narayan Nambiar
Managing Director



The Executive Committee of Arohan Financial Services Limited



Corporate Information

BOARD OF DIRECTORS

Mr. Dinesh Kumar Mittal

Chairman of the Board & Independent Director

Mr. Rajat Mohan Nag

Independent Director

Mr. Sumantra Banerjee*

Independent Director

Mr. John Arunkumar Diaz*

Independent Director

Mr. Ulhas Sharadkumar Deshpande*

Independent Director

Mr. Vineet Chandra Rai

Promoter Nominee Director

Mr. Anurag Agrawal

Promoter Nominee Director

Mr. Piyush Goenka

Nominee Director

Mr. Wilhelmus Marthinus Maria Van Der Beek

Nominee Director

Mr. Stephen Dongwon Lee

Nominee Director

Mr. Vemuru Chandramouli*

Nominee Director

Mr. Nitish Chawla*

Nominee Director

Ms. Karina Isabel Alva Alfaro*

Nominee Director

Ms. Rupa Rajul Vora*

Nominee Director

Mr. Manoj Kumar Narayan Nambiar

Managing Director

Note:

- Mr. Sumantra Banerjee, owing to his completion of term as an Independent Director ceased to be a member of the Board with effect from April 29, 2024.
- Mr. John Arunkumar Diaz and Mr. Ulhas Sharadkumar Deshpande have been appointed as Additional Directors under the category of Independent Directors w.e.f. January 03, 2024 and January 15, 2024 respectively thereafter appointed as Independent Directors w.e.f. February 13, 2024.
- Mr. Vemuru Chandramouli, Ms. Rupa Rajul Vora and Ms. Karina Isabel Alva Alfaro was appointed as a Nominee Director w.e.f. May 12, 2023, August 08, 2023 and November 10, 2023 respectively.
- Mr. Stephen Dongwon Lee and Mr. Nitish Chawla has been appointed as a Nominee Director w.e.f. August 07, 2023.

MANAGEMENT REPRESENTATIVES

Mr. Manoj Kumar Narayan Nambiar

Managing Director

Mr. Milind Nare

Chief Financial Officer

Mr. Sumit Mukherjee

Chief Business Officer

Mr. Anirudh Singh G. Thakur

Company Secretary & Chief Compliance Officer

Mr. Ranjan Das

Chief Risk Officer

Mr. Arvind Murarka

Chief Information Officer

Mr. Shailesh Kumar

Head of Credit

Mr. Abin Mukhopadhyay

Head of Internal Audit

Ms. Kanchan Banerjee

Head of HR, Admin, CSR & Training

Ms. Sharoni Pal

Head of Central Operations

Ms. Reema Mukherjee

Head of Digital Growth

Mr. Ketan Agrawal

Head of Accounts

Mr. Vinod Pandey

Deputy Business Head

Mr. Joyanta Bakali

Deputy Business Head

Mr. Abhiroop Chatterjee

Deputy Business Head

Mr. Pradip Kumar Nath

Head of Microfinance Audit

Mr. Debarshi Chaudhuri

Assistant Vice President - Accounts & Taxation

Mr. Manish Kumar

Head of Micro Enterprise Loan Business

REGISTERED AND CORPORATE OFFICE

PTI Building, 4th Floor, Block DP,
DP-9, Sector V, Salt Lake,
Kolkata - 700091, West Bengal, India
Tele: + 91-33-4015-6000
E-mail: compliance@arohan.in
Website: www.arohan.in

SECRETARIAL AUDITOR**S Basu & Associates****Company Secretaries**

Registration No: S2017WB456500
Alapan Apartment, 3rd Floor,
10/6/2 Raja Rammohan Roy Road,
Kolkata -700008, West Bengal, India

REGISTRAR AND TRANSFER AGENT**Link Intime India Private Limited**

C-101, 1st Floor, 247 Park,
L.B.S Marg, Vikhroli (West)
Mumbai - 400083, Maharashtra, India

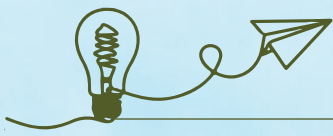
**CORPORATE IDENTIFICATION
NUMBER**

U74140WB1991PLC053189

STATUTORY AUDITOR**M/s. MSKA & Associates
Chartered Accountants**

(Registration No-105047W)
602, Floor 6, Raheja Titanium,
Western Express Highway,
Geetanjali Railway Colony,
Ram Nagar, Goregaon (E)
Mumbai - 400063, Maharashtra, India





What Drives Us?

Our Mission, Vision and Values

The heartbeat of an organisation resonates from the collective mindset and actions of its people, adapting to the ever-evolving ecosystem. At Arohan, our culture is steeped in the essence of our core values, fueling responsible lending and fostering growth. Guided by these principles, our leaders and managers chart the course towards fulfilling our Mission and Vision with unwavering commitment.



MISSION

To empower the under-served households by offering a range of financial services, in a manner sustainable for all stakeholders.

VISION

To impact over 28 million lives by 2028.

To be among the Top 3 MFI players, serving nearly 6 million households and being a preferred place to work for our employees.

CORE VALUES (ETHICS)



Employee Engagement: Arohan treats its employees as a major stakeholder and hence its processes and systems are designed to ensure employee satisfaction, development and high morale.



Transparency: Arohan's products and processes are transparent to its clients such that the information communicated to them is clear, sufficient and timely in a manner and language clients can understand so that clients can make informed decisions. It is also transparent in its communication to, and transactions with all other stakeholders, and employees.



Honesty and Integrity: Led by exemplary governance, Arohan maintains high integrity in its delivery, products and processes. Arohan has zero tolerance for unethical practices. It strives to behave with honesty and integrity in all its internal and external communication, and dealings with all stakeholders.



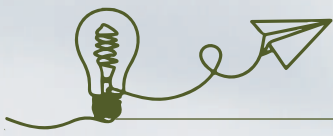
Innovation: Arohan strives to maintain a creative culture in the organisation, where employees are encouraged to learn and innovate in their day to day work, while adhering to Arohan's standards of business and conduct. Also, product, process and business model innovation are integral to Arohan.



Customer Centricity: Since customers are considered important stakeholders, Arohan's products and processes are designed keeping customer needs and realities in mind. Arohan strives to serve customer needs in an effective and efficient manner and behave in a dignified and respectful manner with its customers at all times.



Shareholder Value Focus: Arohan recognises its shareholders to be an important stakeholder whose interests it strives to protect, and to whom it seeks to deliver value by focusing on sustainability, profitability and growth of the business.



Business Verticals

In the face of rapid economic changes, Arohan is cognizant of the opportunities and is seizing them to overhaul its processes and operations, on the cornerstones of sustainable lending model and business diversification. With a clear roadmap outlined by its four business verticals, the Company is advancing towards its Vision for 2028. This vision entails forging innovative business channels and models designed to spearhead its ambitious plan aimed at transforming the lives of 28 million individuals by 2028.





Organic Business Vertical

Arohan's core business revolves around providing microcredit services to individuals representing the bottom half of the socio-economic pyramid, employing a joint liability group model. We extend a spectrum of financial and ancillary services tailored to their needs, with loan amounts ranging from INR 25,000 to INR 1,00,000, calibrated to foster their socio-economic advancement.



Inorganic Business Vertical

Arohan has been a forerunner in the industry to have a focused Inorganic business model, optimising its non-qualifying space. From offering Term Loan Services of up to INR 25 Cr to partnering for a Sourcing & Collection relationship with smaller microfinance entities, or through Direct Assignment & Securitizations, and even engaging in microfinance through loans specific to the business enterprise segment operating out of specified markets, this vertical allows the Company sustainable market advantage.



Digital Lending

Arohan offers an innovative Digital Loan Sourcing channel, ArohanPrivilege, a pioneering initiative in the industry, designed specifically for our gold-standard microfinance customers. This platform empowers individuals to seamlessly apply for and receive loan disbursements from the convenience of their homes, with funds deposited into their accounts within minutes of approval. Beyond enhancing service excellence for deserving customers, this advancement enables Arohan's Customer Service Representatives to redirect their focus towards sourcing 'New to Credit' and 'New to Arohan' customers, thereby optimizing their bandwidth.



Micro Enterprise Loan

MSMEs serve as the cornerstone of the Indian economy, representing a staggering 63 million micro-segment enterprises. Acknowledging the immense market potential within this sector, Arohan has established a dedicated department: the Micro Enterprise Loan Programme. This innovative initiative aims to address the vital working capital needs of these enterprises by providing loans ranging from INR 50,000 to 5 lakhs, tailored to suit each customer's specific business requirements.



Our Product Offerings

Arohan empowers its expanding clientele with a diverse array of financial solutions tailored to meet their evolving needs. From income-generating loans to versatile household product financing options, the Company's credit solutions cater to various facets of our customers' lives. Complementing these offerings are our non-credit products, which encompass comprehensive Life and Non-Life insurance covers provided through strategic partnerships with leading Indian insurers. Moreover, we facilitate access to an assortment of lifestyle enhancement products, including but not limited to mobile phones, refrigerators, pressure cookers, televisions, mixer grinders, induction cooktops, energy-efficient bulbs, microwave ovens and air coolers.

In alignment with our commitment to fostering financial inclusion, Arohan extends its support to the microfinance ecosystem through term loans to small Micro-Finance Institutions, enabling further outreach to underserved communities. Additionally, the Company empower micro-enterprises with flexible working capital solutions, ranging from INR 50,000 to INR 5,00,000 to fuel their growth and success. At Arohan, we strive to be a catalyst for positive change by providing holistic financial services that empower individuals and enterprises alike.

CORE PRODUCTS

NAME	CUSTOMER PROFILE	LOAN SIZE	LOAN TENURE
Saral	Catering to women residing in low income areas, generally involved in trade & services.	INR 25,000 – 1,00,000	24 - 30 months
Micro Enterprise Loans	Loans to address the working capital needs of small businesses operating out of authorised market places or clusters of shops organised under a trader's association. Includes predominantly male customers.	INR 50,000 - 5,00,000	18 - 30 months

SECONDARY PRODUCTS

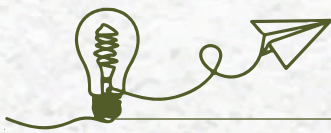
NAME	MAXIMUM AMOUNT OF LOAN / CREDIT LIMIT / INSURANCE COVERAGE	LOAN TENURE
Cross Sell Products	Upto value of active Primary Loan Disbursement amount associated with customer, in any given cycle	03-24 months

DIFFERENTIATOR SERVICE

NAME	CUSTOMER PROFILE	LOAN SIZE	LOAN TENURE
ArohanPrivilege Digital Lending	Gold standard Microfinance customers	INR 5,000 - 75,000	05-30 months

OTHER PRODUCTS

PRODUCT CATEGORY	NAME OF LOAN/PRODUCT	MAXIMUM AMOUNT OF LOAN / CREDIT LIMIT / INSURANCE COVERAGE	TERM (MONTHS/WEEK)
Insurance (offered through tie-ups with certain Indian insurance companies)	Term Life Insurance	Coverage is equal to loan amount disbursed to customer.	Loan Term + 2 Months
	Hospicash	INR 1,000/ INR 1,500 per day for normal hospitalisation up to 30 days and INR 2,000/ INR 3,000 per day for ICU hospitalisation up to 20 days in a year. Riders include Personal Accident benefit of INR 200,000 including permanent and partial disability. Convalescence benefit of INR 2,000/ INR 3,000	12/24 months
	Shopkeeper Insurance	Sum Insured: (Stock – INR 1,25,000/ INR 1,50,000; Content – INR 1,25,000; Burglary – INR 2,50,000/INR 2,75,000)	24 months
	Dwelling Insurance	Upto INR 25,000 depending on extent of damage caused to the house	24 months
	Suraksha Kavach(Mediclaim)	Sum Insured – INR 50,000, Daily benefit INR 500 daily benefit per day hospitalization with maximum limit up to 10 days in a year for Borrower & Co-Borrower (floater), Personal accident benefit INR 1 lakh	24 months
	Personal Accident Insurance	Sum insured INR 1,00,000/ INR 2,00,000	24 months
Loans to Small MFIs	Term Loans	INR 25 Cr	12-36 months



ESG Focus

INPUT

Strong Financials

Arohan is well capitalised to fuel the Company's growth and expansion plans, towards its Vision of impacting 28 million lives by 2028. This ensures the promise of huge opportunities of employment for the rural youth, as well as enhanced access to credit for the financially under-penetrated segment of the society.

Equity: INR 1,915 Cr
Debt: INR 6,016 Cr

Revolutionizing Processes:

By investing in cutting-edge technology, Arohan redefines efficiency and elevates customer experiences. Our relentless pursuit of technological advancement positions us as pioneers in the industry, recognised across prestigious industry platforms.

Thriving on a wealth of human capital and industry expertise

With a stellar Board and formidable management, we maintain resilient operational processes, foster livelihoods at the grassroots, and continuously innovate. Committed to inclusivity, we strive for a workplace where diversity flourishes, aiming for a natural gender ratio of 50:50 by 2030.

Total Headcount: 9,333
Upskilling Platforms: Hi Potential Programme, Leadership Development Programme, Pragati, Learning Management System, Saksham

BUSINESS
FLOW

Nirnay, proprietary credit scoring model, completely paperless sourcing of loans through e-Signature, completely paperless Document Management System, State-of-the-art Customer App, Apna Arohan for enhanced customer delight and experience.

First-in-the-industry ArohanPrivilege Digital Lending platform, Aadhaar enabled eKYC

Training and Financial Literacy of Customers.

OUTPUT

- a. Revenue: INR 1,635 Cr
- b. PAT: INR 314 Cr
- c. AUM: INR 7,112 Cr

- a. Branch: 975
- b. Customers: 24+ Lakh
- c. ISO/IEC 27001: 2013 certification by BSI for Arohan's Information Security and Management Systems
- d. Digitalised, in-house processes: Audit Management System, Fraud Management System, Industry first Digital lending, Spotways Routetracker for the Debt Receivable Department, Field employee incentive calculator, real-time field monitoring platform called Sanjaya

- a. Great Place to Work Certified, among the Top 25 in BFSI, India and the Best in Microfinance Industry
- b. Percentage of field employees: 93%
- c. Percentage of women in leadership: 21%
- d. On-premise, digitalised field recruitment system: SWAGATAM



Driving service excellence with a relentless focus on customers experience

Through strategic investments in cultivating credit and credit plus relationships, alongside strict adherence to regulatory standards, we have fostered a culture of unwavering customer-centricity. Our diverse range of products and services reflects our commitment to delivering excellence, ensuring that superior customer experience remains at the heart of everything we do.

Total Number of Households impacted: 24+ Lakh
Customer Retention Rate: 79.77%
Languages available in Customer App: 6 (English, Hindi, Odia, Bengali, Assamese, Kannada)

Prioritizing ESG-driven value creation

Arohan channels its efforts into fostering a holistic impact on society and the environment through its blend of social responsibility and credit initiatives. By nurturing a triple bottom-line effect, our endeavors resonate across people, planet, and profit, ensuring sustainable growth and meaningful contributions to our customers and communities.

Cashless Collections (various modes of digital payments for customers including AEPS, Credit. Debit Cards, digital wallets, UPI, BBPS, and cash drop points)

Cashless Loan Disbursals, through a state-of-the-art Loan Management System

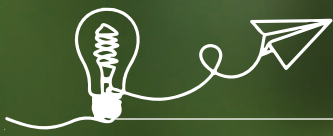
Re-engagement with customers and the communities we serve through creditplus service and social initiatives.

- Percentage of customers who have availed first-time loans in their life cycle: 24.64%
- Percentage of women customers: 99%
- Grading & Rating:** GOLD Standard in Client Protection Principle by the MFR Certification Committee, COCA Assessment score of C1, MFI Grading of MFI1 by CARE Edge



- Total lives impacted through Corporate Social Responsibility initiatives: 8,00,000
- Number of Clean Energy Product Distribution (Including Retail Distribution): 2,34,753 units





Setting sail in new geographies

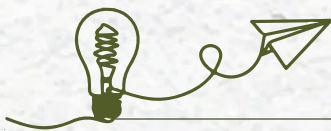
Expanding to newer territories, offering unique propositions

Guided by its strategic blueprint to broaden and deepen its reach in economically marginalized regions, Arohan has consistently reached even the most remote corners of the nation, showcasing award-winning processes and services.

In FY 2024, Arohan celebrated a significant milestone with the establishment of its Zonal office in Bengaluru, Karnataka, marking its entry into southern India. Additionally, the Company commenced operations in Gujarat, Uttarakhand, and Haryana during this fiscal year. As of March 31, 2024, Arohan's presence spans across 19 states, including Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Rajasthan, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal.

In FY 2024, the Company expanded its branch network to 975 from 829 in FY 2023. As Arohan embarks on its ambitious journey to impact 28 mn lives by 2028, it remains dedicated to fortifying its operations and penetration in existing geographies. Through its unique propositions, Arohan is committed to delivering an enhanced customer experience throughout their lifecycle.





Board of Director's Profile



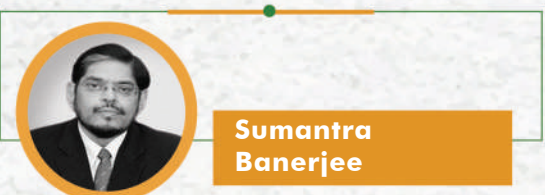
Dinesh Kumar Mittal

Dinesh Kumar Mittal is an Independent Non-Executive Chairman of Arohan's Board. He has been a Director since May 15, 2018. He holds a Master's degree in Physics from the University of Allahabad. He joined the Indian Administrative Services in July 1977 and has previously served with the Government of India as Secretary – Ministry of Finance, Secretary – Department of Financial Services and the Ministry of Corporate Affairs and as an Additional Secretary and Joint Secretary – Department of Commerce. He has also served as the Chief Executive Officer of IL&FS and with the Government of the state of Uttar Pradesh in various capacities including as Secretary to the Chief Minister. He has also served in the capacity of Managing Director of Uttar Pradesh Land Development Corporation, Vice Chairman of the Ghaziabad Development Authority and Special Secretary and Additional Director – Industries. He is an Independent Director on the Boards of Max Financial Services, Max Estates Limited, Niva Bupa Health Insurance.



Rajat Mohan Nag

Rajat Mohan Nag is a Non-Executive Independent Director of the Company. He has been a Director since January 31, 2015. He holds a Bachelor's degree in Electrical Engineering from the Indian Institute of Technology, Delhi, a Master's degree in Science, a Master's degree in Business Administration and an Honorary Doctorate from the University of Saskatchewan, Canada. He also holds a Master's degree in Science (Economics) from the London School of Economics and Political Science, University of London, United Kingdom. He is also a Distinguished Fellow at the Emerging Markets Forum, and has been recognised as a Distinguished Professor at the Emerging Markets Institute at Beijing Normal University, as well as a member of several non-profit organisations, including Action for Autism. Previously, he has served as the Managing Director General of the Asian Development Bank from 2006 to 2013.



Sumantra Banerjee

Sumantra Banerjee is a Non-Executive Independent Director of the Company. He has been a Director since

April 29, 2014. He holds a Bachelor's degree in Chemical Engineering from the Indian Institute of Technology, Kharagpur, a Master's degree in Polymer Science and a Master's degree in Business Administration from the University of Connecticut, USA. Previously, he has served as the Managing Director of CESC Limited, the Sector Head of Spencer's Retail Limited and a member of the RPG Group Supervisory Board.



Vineet Chandra Rai

Vineet Chandra Rai is a Non-Executive Promoter Nominee Director of the Company. He is a nominee of Aavishkaar Venture Management Services Pvt. Ltd. ("AVMS") and has been on the Board since October 24, 2013. He holds a Post Graduate Diploma in Forestry Management from the Indian Institute of Forest Management, Bhopal and is an Honorary Member of XLRI Alumni Association. He is the promoter of AVMS, which is a part of the Aavishkaar Group. He was awarded the Outstanding Social Change Agent by TiE Mumbai in January 2020 and also featured on the cover of Forbes India (January 2018 issue). He participated in the 'Champions of Change' event in August 2017 organized by the National Institution for Transforming India. Further, he was also appointed by SEBI as a member of the 'Working Group on Social Stock Exchanges' in India. He has also served as a commission member at the Global Commission on Business and Sustainable Development and is in the Executive Committee of Indian Venture Capital Association.



Anurag Agrawal

Anurag Agrawal is a Non-Executive Promoter Nominee Director of the Company. He has been a Director since October 3, 2012. He holds a Bachelor's degree in Business Administration and a Master's degree in Commerce from the University of Madras, Chennai, and a Post Graduate Diploma in Management from T.A. Pai Management Institute, Manipal. He is currently a Partner at Aavishkaar Capital which is the Impact investing arm of Aavishkaar Group. He has been part of the founding team of Group Company, Intellectap and last served as its CEO. Prior to that, he has worked with ICICI Bank Limited.

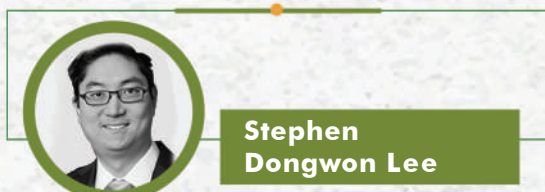


Wilhelmus Marthinus Maria Van Der Beek

Wilhelmus Marthinus Maria Van Der Beek is a Non-Executive Nominee Director of the Company. He was nominated to Arohan's Board of Directors by AG II. He has been a Director since December 5, 2016. He holds a Doctoral Degree in Economics and Business Economics from Erasmus University, Rotterdam and has completed the European Leadership Course 6 from Comenius Leergangen. He is the Founder of Goodwell Investments BV, and also manages the Aavishkaar Goodwell India Microfinance Development Company I Ltd. and AG II.



Manoj Kumar Narayan Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a Bachelor's degree in Mechanical Engineering from VJTI and a Master's degree in Management Studies from JBIMS, University of Bombay, and has tertiary qualifications in Insurance from the Insurance Institute of India. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA, "Strategy meets Leadership" course from INSEAD, Fontainebleau, France, "Leading for Impact" from IMD Lausanne, Switzerland, and "Enabling Strategic Impact in the Boardroom" at London Business School, London in February 2024. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His previous employers include Modi Xerox India Limited, Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Company for Investment in Trade & Ahli Bank. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, the holding company. He has served on the governing board of MFIN, the microfinance sector SRO recognised by the RBI for 7 years from 2013 including as its President from July 2015 to June 2016 and then as Chairman twice from July 2019 to June 2021. He is currently the Vice Chairperson of the Governing Board of MFIN, on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the microfinance incentive & relief scheme 2021.

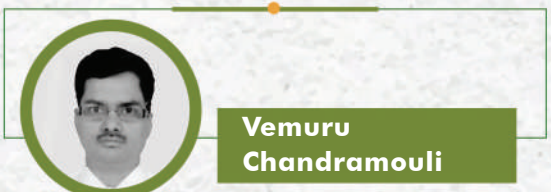


Stephen Dongwon Lee is a Non-Executive Nominee Director of Arohan. He was nominated to our Board of Directors by Teachers Insurance and Annuity Association of America. Stephen is a Senior Director and Head of Asia on the Private Equity Impact Investing team at Nuveen. Prior to joining the firm in 2014, Stephen worked as Director of Access to Finance for Building Markets, a social enterprise based in New York that supports local businesses in post-conflict and developing countries. He has also held various positions at J.P. Morgan, Accenture and ATX Communications. Stephen graduated with a B.A. in Economics from the University of Pennsylvania,

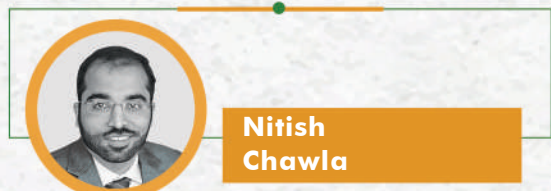
an M.B.A. from Georgetown University's McDonough School of Business and an M.S. in Foreign Service with a concentration in International Development from Georgetown University's Edmund A. Walsh School of Foreign Service. He is also a former Fulbright Scholar in Egypt.



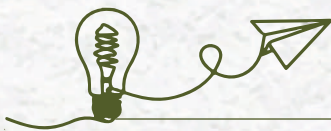
Piyush Goenka is a Non-Executive Nominee Director of the Company. He was nominated to Arohan's Board of Directors by Tano. He has been a Director since March 31, 2015. He holds a Bachelor's degree in Commerce from University of Calcutta and has completed the Post Graduate Programme in Management (equivalent to a Master's degree in Business Administration) from Management Development Institute, Gurugram. He is a CFA Charter holder. He is the Founder and Managing Partner of Prath Ventures, an early-stage Venture Capital Fund. Earlier, he was a partner at Tano Capital for over 15 years, where he led investments in consumer, pharma, and financial services sectors. He has served on the boards of several portfolio companies. Prior to joining Tano, he worked with Infrastructure Leasing & Financial Services Limited, Export-Import Bank of India and First Global.



Vemuru Chandramouli is a Non-Executive Nominee Director of the Company. He was nominated to Arohan's Board of Directors by SIDBI. He has been a Director since May 12, 2023. He is a graduate in Electrical Engineering. He is currently working as a General Manager of SIDBI and has an overall experience of 30 years. He has also served as COO at TREDs/RXIL.



Nitish Chawla is a Non-Executive Nominee Director of the Company. Nitish is an Investment Director at IFU, the Danish Development Finance Institution. Prior to joining IFU in 2020, Nitish has worked as an investment manager at a single family office where he managed the family's investments in various businesses across logistics, renewable energy and water solutions, hospitality and real estate sectors. He started his career as a buy side equity research analyst, tracking the financial services and pharmaceutical sectors in India. Nitish is a graduate in Computer Science and an MBA from Indian Institute of Management Indore. He has also cleared all three levels of the CFA examination.



**Karina Isabel
Alva Alfaro**

Karina Isabel Alva Alfaro is a Non-Executive Nominee Director of the Company. She is an investment manager on the Financial Inclusion Private Equity team at Maj Invest. Prior to joining the firm in 2016, she has worked with a leading Latin-American credit rating firm. She started her career working with USAID supporting small businesses to access finance and Technical Assistance. She has more than 10 years of global experience in credit analysis, project management, and private equity.



**Rupa Rajul
Vora**

CA Ms. Rupa Rajul Vora is a Non-Executive Nominee Director of the Company. She was the Group Director & CFO - IDFC Alternatives for more than a decade and earlier, CFO of the Indian operations of Antwerp Diamond Bank N.V. and KBC Bank N.V. She was also associated with Calyon Bank and Oman International Bank S.A.O.G. Before joining the corporate world, she ran an independent practice as a Chartered Accountant for almost a decade. She has won the award for India's Top Women in Finance 2023 by Equalifi. She has been a member of the Jury for the CFO 100 Awards by the CFO Institute and has been conferred with the "Women Leadership Excellence Award" at the IPE - BFSI Awards 2013 by the Institute of Public Enterprise. She has also been featured among India's 10 most influential women in finance in India by Rediff.com in 2012. In addition to being an independent director on corporate boards, she is also a Fellow Member of the Institute of Directors and a lifetime member of the Independent Director's Data Bank of the Indian Institute of Corporate Affairs. She has been a member of CII's National Committee on Financial Reporting 2020-2021 to 2023-2024.



**John Arunkumar
Diaz**

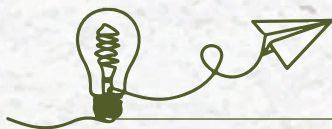
Mr. John Arunkumar Diaz is a Non-Executive Independent Director of the Company since January 03, 2024. He is a consultant, entrepreneur, mentor and an advisor to a Venture Capital company. He holds a degree in Mathematics and an MBA from XLRI, Jamshedpur. He has worked with Standard Chartered Bank for 28 years in all areas of banking with assignments in India, Europe, the Middle East and the Asia Pacific Region. He is on the boards of several companies and had a brief stint as Head, Reuters Consulting South Asia before taking up freelance consulting in Banking with assignments in Indonesia, Thailand, Laos, Mauritius and Seychelles among others. More recently, he was MD of Jain Sons Finlease Limited, an NBFC which provides loans to SME and MSME companies with limited or no collateral. He

also had some experience as an entrepreneur in the healthcare sector with two ventures in the healthcare delivery space; one a clinic and the other a hospital chain. He is also an active member of TiE-Mumbai (The Indus Entrepreneurs, Mumbai Chapter) and enjoys mentoring new upcoming entrepreneurs whilst also doing some Angel investments.



**Ulhas Sharadkumar
Deshpande**

Mr. Ulhas Sharadkumar Deshpande is a Non-Executive Independent Director of the Company since January 15, 2024. He is a postgraduate in Human Resource Management from Tata Institute of Social Sciences and started his illustrious with GSK in 1982. In 2003, Ulhas decided to fulfil his entrepreneurial aspirations and set up Adventity Global Services, a company in the sunrise KPO/BPO sector catering to financial services sector in India and abroad. Thereafter he has set up an incubation start up in the microfinance sector which helped and provided expertise to entrepreneurs desirous of setting up microfinance companies, some of which later on became successful Companies. He returned to the corporate sector and worked with RPG Enterprises and Bharti-Axe Limited before retiring from active corporate work in November, 2014. He has also been a Mentor to few start-ups helping them scale up and build the right business model and organizations. He is a trustee of a school set up near Mumbai for the differently abled children and is actively involved in running the school.



Management's Profile



**Manoj Kumar
Narayan Nambiar**

Manoj Kumar Narayan Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a Bachelor's degree in Mechanical Engineering from VJTI and a Master's degree in Management Studies from JBIMS, University of Bombay, and has tertiary qualifications in Insurance from the Insurance Institute of India. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA, "Strategy meets Leadership" course from INSEAD, Fontainebleau, France, "Leading for Impact" from IMD Lausanne, Switzerland, and "Enabling Strategic Impact in the Boardroom" at London Business School, London in February 2024. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His previous employers include Modi Xerox India Limited, Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Company for Investment in Trade & Ahli Bank. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, the holding company. He has served on the governing board of MFIN, the microfinance sector SRO recognised by the RBI for 7 years from 2013 including as its President from July 2015 to June 2016 and then as Chairman twice from July 2019 to June 2021. He is currently the Vice Chairperson of the Governing Board of MFIN, on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the microfinance incentive & relief scheme 2021.



**Milind
Ramchandra Nare**

Milind Ramchandra Nare is the Chief Financial Officer of Arohan and has been associated with the Company with effect from April 28, 2016. He holds a Bachelor's degree in Commerce from the University of Bombay and a Master's degree in Financial Management from Pondicherry University. He has over 30 years of experience in finance. He heads the finance team of the Company and is responsible for financial management, treasury management, audit and taxation and regulatory compliance, legal and secretarial verticals. His role also includes liaising with all external stakeholders. Prior to joining the Company, he has been the Chief Financial Officer of India Factoring and Finance Solutions Private Limited and has also worked at Global Trade Finance Limited, The Bombay Dyeing & Manufacturing Company Limited, Pam Pharmaceutical &

Allied Machinery Company Private Limited and L & T Capital Limited. He was conferred the 'Best CFO – BFSI (Large sized enterprises)' award for 2020 at the 8th CFO Summit Awards, 2021 by the All India Association of Industries.



**Ranjan
Das**

Ranjan Das is the Chief Risk Officer and has been associated with the Company since July 1, 2017. He holds a Master's degree in Business Management from the University of Calcutta. He has over 28 years of experience in the BFSI sector having worked across the country across various product segments. He is responsible for the overall risk management and control, portfolio risk analytics, credit and product policy approvals, large ticket credit risk underwriting, Enterprise Risk Management, Risk Modelling and Information Security Risk Management of the Company. Prior to joining the Company, he has worked with Poonawalla Fincorp Limited (formerly Magma Fincorp Ltd), Citicorp Finance (India) Limited and Indian Container Leasing Company Limited.



**Sumit
Mukherjee**

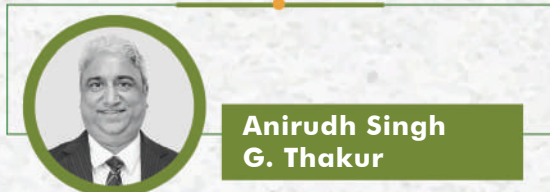
Sumit Mukherjee is the Chief Business Officer of the Company. He holds a Bachelor's degree in Commerce from the University of Calcutta. He has over 32 years of experience across a wide gamut of retail asset businesses including microfinance, micro SME, commercial vehicle, construction & farm equipments, tractors, medical and printing equipments. At Arohan, he is responsible for end-to-end business from a strategic & tactical perspective covering products, distribution, planning & alliances. Prior to joining the Company, he has been the Chief Executive Officer at Satin Finserv Ltd. Starting with Ashok Leyland Finance Ltd. (Indusind Bank) in the year 1991, Sumit has worked with Citicorp Finance (India) Ltd., Magma Fincorp Ltd., Kissandhan Agri Financial Services Pvt. Ltd., Barota Finance Ltd. and Neogrowth Credit Pvt. Ltd. in the past.



**Arvind
Murarka**

Arvind Murarka is the Chief Information Officer and has been associated with the Company since August 12, 2015. He holds a Master's degree in Business Administration from the Institute of Chartered Financial Analysts of India University, Sikkim and has completed an Advance Programme in Leadership in Digital Era from IIM-Lucknow.

He has an experience of over 30 years across multiple industries including information technology consulting, healthcare, infrastructure, food processing, and retail. He is responsible for overseeing the digital lending, IT infrastructure, IT application platforms including Core Banking System and manage the Information Technology team to achieve goals, meet quotas, eliminate security risks and increase user satisfaction. Prior to joining the Company, he has worked with GPT Infraprojects Limited, Medica Pharmacy Private Limited, IntraSoft Technologies Private Limited, iNavigators Private Limited, Softweb Technologies Private Limited, Amrit Feeds Limited and Kris Systems Private Limited.



**Anirudh Singh
G. Thakur**

Anirudh Singh G. Thakur is the Company Secretary and Chief Compliance Officer and has been associated with the Company with effect from October 1, 2017. He holds a Bachelor's Degree in Science (Electronics) and a Bachelor's Degree in Law from Nagpur University. He is an Associate Member of the Institute of Company Secretaries of India and has passed the Limited Insolvency Examination conducted by the Insolvency and Bankruptcy Board of India. He has over 28+ years of experience in corporate law, commercial law, compliance corporate legal and litigation. Prior to joining the Company, he worked as a legal consultant and has also worked with India Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, Intelnet Global Services Limited, Premier Auto Electric Limited and Pix Transmissions Limited in their respective legal and secretarial departments. He received the 'Governance Professional of the Year' award at the 20th ICSI National Awards for Excellence in Corporate Governance, 2020. He has been chosen in the successive year of 2021 and 2022 as Risk and Compliance, and Boards and Governance Innovator respectively, by Diligent Modern Governance 100, a community of exceptional professionals in audit, governance, compliance, ESG and risk.



**Abin
Mukhopadhyay**

Abin Mukhopadhyay serves as the Head of Internal Audit and Vigilance at the Company, and has been associated with the Company since July 1, 2015. He is a Chartered Accountant and is a member of the Institute of Chartered Accountants of India. Additionally, he is a Chartered Management Accountant, recognized as an associate of the Chartered Institute of Management Accountants. He is also certified as an Information Systems Auditor conferred by the Information Systems Audit and Control Association, a Fraud Examiner by the Association of Certified Fraud Examiners, and is an Associate of the Insurance Institute of India. He has over 23 years of extensive expertise in audit, accounting, and management. In his current role, he is entrusted with providing assurance on internal control frameworks and fostering sound corporate governance practices within the Company. Prior to joining the Company, he held roles at notable organisations including

Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited, and Gumasol Rubber-Tec GmbH.



**Shailesh
Kumar**

Shailesh Kumar is the Head of Credit of the Company. He has been working with Arohan since April 1, 2018. He holds an Honours in Economics and English and is a '99 batch SBI Probationary Officer. He has more than 25 years of experience of handling the entire life cycle of a lending business. He is responsible for formulating credit policies for all businesses in Arohan, monitors portfolio quality and keeps the credit committee updated on all portfolio quality related developments. He is also extending his helping hand to MFI Alliance Business of Arohan. Prior to joining the Company, he was working with Intellicash as a business head after having a long banking career with the top banks in India - SBI and ICICI Bank. He has extensive experience of handling all facets of banking.



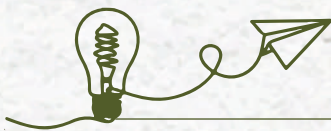
**Kanchan
Banerjee**

Kanchan Banerjee is the Head of Human Resources, Training & Development, Administration & CSR of the Company. She has an Engineering degree in Electronics and Telecommunication, an MBA in HRM from Manipal University, and has completed her Post Graduate Diploma in HRM from XLRI, Jamshedpur. She is a seasoned professional with close to 20 years of experience across HR Generalist Operations, Talent Acquisition, Employee Engagement, Organisational Development, and Talent Management. At Arohan, she is responsible for managing the functions of Human Resources, Training & Development, Administration & Corporate Social Responsibility. Prior to joining the Company, she was associated with renowned organisations such as Vodafone India Ltd, Wipro Ltd., Bharti Airtel Ltd., Vikram Solar, Uninor & Trident Group Ltd. In her previous role, she was the CHRO at Vedant Fashions Limited.



**Sharoni
Pal**

Sharoni Pal is the Head of Central Operations of the Company. She has completed her Engineering from Manipal Institute of Technology and is an MBA from S. P. Jain Institute of Management and Research, Mumbai. She is a seasoned professional with 25 years of rich and diverse experience in Banking and Financial Services. She is skilled in Process, Controls, and Client Servicing with experience across Micro Finance and Retail Banking. At Arohan, she is responsible for Product Development, Regulatory Compliance, Internal Operational Policies, driving the



Cross Sell Business Vertical and managing Customer Insights. Prior to joining the Company, she was associated with renowned organisations such as ITC Classic Finance Ltd, Citibank, The Royal Bank of Scotland plc, DBS Bank. In her previous role, she was associated with RBL Finserve Ltd as Head of Operations.



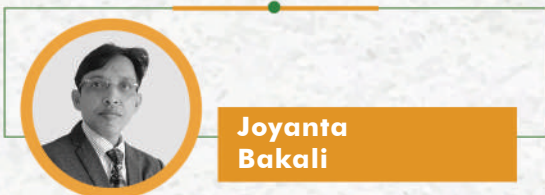
**Ketan
Agrawal**

Ketan Agrawal is the Head of Accounts and has been associated with the Company since June 2018. Ketan is a Chartered Accountant with Information & System Auditor. He has over 20 years of experience in the field of Corporate Accounting. Ketan has in-depth knowledge and expertise in Corporate, Business, Banking & Receivable Accounting and RBI Compliances. He joins us from Magma Fincorp Limited where he was AVP - Core Accounting. His previous work experience includes years at Tulip Telecom Private Limited, Birla Corporation Ltd and Ashok Leyland Finance Limited.



**Reema
Mukherjee**

Reema Mukherjee is the Head of Digital Growth at Arohan and has been associated with the Company since March 2020. She holds a Post Graduate Diploma in Management (P.G.D.M.) from the Indian Institute of Management, Bangalore and Bachelor of Technology (B.Tech.) degree in Computer Science and Engineering from West Bengal University of Technology. She has varied work experience across business, strategy, operations, finance and business development across multiple industries. At Arohan, she is responsible for ArohanPrivilege, the Digital Lending offering for our customers at Arohan - the first of its kind in the Indian microfinance industry pan India. With the help of her team, she has grown the ArohanPrivilege portfolio to serve more than 30,000 active customers as of March 2024. Prior to joining Arohan, she has worked with Amazon Web Services and Ingram Micro, both based out of the US. She has also worked with Barclays Investment Bank (previously Barclays Capital) in Hong Kong, Asia, as well as Dhandho Holdings, Vellvette Lifestyle (parent company of Sugar Cosmetics), and Hitachi Data Systems (as a consultant) in various locations across India.



**Joyanta
Bakali**

Joyanta Bakali is a Deputy Business Head and currently handles the largest portfolio in Arohan, supervising operations for Zone 2 of Bihar, Zone 3 of Assam, Tripura & Meghalaya, and Zone 4 of Odisha, Chhattisgarh and, Zone 8 of Jharkhand and some part of Bengal, Arohan's operational geographies and has been associated with the Company since June 2007. Joyanta holds a Post Graduate

Diploma in Business Management from IMT Ghaziabad. He is a microfinance veteran and has over 18 years of working experience in the sector. He is in charge of Circle 1, Arohan's biggest Circle (portfolio, customer base wise).



**Vinod
Pandey**

Vinod Pandey is Deputy Business Head and has been associated with the Company since August 2015. Vinod has completed his Post Graduate Diploma in Rural Management from XISS, Ranchi, and Advance Diploma in Business Management, ICFAI. He is a seasoned professional with 21 years of diverse experience in Microfinance Industry, Livelihood Development, Rural Marketing & Life Insurance. Prior to joining the Company, he has worked with reputed organizations such as International Development Enterprise (India), Max New York Life, Kotak Life and L&T Finance.



**Abhiroop
Chatterjee**

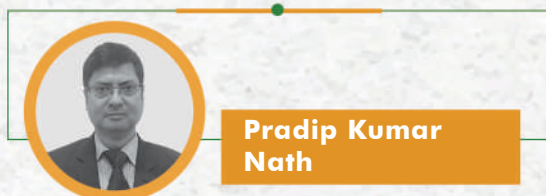
Abhiroop Chatterjee is Deputy Business Head for Arohan's Business in Southern and Western India and has been associated with the Company since September 2023. He has completed his Post Graduate Diploma in Rural Management from XIM, Bhubaneswar along with Certifications in Strategic Risk Management in Microfinance from Boulder Institute & IFC and Leadership in Inclusive Finance from Harvard Business School. He is a seasoned professional with over 15 years of rich experience in the Microfinance Industry, Banking, Fintech, and SaaS business. Prior to joining the Company, he worked with reputed organisations such as Ujjivan Small Finance Bank & Pagar Book.



**Manish
Kumar**

Manish Kumar is the Head of the Micro Enterprise Loan Business of the Company. He has a Bachelor's degree in Commerce with a specialization in Accounts from Ranchi University and has completed his Masters in Rural Management from Xavier Institute of Development Action & Studies (XIDAS), RDVV, Jabalpur. He has also completed a Certificate Course on Community-Based Microfinance from Coady International Institute, St. Francis Xavier University, Antigonish, Canada. He is a seasoned professional with over 18 years of experience across Microfinance Operations, Financial Inclusion, Product Financing, Training & Capacity Building, Institutional Development, and Research. At Arohan, he is responsible for managing the business vertical of Micro Enterprise Lending. Earlier, in Arohan he was the Zonal Business Head for Bihar & Jharkhand, handling a portfolio of over

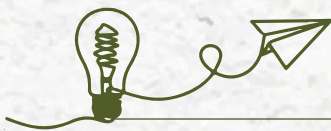
INR 1360 Cr. Prior to joining the Company, he was associated with renowned organisations such as Unity Small Finance Bank, Janalakshmi Financial Services Ltd, Population Services International (PSI), ACCESS Development Services (Access Assist) and BASIX (BSFL).



Pradip Kumar Nath is the Head of Microfinance Audit and has been associated with the Company since May 2019. He is a Chartered Accountant, Certified Internal Auditor (USA), Qualified Information System Auditor (USA) and Lead Auditor of ISO-27001. He has over 24 years of experience in the field of Audit and Risk Assurance. Pradip has in-depth knowledge and expertise in Internal Audits, Risk Assurance, Compliance, and Controls in Business Process & Information System. Prior to joining the company, he worked with Bandhan Bank Limited where he was DVP & Head of Micro Banking Audit for more than five years and with Deloitte for over a decade in Audit & Enterprise Risk Services (AERS).



Debarshi Chaudhuri is an Assistant Vice President - Accounts & Taxation, and currently handles the financial discipline, internal financial control, taxation and other statutory compliances of the organisation and has been associated with the Company since January 2015. Debarshi is a Chartered Accountant and a qualified Company Secretary. He also holds a Post Graduate Diploma in Management (PGDM) in Finance from Symbiosis, Pune. He has approximately 22 years of post-qualification experiences in Finance, Accounts, Taxation, Audit, MIS, Budgeting, Statutory Compliances, Financial Due Diligence and Merger activities. Prior to joining Arohan, he has worked at SREI Infrastructure Finance Limited, JK Files (India) Limited, Amrit Group, BPL Telecom Ltd, Stadmed Pvt. Ltd, etc.



Investor's Profile

PROMOTER



Aavishkaar Group

Aavishkaar Group is a global pioneer in taking an entrepreneurship-based approach towards development. The Group is focused on developing the impact ecosystem in the continents of Asia and Africa. Aavishkaar Group manages assets in excess of USD 1 bn across Equity and Credit, with ~9,000 employees present across India, Bangladesh and Kenya.

Aavishkaar Group includes Aavishkaar Capital - Pioneer in equity led impact investing, Arohan - One of India's largest Technology led Financial inclusion platform, Ashv - specialized lender to small and growing businesses, Intellectap - Thought Leader and Advisory business with a focus on sustainability and Sankalp Forum - one of the world's largest inclusive development led platform.

Aavishkaar Group's shareholders include TIAA-Nuveen, Triodos Bank, Shell Foundation and Dutch Entrepreneurial Development Bank, FMO. Its investments into Arohan Financial Services Limited have been done through Aavishkaar Venture Management Services Pvt Ltd and Intellectual Capital Advisory Services Pvt Ltd.

INSTITUTIONAL INVESTORS



Aavishkaar Goodwell India Microfinance Development Company II Ltd

Aavishkaar Goodwell is a for-profit business development company that provides equity finance and hands-on support to enterprises active in the microfinance sector in India on a socially and commercially sustainable basis. Aavishkaar Goodwell is a joint initiative of the teams behind pioneering global impact investment firm. Goodwell Investments and Aavishkaar India, the world's first for-profit micro venture capital fund.



Tano India Private Equity Fund II

Tano Capital is an independent fund manager of two private equity funds: TIPEF-I and TIPEF-II, aggregating USD 211 mn. The funds are focused on providing growth capital to Indian companies across diverse sectors such as Consumer, Pharmaceuticals, Financial Services, Engineering and Manufacturing.



Maj Invest Financial Inclusion Fund II K/S

Maj Invest is a Danish asset management company with about USD 12 bn under management, providing services in asset management and private equity. With headquarters in Copenhagen, Denmark, the company employs approximately 100 highly skilled professionals worldwide. Maj Invest was founded more than 18 years ago and is fully owned by management and employees. The financial inclusion business area is one of the several business areas of Maj Invest and operates on Maj Invest's regulated institutional platform with its own dedicated team supported by the legal, finance, and administrative departments. The financial inclusion team of eleven people is based in Copenhagen and in regional offices in Lima, Peru and Mumbai, India. Maj Invest Financial Inclusion Fund II K/S (Fund II), was established in 2015 and has invested in seven companies around the globe.



TR Capital III Mauritius

TR Capital is a leading secondary private equity investor in the Asia-Pacific region, with close to USD 1.5 bn of assets under management and focus on providing liquidity solutions to

owners of private equity assets through single asset and portfolio transactions. The firm invests in innovative leaders in the Technology, Next-Generation Consumer and Healthcare sectors across Asia. TR Capital is an active investor and shareholder and works with its portfolio companies to optimize their business models and capital structures. The firm's sophisticated global investor base includes sovereign funds, pension funds, asset management firms, entrepreneurs, and family offices. TR Capital's 31 professionals are based across 6 offices in Asia: Hong Kong, Singapore, Shanghai, Shenzhen, Mumbai and Delhi.



Michael & Susan Dell Foundation (MSDF)

The Michael & Susan Dell Foundation (www.dell.org) is dedicated to transforming the lives of children living in urban poverty around the world. With offices in Austin, TX, New Delhi, India, and Cape Town, South Africa, the Dell Foundation funds programs that foster high-quality public education and childhood health and improve the economic stability of the families we serve. To date, the foundation has committed USD 2.3 bn to global children's issues and community initiatives to accelerate opportunity for families.



Teachers Insurance and Annuity Association of America (TIAA)

TIAA was chartered in 1918 as a stock life insurance company, domiciled in New York State, to provide employees of nonprofit education and research institutions with the means to enhance their future financial security. The Carnegie Corporation had provided TIAA's initial USD 1 mn capital, and as sole owner of TIAA, it held all the stock: fivehundred shares. For TIAA's first twenty years, the Carnegie Corporation paid the organization's business expenses. However, in 1937, The Carnegie Corporation formed a new nonprofit company to hold the shares of stock in TIAA to enable the organization to be governed on its own. Named Trustees of T.I.A.A. Stock, it was incorporated by a Special Act of the New York State legislature. The Carnegie Corporation then turned over ownership of TIAA to the new company. In 1989, Trustees of T.I.A.A. Stock was renamed TIAA Board of Overseers and again renamed in 2021 to be called the TIAA Board of Governors. TIAA Board of Governors normally consists of seven members, each of whom serves a seven-year term. The members do not

directly supervise TIAA management, but they elect the members of the TIAA Board of Trustees, which does exercise such supervision. They also approve amendments to TIAA's Charter and Bylaws. TIAA Board of Governors meets at least twice a year. TIAA is regulated principally by the New York Department of Financial Services.



Entrepreneurial
Development
Bank

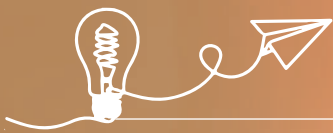
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)

FMO is the Dutch entrepreneurial development bank. As a leading impact investor, FMO supports sustainable private sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs. FMO believes that a strong private sector leads to economic and social development and has a 50+ year proven track-record in empowering entrepreneurs to make local economies more inclusive, productive, resilient and sustainable. FMO focuses on three sectors that have high development impact: Agribusiness, Food & Water, Energy, and Financial Institutions. With a total committed portfolio of over EUR 13 bn spanning over 85 countries, FMO is one of the larger bilateral private sector development banks globally.



The Investment Fund for Developing Countries (IFU)

IFU is a Danish impact investor contributing to green, just and inclusive societies as well as supporting the Sustainable Development Goals. IFU provides risk capital to companies operating in developing countries across Africa, Asia, Latin America and parts of Europe. Investments are made on commercial terms in the form of equity, loans and guarantees. IFU has co-invested in over 1,300 companies in more than 100 developing countries and emerging markets. IFU is fund manager for a number of funds and facilities, including the Danish SDG Investment Fund, a public-private partnership with Danish pension funds. Capital under management is EUR 2.1 bn.





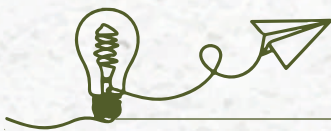
Lending to Millions Effecting Financial Inclusion, Responsibly

Leading financial institutions and the industry, over the years, have played a pivotal role in the success of microfinance and financial inclusion initiatives by adhering to principles of responsible lending. With the collaborative efforts of the industry stakeholders, governmental support, proactive measures by regulatory bodies and the Reserve Bank of India, Arohan continues to ensure that loans are extended to borrowers in a manner that is ethical, sustainable and conducive to their financial well-being - an approach that fosters trust and promotes financial stability.

The microfinance industry has exhibited remarkable resilience and growth despite the challenges posed by the COVID-19 pandemic, with a notable rebound in the past two fiscal years, the YoY growth (Mar'24 vis a vis Mar'23) is close to 25%. This resurgence, buoyed by an improving macroeconomic environment, has propelled Non-Banking Financial Companies focused on microfinance (NBFC-MFIs) to the forefront of the sector, surpassing banks in total outstanding microfinance loans, now constituting approximately 40%. The removal of lending rate caps by the Reserve Bank of India has facilitated risk-based pricing, leading to enhanced Net Interest Margins (NIMs) and increased Returns on Total Assets (RoTA).

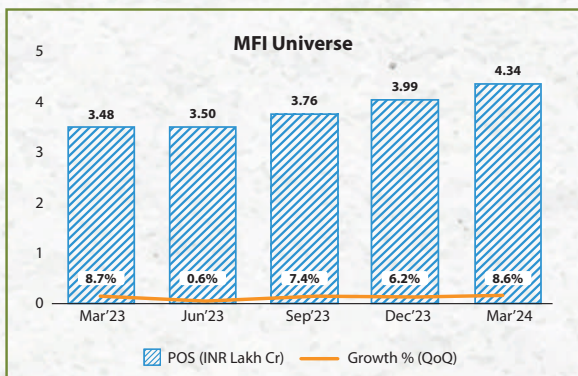
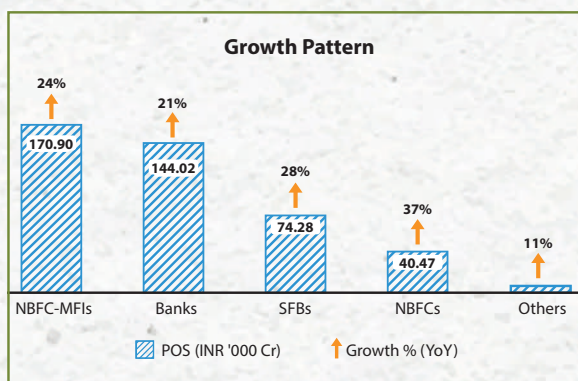
Despite a decline from their peak in FY 2021, credit costs remain elevated, partly due to restructured loans slipping into Non-Performing Assets (NPA). However, controlled credit costs and ongoing improvements in NIMs are expected to drive RoTA in near future.

While asset quality shows sign of improvement, challenges persist, particularly regarding capital structure and overleveraging risks stemming from increasing customer indebtedness and shifts in lending models. Moreover, the industry's susceptibility to event-based risks, such as political and geographical uncertainties, necessitates vigilant monitoring, along with continued support from impact funds and private equity investors.



INDUSTRY OVERVIEW:

As on March 31 2024, the overall size of the industry in terms of total loan portfolio is INR 6,88,937 Cr. The microfinance universe (MFI universe) has a total loan portfolio of INR 4,33,697 Cr and the total number of active loan accounts were 14.9 Cr with 7.8 Cr unique borrowers. 87 NBFC-MFIs emerged as the largest providers of micro-credit with a loan amount outstanding of INR 1,70,903 Cr, accounting for over 39% to the total MFI universe portfolio. 14 Banks hold the second largest share of portfolio in micro-credit with total loan outstanding of INR 1,44,022 Cr, which is over 33% of total MFI universe. 10 SFBs have a total loan amount outstanding of INR 74,278 Cr with a total share of over 17%. NBFCs account for another ~9% and Other MFIs account for ~1% of the MFI universe.



KEY INDUSTRY HIGHLIGHTS OF FY 2024

The Assam Microfinance Incentive and Relief Scheme (AMFIRS) 2021:

In June 2021, the Government of Assam unveiled a ground-breaking initiative known as the Assam Microfinance Incentive and Relief Scheme (AMFIRS). The scheme aims to fortify the sustainable provision of microfinance services, fostering economic resilience among low-income and impoverished households in the state. In the fiscal year 2024, the successful rollout of Category 3, row 1 under AMFIRS marked a significant milestone in the scheme's implementation.

OVERVIEW OF FINANCIAL YEAR 2024 FOR AROHAN

FY 2024 stands out as a year of remarkable accomplishments for Arohan, marked by a series of significant milestones that underscore its growth and resilience. Among these achievements, the successful closure of a substantial INR 266 Cr equity capital raise, with esteemed investors such as FMO and IFU, stands as a testament to the confidence placed in Arohan's vision and potential. Furthermore, Arohan's credit rating upgrade to A (Stable Outlook) reflects its sound financial performance and prudent management practices. Notably, the organisation's attainment of the highest-ever score of 92 in the Great Place to Work® Trust Index© Employee Survey underscores its commitment to fostering a positive and empowering work culture. With this the Company has achieved its position amongst the Top 25 BFSI, India 2024 and has bagged the recognition of the coveted Best in the Microfinance Industry.

In addition, Arohan's achievement of the Gold standard CPP certification by MFR and securing formal Corporate Agency status for insurance products licensed by IRDA demonstrate its adherence to best practices and commitment to customer-centricity. Moreover, the seamless transition managed by a fully capacitated senior management team speaks volumes about Arohan's leadership stability and strategic foresight. Notably, Arohan's proactive engagement in Category 3 relief under AMFIRS'21 in Assam showcased its responsiveness to socio-economic challenges. Financial prudence was upheld through initiatives such as ARC deal, ensuring stability and resilience amidst evolving market dynamics. Collectively, these milestones not only signify Arohan's growth trajectory but also reaffirm its position as a leading player in the microfinance sector, poised for continued success and impact. Efforts were also directed towards enhancing quality & control disciplines, proactive credit policies, and efficient debt raising. A notable achievement was the reinstatement as a unique "Net NPA Zero" lending company.

In FY 2024, Arohan demonstrated robust organic expansion efforts, notably launching its presence in Southern India, establishing a zonal office and branches in Karnataka and forming a dedicated Micro Enterprise Loan team. These strategic moves bolstered Arohan's presence and capacity to serve diverse communities effectively.

Additionally, the MFI Alliances business experienced substantial growth, surpassing an impressive INR 440 Cr, while the ArohanPrivilege programme flourished, managing a portfolio close to INR 144 Cr across 30,000 borrowers. These achievements reflect Arohan's commitment to innovation and customer-centric solutions.

Operational improvements were evident through various initiatives, including the launch of the uplifting employee anthem "Arohan mera Garv mera Sammaan," top-tier MFI

grading, and COCA C1 rating. Moreover, the launch of KnowledgeTank Arohan, a thought leadership blog series, reinforced Arohan's commitment to sharing insights and expertise within the industry. Additionally, "Arohi," the first AI bot employee deployed in Recovery efforts, contributed to operational efficiency. Successes in legal and compliance fronts included the success of Lok Adalat efforts and the establishment of an active Vigilant team ensuring investigation & action on fraudsters. The detailed rollout of the ERM initiative with the in-house system "Sandesh" further bolstered the Company's risk management practices.

Arohan's remarkable achievements in FY 2024 garnered widespread recognition and acclaim, exemplified by a string of prestigious awards and accolades. Notably, the AMFI WB award for best IT platform, along with three esteemed SKOCK Order of Merit Awards, 2023 for Innovation in Lending (ArohanPrivilege), Solution in Lending (Nirnay) and Solution in Financial Inclusion Programme (Apna Arohan Customer App), underscored Arohan's excellence and innovation in financial technology and service delivery. Furthermore, Arohan's receipt of the Asset Triple A, 2023 for the "Best Payment and Collections Solution, India" in association with IDFC First Bank for their digital payments solution reaffirmed its leadership in leveraging technology to optimize operational efficiency and enhance customer experience. The ISO 9001 re-certification of the Internal Audit unit demonstrated Arohan's unwavering commitment to quality management practices and continuous improvement.

In addition to these accolades, Arohan's reinstatement on the governing board of Micro Finance Industry Network (MFIN), our Self Regulatory Organisation, as the Vice Chair reaffirmed its dedication to shaping industry standards and best practices. These recognitions not only validate Arohan's outstanding performance but also serve as a testament to its relentless pursuit of excellence in responsible lending and impact in the microfinance sector.

WAY FORWARD FOR FY 2024

Arohan is unwavering in its commitment to empower individuals at the grassroots of the socio-economic spectrum by fostering financial inclusion. Through the provision of accessible credit and essential services, Arohan tirelessly strives to bridge the gap and uplift communities. Grounded in its dedication to delivering value to all stakeholders, Arohan is poised for an expansive journey, both within its current territories and into uncharted territories, leveraging organic growth, strategic partnerships, and digital advancements.

Backed by a solid financial bedrock and a resilient operational structure, Arohan is positioned for substantial growth in the forthcoming year. With aspirations to reach beyond 3 mn customers and extend its reach to underserved regions, Arohan is laser-focused on refining its product suite, fine-tuning pricing strategies, and spearheading digital financial inclusion initiatives. The company sets its sights on exceeding INR 10,000 Cr in Assets Under Management, aligning every endeavor with its overarching strategic vision of impacting 28 million lives by the year 2028.

As Arohan sets sail into the future, its foremost objectives revolve around streamlining processes, enriching its product spectrum, and broadening its outreach endeavors - all integral components of Arohan's holistic strategy to actualize its goals and foster meaningful progress for the communities it serves.







Progressing with Purpose, Improving Customer Experience with Meaningful Services

Arohan, guided by its purpose of financial inclusion, is focused on assessing the needs of its customers and developing products and services best-suited for their growth and meaningful progress. Driven by its Organic and Inorganic business lines, as well as innovative differentiator services ensuring easy accessibility and enhanced customer life cycle, financial services at Arohan is poised to lead positive socio-economic outcomes.

In FY 2024, Arohan achieved significant milestones, driving its diversified growth strategy through key innovations. These developments position the Company to align with its Vision Statement and uphold its commitment to financial inclusion. Arohan closed March 31, 2024, with an outstanding portfolio of INR 7,112 Cr serving 2.5 mn borrowers across 975 branches in 19 states, supported by 9,333 employees.

Amidst a rapidly evolving global landscape, Arohan has embraced learning and adaptation, leveraging opportunities for scalability. In FY 2024, the Company prioritized growth through expansion, process innovation, and improved customer experience, while remaining steadfast in its mission to enhance the customer journey and overall quality of life.

INNOVATIVE PRODUCT LINES, DRIVING SUSTAINABLE GROWTH

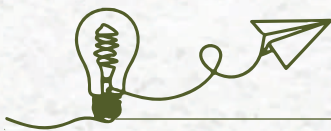
Over the years, Arohan has undergone a remarkable evolution, refining its product spectrum through strategic

digitalization initiatives, a steadfast commitment to enriching customer experiences, and extending the longevity of customer relationships.

Flagship loan products

Saral Suite of Products: At the heart of Arohan's offerings lies the Saral suite of products, notably its flagship solution, 'Saral'. Tailored specifically for women in low-income communities engaged in trade and services, Saral stands as a cornerstone in Arohan's portfolio. Leveraging the Joint Liability Group (JLG) model, Arohan extends loans primarily to groups comprising three to five women, empowering them economically.

In addition, recognising the diverse needs of its clientele, Arohan has also introduced 'Saral Repeat', catering to repeat customers with commendable repayment histories and elevated credit requirements. This initiative not only bolsters customer retention but also fosters financial empowerment by extending high-ticket loans of up to INR 1,00,000.



The Saral product line, inclusive of Saral New-to-Credit, Saral Use-to-Credit, and Saral Repeat, offers loan amounts ranging from INR 25,000 to INR 1,00,000, underpinning Arohan's commitment to inclusive financial solutions. With loan terms typically spanning 24 to 30 months, Arohan ensures flexibility and sustainability in its offerings, aligning with the evolving needs of its customers. Over the years, the Company has transformed its existing product range by strengthening the existing product dynamics, with the help of digitalisation, focused on customer experience, thereby increasing the tenure of the customer lifecycle with Arohan.

Micro-Enterprise Loan: MSMEs serve as the cornerstone of the Indian economy, representing a staggering 63 million micro-segment enterprises.



Acknowledging the immense market potential within this sector, Arohan, in FY 2023, had established a dedicated department: the Micro Enterprise Loan programme. This innovative initiative aims to address the vital working capital needs of micro enterprises by providing loans ranging from INR 50,000 to 5 lakhs, tailored to suit each customer's specific business requirements. Arohan stands out as the first NBFC-MFI to establish a dedicated credit team, aimed at providing an objective and robust underwriting process by the centralized Credit Department of the Company. Here, the process particularly focuses on underwriting for Higher Ticket Size Loan through video-based Personal Discussions. Presently, the service operates from 22 branches across various regions, with plans for further expansion in the near future.

Secondary Loan Products

Over the years, Arohan's Secondary Loan Product vertical has emerged as a robust platform for establishing a deep connection with customers and their families. Central to this endeavor is the strategic implementation of Cross Sell initiatives, which not only expands customers' access to a wide array of financial inclusion products but also strengthens Arohan's credit relationships and engagement with its clientele.

In FY 2024, the vertical witnessed substantial growth, marked by an expanded network of partnerships tailored to meet the diverse needs of customers. This expansion encompasses both financial products such as life and non-life insurance, as well as non-financial products, reflecting Arohan's commitment to holistic financial inclusion.

Cross Sell Business Model: Arohan's Cross Sell business model operates on the principle of enhancing customer touchpoints while concurrently elevating their standard of living. By diversifying operational risks and creating new revenue streams, Cross Sell initiatives



contribute significantly to the company's sustainability and growth. Facilitated by the innovative "ApnaBazaar" platform, Arohan seamlessly integrates Cross Sell into its customer interactions. Leveraging scheduled meetings with Customer

Service Representatives, innovative products to new and existing customers, adding value to their lives, and empowering them with the power of choice. Over time, Arohan has successfully fostered multiple linkages and engagements with customers and their families, catering to their evolving needs for both financial inclusion and non-financial products. This holistic approach underscores Arohan's dedication to empowering communities and fostering long-lasting relationships beyond mere financial transactions.

1. Financial Products

Arohan's approach to financial products epitomizes efficiency and customer-centricity. The onboarding process for insurance policies operates seamlessly in a fully paperless manner, complemented by cashless premium collection facilitated through deductions from the primary loan disbursement. Each customer enrolled in a policy receives a Certificate of Insurance (CoI) promptly, delivered via SMS with a compressed URL for easy access.

In the unfortunate event of a claim, Arohan stands by its customers' families, providing unwavering support. While the associated Insurance Company manages the claim process, Arohan ensures a smooth transition by facilitating the necessary information transfer to expedite claim closure. Leveraging an IT-based portal for raising Life Insurance claims not only streamlines the process but also minimizes the risk of information loss, thereby reducing Turnaround Time (TAT) for claim processing.

Through these streamlined procedures and proactive assistance, Arohan reaffirms its commitment to safeguarding the financial well-being of its customers and their families, ensuring a hassle-free experience even during challenging times.

Arohan's suite of financial Cross Sell products include:

Financial Safety Net Products: In order to ensure a financial safety net for its customers, Arohan offers life, general and health insurance products that are issued and underwritten by certain Insurance Companies with whom the Company has entered into tie-ups.

Group Term Life Insurance: With insurance coverage equal to the loan amount of the customer, in the unfortunate event of the death of the policyholder, this insurance allows the nominee to receive a sum insured under the policy minus the amount outstanding under the loan agreement at the time of death of insured. This ensures that the nominee is not burdened with the fulfilment of the outstanding loan amount. To safeguard the customer's family in such an unfortunate event, it is a useful product for Arohan's customers.

Health Insurance: Under Health Insurance options, Arohan's customers are offered Hospicash and Mediclaim Insurance.

Customers opting for **Hospicash** product are entitled to receive a hospital cash benefit, in the form of cash compensation against wage loss for each continuous and completed period of 24 hours of hospitalisation at any registered hospital due to sickness, for a maximum of 30 days per annum in a non-ICU bed (or for a maximum of 20 days per annum in an ICU bed). In the event of accidental death, the nominee receives an additional amount of INR 1,00,000 / INR 2,00,000. Customers opting for **Mediclaim** Insurance product are on-boarded to a family floater policy for hospitalization related costs, with a coverage of upto INR 50,000. Additionally, there is a daily Hospicash benefit of INR 500 and Personal Accident cover for Borrower & Co-Borrower of INR 1,00,000 each.

General Insurance: Under General Insurance options, Arohan provides the Dwelling Insurance Cover for Saral customers and Shopkeeper Insurance for MEL customers

Dwelling Insurance provides protection to 'Kuccha' and 'Pucca' houses against several types of natural calamities and damages. The coverage is valid for two years up to a sum assured of INR 25,000.

Shopkeeper Insurance provides insurance cover for physical loss or damage to, or destruction of, insured property (stock and structure) located in shopkeeper's premises. Depending on the product variant, cover for stock is upto INR 150,000 and for structure, it is upto INR 125,000. There is a burglary cover as well, of upto INR 2,75,000 and accidental death cover for Shopkeeper of INR 2,00,000.

2. Non-Financial Products

Arohan goes beyond financial solutions, offering customers access to a diverse array of utility products from reputable brands, available through

both cash transactions and flexible financing options. These products are carefully selected to enrich the lives and livelihoods of customers and their families, enhancing their overall quality of life.

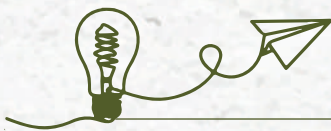
Among the range of non-financial offerings are home and kitchen appliances, cutting-edge electronics, reliable consumer durables, and even bicycles, catering to various needs and preferences. Each product is chosen with the customer's well-being in mind, ensuring it adds tangible value to their daily lives.

Moreover, Arohan has established multiple models for sourcing and delivering these non-financial products, aligned to individual partnerships with third-party vendors. This adaptable approach ensures efficient procurement and seamless delivery, enhancing the overall customer experience and reinforcing Arohan's commitment to holistic empowerment. The models are listed below:

- **Stockist Model:** Through this model, an agent of the Business Partner ("Stockist") takes the responsibility of handing over the product to Arohan's customers at the point of demand generation.
- **Last-Mile Delivery Model:** Through this model, large consumer durables, and small home and kitchen appliance orders are delivered directly to the customer's doorstep at no extra charge.
- **Mela Model:** Through this model, small home and kitchen appliance orders are delivered in bulk to an assigned spot, like a fair gathering, near relevant branches associated with the customers on an assigned date and time.

Strategic outlook

Over recent years, Arohan has significantly enhanced the functionality of its ApnaBazaar platform, introducing a host of new features aimed at streamlining processes and enhancing user experience. These advancements include automated retrieval of customers' KYC documents and seamless eSignature integration, simplifying the order placement process and expediting loan application approvals. Furthermore, the platform now boasts auto-authentication methods such as OTP-based delivery confirmation for non-financial products, ensuring swift and secure transactions. Arohan has further optimized the platform by implementing end-to-end system-based policy validations, fostering alignment between policies and processes across primary and secondary loan products. This harmonization enhances operational efficiency and ensures a seamless experience for both customers and internal stakeholders.



With a keen focus on meeting the evolving needs of its customers, Arohan introduced several new products and services in FY 2024. These include pioneering initiatives such as the Arohan Suraksha Kawach Mediclaim Insurance, tailored specifically for microfinance customers. Additionally, products like Hospicash cater to the unique needs of Micro Enterprise Loan and Privilege segment customers, while the inclusion of 5G smartphones in the product lineup further diversifies Arohan's offerings.

Expanding its reach, Arohan has extended its eBazaar product line to new regions like Nagpur, enhancing accessibility and choice for customers. Through continuous improvements in customer experience and service delivery processes, Arohan remains steadfast in its commitment to boosting customer satisfaction and retention rates, ensuring a lasting and mutually beneficial relationship with its clientele.

Looking ahead, Arohan is poised to elevate its Cross Sell business, aiming to onboard a broader customer base while diversifying its product and service offerings to enhance customer satisfaction and operational efficiency. A pivotal step in this direction is the acquisition of its Corporate Agent license from IRDAI, empowering Arohan to extend a wider array of insurance products to customers while streamlining associated transactions with both customers and insurance partners.

In line with its evolving insurance marketing strategy, Arohan is exploring innovative approaches such as offering insurance products as post-disbursement cashless offerings. This strategic shift not only enhances customer lifetime value but also aligns with Arohan's commitment to delivering a seamless and value-driven experience throughout the customer journey.

Furthermore, Arohan is actively researching methods to facilitate cashless payments for policy renewals and implementing a Claim Portal for Non-Life Insurance, thereby enriching the overall customer experience. This customer-centric approach underscores Arohan's dedication to continuously improving customer experience at every touchpoint.

Lastly, in its commitment to sustainability, Arohan is exploring the solarization of branches as part of its efforts to minimize the organisation's carbon footprint. By embracing renewable energy solutions, Arohan reaffirms its commitment to environmental responsibility while contributing to a cleaner and greener future for all.

DIFFERENTIATOR MODELS, FOR ENHANCED CUSTOMER EXPERIENCE

ArohanPrivilege Digital lending

Arohan remains steadfast in its commitment to innovation and excellence, continually striving to enhance its reach and serve customers more effectively. A significant milestone in this pursuit was the introduction of ArohanPrivilege, a ground breaking Digital Lending offering for microfinance customers, marking a historic first in the industry during FY 2023.



At the core of ArohanPrivilege lies a bold vision: *Any Customer from Any Geography is able to avail of Arohan's Microfinance Loan and Repay it Digitally On Time.* By the end of FY 2024, ArohanPrivilege had successfully extended its services to over 30,000 active customers, managing an outstanding portfolio worth INR 144 Cr.

ArohanPrivilege Digital Lending stands as a testament to Arohan's commitment to innovation and its ambitious Vision 2028 of impacting 28 million lives. Tailored as an alternative channel, this service caters specifically to customers with a proven track record of timely repayments, empowering them with swift and convenient access to financial assistance.

The advantages for ArohanPrivilege customers are manifold:

- Quick disbursement of funds within minutes of a successful loan application.
- A seamless user experience facilitated by intuitive interfaces.
- Convenience of applying from the comfort of one's home, eliminating the need for group formations or centre meetings.
- Elimination of wage loss associated with visiting branch offices or centres.
- Flexibility to select loan amounts and tenures that suit individual needs.
- Choice of repayment schedules tailored to customer preferences.

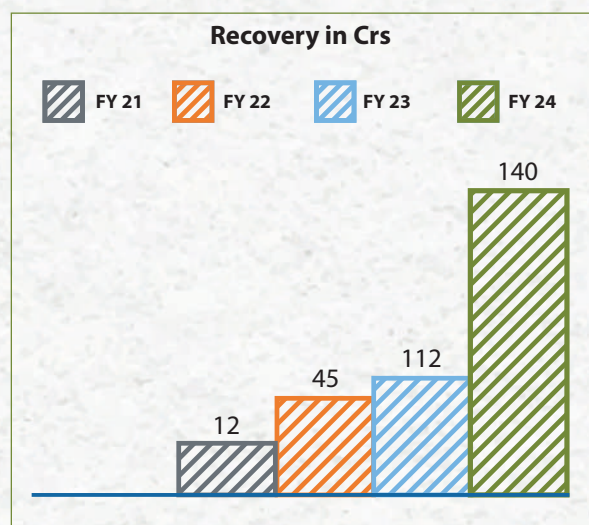
Debt Receivable Department

In FY 2024, Arohan continued its strategic approach to managing overdue accounts through its Debt Receivable Department, enhancing existing practices and pioneering new methodologies for more efficient and effective handling of NPA accounts.

With a structured approach led by 3 Divisional Receivable Managers (DRMs), supported by over 70

Cluster Receivable Managers (CRMs), and bolstered by a Central Strategy Team, along with a dedicated force of over 900 Receivable Executives (REs) on the frontline, Arohan achieved significant success in debt recovery. Notably, in FY 2024, Arohan successfully recovered a total of INR 140 Cr, with an impressive 60% of this amount, totalling INR 84 Cr, retrieved from previously written-off accounts.

This achievement represents a remarkable 25% increase in recovery compared to the previous fiscal year, underscoring Arohan's commitment to continuously improving its debt recovery processes and delivering tangible results.



To achieve such numbers, Arohan put into practice the following broad strategies and initiatives to connect with customers and ensure recoveries:

Field Strategy

- **Customer Household Visit and Promise to Pay (PTP):** Arohan's cadre of Receivable Executives is focused on establishing connect with the identified pool of customers, educating them on the importance of good credit discipline and collecting repayment, or ensuring payment commitments through Promise to Pay (PTP) dates.
- **Recovery Scorecards:** Consistent customer calls and visits are prioritized with the aid of customer-level Recovery Scorecards which have been developed on the basis of collection trails, payment history, delinquency, and the on-us & off-us performances of our customers.

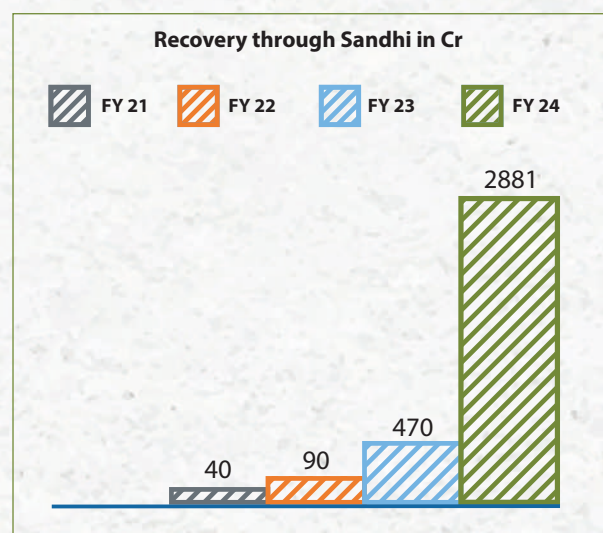
Legal Strategy

Soft Reminder Letters are handed over to certain customers as a soft warning to them to repay to avoid any legal action in the future. In case of no response from the customers, Legal Notices through Advocates are also sent. Another dispute redressal mechanism

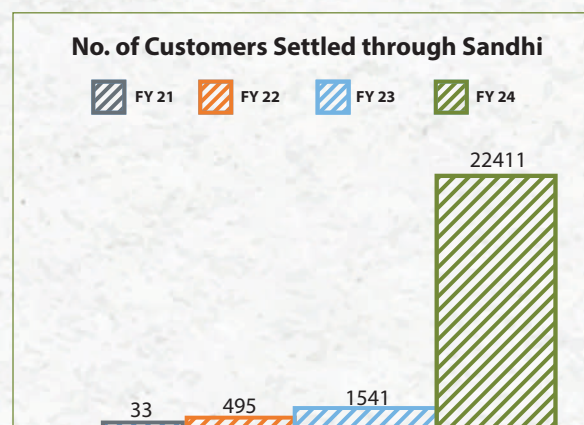
that the Company proactively used in FY 2024 to ensure recoveries through settlements are the Local and National Lok Adalat drives. Through these legal interventions, the Company has recovered INR 20 Cr+ in FY 2024 which is 8 times more than the previous fiscal.

Other Key Recovery Initiatives:

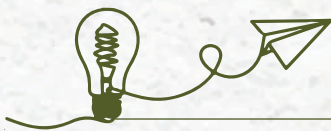
Sandhi Settlement Scheme: To maximize recoveries from written-off accounts, Arohan launched the Sandhi Scheme in February 2021, offering such customers a one-time settlement (OTS) opportunity on the basis of a pre-defined settlement matrix.



Recovery through Sandhi stood at INR 35 Cr as on March 31, 2024 compared to INR 6 Cr as on March 31, 2023, and INR 1.30 Cr as on March 31, 2022.



Approximately 22,000+ loans were settled through this scheme in FY 2024 alone, compared to 1500+ in FY 2023 and 495 in FY 2022.



Conversational Voice Bot: In FY 2024, Arohan introduced generative AI-driven conversational voice bots, targeted at a select group of customers. These innovative voice calls by “Arohi”, the Company’s first Bot Employee, serve to gauge customers’ intentions regarding repayment or settlement of their overdue accounts. By following up on recorded Promise-To-Pay (PTP) dates, Arohan has ensured more targeted recovery efforts in a shorter timeframe. This proactive approach has yielded significant results, with approximately INR 5 Cr recovered through this initiative. Notably, 75% of this recovery has been attributed to customers who were either not paying or have made only negligible payments previously. This underscores the effectiveness of leveraging advanced technology to engage with customers and drive positive outcomes in debt recovery efforts.

Dista, AI-based Field-Force Management Software: Arohan replaced the earlier ‘SpotWays’ app with ‘Dista’ app to help ease the daily operations of its Recovery Executives, maintain trails and reach the difficult customers conveniently. Thus, aiding recovery efforts in a big way by expanding coverage of the identified customer pool. The app captures disposition codes that were appropriately acted upon. In addition, the effective monitoring features of the app, used by the supervisors have helped improve overall efficiency significantly.

Use of Collection Agency: In FY 2024, Arohan collaborated with three Collection Agencies to take care of a certain portion of the portfolio, allowing the internal team to focus more effectively on less delinquent and contactable customer pool. The contribution from three such collection agencies has been approximately INR 16 Lakh in FY 2024.

MFI ALLIANCES BUSINESS & OPERATIONS

Arohan stands out among NBFC-MFIs for its unique approach in extending loans to smaller MFIs for the development of microfinance portfolios, ranging from INR 1 Cr to INR 25 Cr in term loans. Additionally, it pioneers exclusive Sourcing & Collection (“S&C”) arrangements with other microfinance institutions, facilitating portfolio growth. In this arrangement, Arohan partners set up dedicated branches to extend microfinance loans and manage repayments. The loans are written on Arohan’s books, while the partners are granted a share in interest collections—a mutually beneficial setup fostering growth without capital outlay.

Through this vertical, Arohan collaborates with MFI partners across its operational areas, extending credit to customers in remote areas and supporting grassroots institutions with financial, technological, and operational expertise. Arohan’s leadership in this space not only ensures continued access to credit for

underserved communities but also empowers local institutions through tailored consultations and training initiatives, fostering a sustainable ecosystem.

Arohan adopts an innovative Inorganic business model, leveraging non-qualifying space from its Term Loan product while enriching its qualifying book through Sourcing & Collection relationships. Direct Assignment agreements further enhance geographical diversification and bolster Arohan’s quality loan book. In FY 2024, Arohan has expanded its footprint through three direct assignment deals with microfinance partners, enhancing liquidity for sellers and extending its reach into new markets. This strategic approach underscores Arohan’s commitment to fostering financial inclusion while maintaining a robust growth trajectory.

COMMITMENT TO CUSTOMER CENTRICITY

At Arohan, prioritizing the evolving needs and behaviors of our customers is ingrained in our ethos. The Company continuously analyses customer trends and adapts processes and services accordingly, reflecting our unwavering commitment to Customer Centricity. Safeguarding and advocating for the interests of our customers is not just a priority but a cornerstone of our strategy for sustainable growth.

Arohan’s dedication to customer-centric practices has been validated through its achievement of the Gold Standard of Client Protection Principle (CPP) certification. Arohan has excelled by meeting an impressive 99.1% of the indicators set forth by CERISE & SPTF. As per the awarding committee, “the GOLD level is the highest level of achievement and signifies that the certified institution meets the most rigorous standards of client protection found in the Universal Standards for Social Performance Management.”

Empowering Customers through Actionable Insights

Arohan leverages cloud technology to extract invaluable insights into customer satisfaction through its Customer Insights function. Serving as a centralized hub for addressing all customer queries and concerns, this function plays a pivotal role in ensuring swift and effective resolution.

Powered by a cloud-based Customer Relationship Management (CRM) system, Arohan efficiently routes and resolves queries within defined timelines, bolstering customer satisfaction. As the custodian of Arohan’s Customer Grievance Redressal mechanism, the function operates in strict adherence to guidelines set forth by the Micro Finance Industry Network (MFIN), the Self-Regulator Organisation, and the Reserve Bank of India.

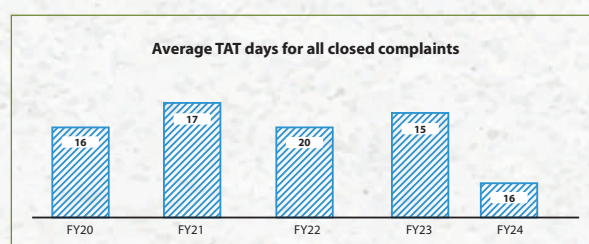
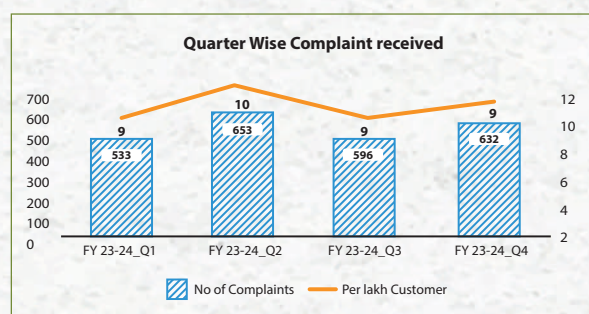
With a relentless focus on enhancing Customer

Experience (CX), the Customer Insights function remains dedicated to fostering meaningful interactions and addressing customer needs promptly and effectively.

Streamlined Grievance Redressal Mechanism

Arohan has enhanced its Customer Grievance Redressal Mechanism by implementing a Directly Responsible Individual (DRI) assigned to each grievance received. This strategic initiative has significantly reduced the average Turn Around Time from 15 working days in FY 2023 to just 6 working days in FY 2024, ensuring prompt resolution of customer concerns.

Moreover, Arohan has introduced Escalation levels 1 and 2 to further expedite the resolution process. In cases where a complaint is not resolved by the designated DRI within the stipulated timeframe, it is automatically escalated for priority resolution, ensuring that no customer grievance goes unresolved. This proactive approach underscores Arohan's commitment to delivering exceptional service and addressing customer concerns with urgency and efficiency.



The key principles of Arohan's Grievance Redressal Mechanism are:

- Customers shall be treated fairly at all times.
- Complaints raised by customers are dealt with courtesy and without undue delay.
- To enlist various types of convenient modes through which customers can register complaints.
- To define escalation levels in case a customer's complaint is not addressed at all or was not addressed satisfactorily.
- Customers are fully informed of avenues to

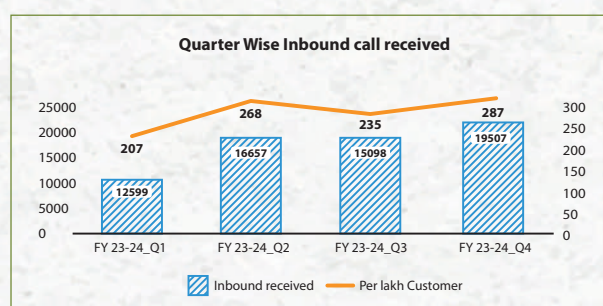
escalate their complaints/grievances within the organisation and their rights to alternative remedies if they are not fully satisfied with the response of the Company to their complaints.

- All complaints are to be dealt with efficiently and fairly as otherwise, they can damage the reputation and business of the Company.
- Arohan's employees would work in good faith and without prejudice in the best interest of the customers.

Inbound Process: The backbone of Arohan's Customer Grievance Redressal Mechanism, the Inbound Process, serves as a robust platform for addressing customer concerns with utmost priority and efficiency. Arohan goes the extra mile by offering multilingual Customer Care Service, ensuring seamless communication for all customers.

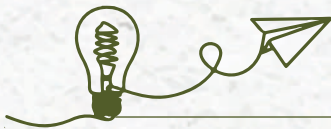
When a complaint or query is received, it is initially handled by either the Customer Service Representative or the Branch Head. Should the issue remain unresolved, customers have the option to escalate it to Arohan's Customer Care Helpdesk via the toll-free number 1800 103 2375. Here, a structured escalation matrix is promptly activated, leading the grievance through various levels until it reaches the Grievance Redressal Officer.

An integrated workflow-based routing system ensures that each case is efficiently managed, with prompt follow-up actions taken to achieve resolution. This proactive approach underscores Arohan's unwavering commitment to addressing customer concerns comprehensively and in a timely manner, reinforcing trust and satisfaction among its valued clientele.



Outbound Process: Utilizing its Outbound Process, Arohan's Customer Insights vertical actively engages with customers to gain a deep understanding of their needs, all while upholding the highest standards of customer centricity and integrity.

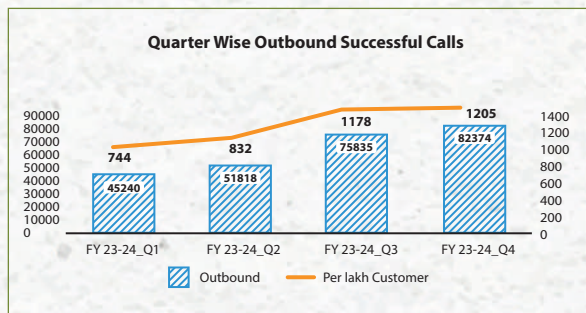
Surveys are conducted with meticulous attention to detail, covering various aspects including loan sourcing, customer satisfaction, overdue accounts, dropout rates, and cross-selling opportunities.



Additionally, targeted samples are utilized for need-based surveys, allowing for a deeper understanding of customer insights and preferences.

Moreover, Arohan extends a warm welcome to newly onboarded customers post disbursement, seeking feedback and sharing critical information to ensure a smooth customer journey. In cases where customers have missed their repayment dates, the department steps in to assist them in generating a 'Promise to Pay' (P2P) date. This proactive approach allows the field team to visit customers for EMI collection on the promised date, thereby enhancing collection efficiencies.

These initiatives collectively contribute to Arohan's commitment to providing exceptional customer experiences while also bolstering the Company's operational effectiveness in FY 2024.



Integrated WhatsApp Chatbot Service: Arohan continues to elevate its customer support capabilities by integrating WhatsApp Business Account into its suite of inbound processes. This strategic move is aimed at enriching Customer Experience (CX) through streamlined communication channels.

The integrated WhatsApp Chatbot service enables efficient handling of multiple customer queries simultaneously, significantly improving response times and overall customer satisfaction.

Furthermore, leveraging the platform for sending reminders, alerts, notifications, and updates empowers Arohan to proactively engage with customers, keeping them informed and enhancing their overall experience.

RATINGS & GRADINGS

The following rating and grading upgrades reinstate Arohan's stance taking its business approach of a sustainable and scalable operational model from strength to strength.

- CARE MFI 1 Grading:** Arohan retains the highest-rated MFI 1 grading from CARE Ratings for the seventh consecutive year in its assessment held in FY 2024. The grading is assigned on an 8-point scale with MFI 1 being the highest, enabling

Arohan to retain its position among the choicest MFIs in India.

- Code of Conduct Assessment (COCA):** Arohan retains the highest-rated C1 grading for the sixth consecutive year. The top-notch grading has been awarded to Arohan by CARE Advisory Research and Training Limited (CareEdge Advisory). The score of 95% have been earned on indicators concerning Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal, and Data Sharing.
- Social Rating:** Arohan has been awarded an Alpha Grading and Rating Outlook as Positive in its Social Rating under the CERISE SPI4 tool methodology by MCRIL, based on an assessment conducted in the month of June 2022. The grading is assigned on an 8-point scale with a score of 89%. Valid for two years, the grading reflects Arohan's "Strong social commitment, very good systems, evidence for good adherence to social mission and values" as per the report. This is the first time that Arohan has conducted its Social Rating through the CERISE SPI4 tool (International Standard), which is a social performance audit tool to help financial service providers achieve their social mission.



Enhancing Efficiency, Benefiting customers through rate optimisation

Arohan's robust liquidity and capitalization fortify the Company, instilling confidence among its shareholders. This solid financial position enables Arohan to secure borrowing at favorable rates, subsequently extending these benefits to its customers. By prioritizing the needs of our customers, who form the bedrock of the socio-economic pyramid, Arohan remains steadfast in its commitment to fostering financial inclusion and empowerment.

FY 2024 has been a significant year for Arohan with Total Asset and Gross Loan Portfolio at INR 8,115 Cr and INR 7,112 Cr respectively. Arohan closed FY 2024 with the following key financial results:

- Total Revenue stands at INR 1,635 Cr.
- Pre-Provisions Profit before Taxes stands at INR 591 Cr, reflecting strong business model fundamentals.
- Improved earnings along with an increase in Equity Capital base have resulted in healthy CRAR at 29.01%.
- The Company's Net Worth stood at INR 1,915 Cr.

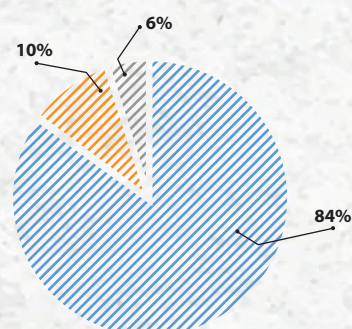
While Arohan's branch network grew from 829 in FY 2023 to 975 in FY 2024, its employee strength grew by 16%, from 8,030 in FY 2023 to 9,333 (excluding apprentice) in FY 2024. The Company ensured a comfortable fund position throughout the year to support its business. As on March 2024, the borrowing outstanding was close to INR 6,015 Cr.

An analysis of the Company's financial performance for FY 2024, as compared to the previous year, is given below:

INCOME STATEMENT ANALYSIS

Revenue

Break-up of Revenue for FY 2024



■ Interest Income ■ Fee Income ■ Other Income

Revenue has grown by 50% from FY 2023 to FY 2024 which was mainly due to the growth in average AUM during the current financial year over the previous financial year.



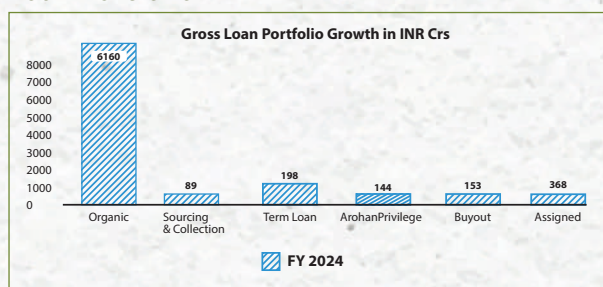
Expenditure

Interest expenses have increased by 26% y-o-y in line with an increase in borrowings. With the employee count increasing from 8,030 in FY 2023 to 9,333 in FY 2024, employee costs also increased from INR 246 Cr in FY 2023 to INR 325 Cr in FY 2024 showing a 32% increase over the previous year. The administrative costs have increased by 37% from the previous year due to increase in business volume.

Ratios	FY 2023-24	FY 2022-23	Variance
Yield	23.87%	20.38%	17.12%
Finance cost	11.70%	11.62%	0.69%
Qualifying assets	78.95%	78.76%	0.24%
Opex	7.44%	7.25%	2.62%
CRAR	29.01%	28.74%	0.94%
Leverage	3.14	3.39	-7.37%

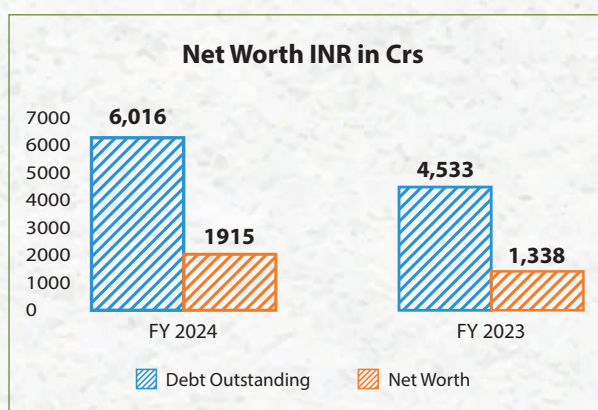
BALANCE SHEET ANALYSIS

Loan Portfolio



Arohan recorded a 33% growth in the Gross Loan Portfolio from the previous year and crossed the 7000 mark at INR 7,112 Cr.

Net Worth



Outstanding borrowing and Net worth have been increased by 33% & 44% in FY 2023-24 over FY 2022-23 due to growth in business and increased capital base respectively.

FUNDING FOR BUSINESS GROWTH

FY 2024 witnessed significant changes in the growth of the microfinance industry supported by increased confidence of lenders and investors in the sector and a stable outlook view from the rating agencies. The debt funding in FY 2024 is 29.1%, higher than FY 2023 (source: Micrometer, Issue 49); similarly, strong performance and stable outlook of the sector has helped the industry to borrow at relatively lower rate (weighted average cost of fund decreased to 11.1% for borrowing outstanding as of March 31, 2024 as compared to 11.8% as of March 31, 2023 (source: Micrometer, Issue 49).

Managing Liquidity

The key underlying principle for Arohan's fund raise activity is to leverage the Company's financial and operational position to maintain sufficient funds and to lower the cost of borrowings. The Company started FY 2024 by raising equity in CCPS of INR 66 Cr from FMO in April 2023 and of INR 200 Cr from IFU in May 2023. The equity infusion along with better portfolio quality aided in upgrading the credit rating of the Company from both the rating agencies i.e. ICRA & CARE in FY 2024. Leveraging the above conditions of change in rating outlook, business performance and portfolio quality, the Company improved debt to equity ratio from 3.39 in FY 2023 to 3.14 in FY 2024; while overall raising a fund of INR 5,207.69 Cr from the market in FY 2024.

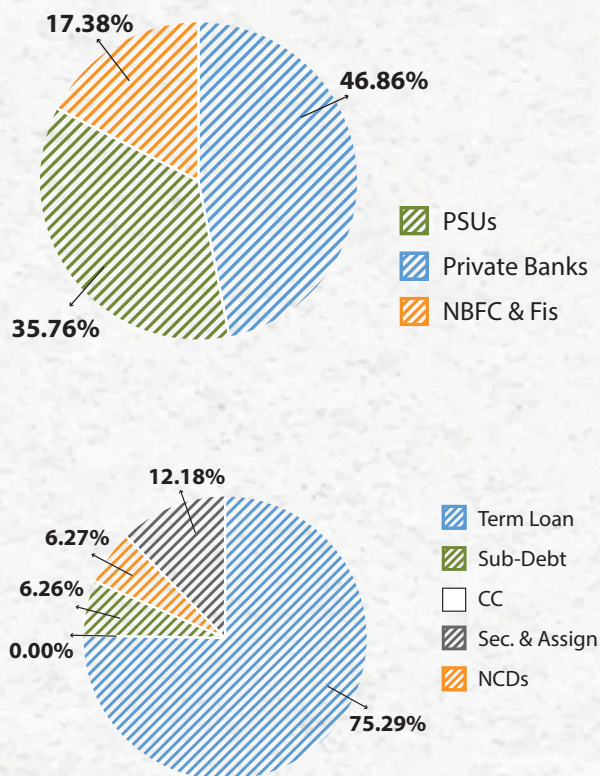
The above factors aided the Company to continue diversifying its lender base in FY 2024 and to borrow from various lenders including PSU, Private Banks, NBFCs, Foreign Financial Institutions, etc. increasing the total number of lenders to 49 as compared to 38 in FY 2023. Overall, the Company borrowed INR 5,208 Cr from the market in FY 2024. Some prominent lender relationships are State Bank of India, SIDBI, IDFC First Bank, Standard Chartered Bank etc. During the current financial year, Arohan successfully re-established new lender relationships with leading banks including DBS Bank, DCB Bank, Yes Bank, Vivriti Finance, HDFC, Axis Bank, ICICI Bank etc.

Additionally, the Company also raised funds through structured debts to maintain our cost of borrowing without compromising on liquidity. The Company executed partial recourse transactions (PTC), as well as non-recourse transactions (Direct Assignment) of a total INR 1118.12 Cr in FY 2024 as compared with INR 1531 CR in FY 2023. Arohan raised INR 208 Cr of Non-Convertible Debenture (NCD) from FMO.

The Company has reported a healthy Capital Adequacy Ratio of 29.01% as on March 2024. Arohan's Cash and Cash Equivalent and other

Bank Balances as of March 31, 2024 was INR 1,267.61 Cr, excluding undrawn sanctions of INR 1,038 Cr. Further, the Liquidity Coverage Ratio (LCR) as of FY 2024 end was reported at 843%.

The graph below depicts our borrowing mix as of March 31, 2024



CREDIT RATING

Arohan has attained a dual credit rating, showcasing its remarkable strides in enhancing portfolio quality, expanding its business footprint with new branches, and diversifying its portfolio. As a testament to its robust performance, both CARE and ICRA have elevated the company's rating to 'A' with a Stable outlook in the fourth quarter of FY 2024. This marks a significant achievement, with two upgrades accomplished in the financial year – first, an outlook enhancement and second, a rating upgrade.

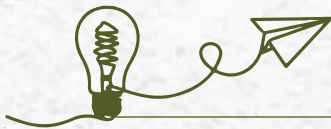
Furthermore, Arohan has secured the prestigious MFI-1 grading from CARE Advisory Limited, the highest accolade in its category. This distinguished rating underscores Arohan's unwavering commitment to transparency, financial prudence, operational sustainability, and the adoption of scalable processes. It reaffirms Arohan's position as a leader in the industry, poised for continued growth and success.

Way forward for FY 2025

To facilitate robust growth and expand our business horizon, the Company plans to raise approximately INR 8000 Cr in debt capital through various instruments such as Term Loans, External Commercial Borrowings (ECB), Direct Assignment, and Securitization. This infusion of capital will provide the necessary financial impetus for our anticipated growth in FY 2025.

In tandem with our growth projections, the Company aims to bolster our rating outlook and optimize borrowing costs. By maintaining a proactive approach to financial management, the Company seeks to further solidify our financial standing and enhance investor confidence.

Moreover, it is the Company's strategic focus to diversifying investment avenues. To this effect, the Company aims to continue to exploring opportunities across different fixed-income securities and money market instruments, aligning our investment strategy with our overarching goal of maximizing returns while mitigating risks.



Statement of Profit & Loss (INR in Cr)	Audited	
	FY 2024	FY 2023
Revenue		
Revenue from operations	1,591	1,069
Other Income	44	22
Total Revenue	1,635	1,091
Expenses		
Finance costs	592	469
Impairment on financial instruments	179	193
Employee benefits expenses	325	246
Depreciation, amortisation and impairment	5	5
Other expenses	121	88
Total Expenses	1,222	1,001
Profit before tax	413	90
Total tax expenses	99	19
Profit for the year	314	71
Other comprehensive income	(4)	(3)
Total comprehensive income	310	68

Statement of Balance Sheet (INR in Cr)	Audited	
	FY 2024	FY 2023
ASSETS		
Financial Assets		
Cash and cash equivalents	939	556
Other bank balances	329	378
Trade receivables	2	15
Loans	6,616	4,782
Investment	90	79
Other financial assets	46	28
	8,022	5,838
Non-Financial Assets		
Current tax assets (net)	12	43
Deferred tax assets (net)	55	118
Property, plant and equipment	8	5
Intangible assets under development	1	1
Other intangible assets	4	2
Right of use asset	7	5
Other non-financial assets	6	6
	93	180
Total Assets	8,115	6,018
LIABILITIES AND EQUITY		
Liabilities		
Financial liabilities		
Payables		
Debt securities	409	301
Borrowings (other than debt securities)	5,208	3,809
Subordinated liabilities	399	423
Other financial liabilities	114	99
	6,130	4,633
Non-financial liabilities		
Provisions	27	25
Other non-financial liabilities	43	22
	70	47
Equity		
Equity share capital	157	150
Other equity	1,758	1,188
	1,915	1,338
Total Liabilities	8,115	6,018



Pioneering Lending Solutions, Enhancing customer experience and lifecycle

Arohan leverages cutting-edge, data-driven technology and agile methodologies to swiftly address customer credit requirements, often providing solutions within minutes. This approach empowers the Company to seamlessly scale and sustain its operations through predictive systems and AI-driven automation. Arohan's continuous investment in technology ensures that our customers receive the highest level of efficiency and service excellence.

Arohan distinguishes itself in the financial inclusion landscape through its steadfast commitment to technology-driven solutions, boasting a cutting-edge infrastructure that sets industry benchmarks. This strategic investment has consistently positioned the Company as a leader in growth, operational efficiency, and innovation. Arohan's pioneering use of technology has garnered widespread acclaim, culminating in prestigious accolades. Notably, in FY 2024, the Company was awarded the Order of Merit from SKOCH in Innovation in Lending for *ArohanPrivilege Digital Lending*, Solution in Lending for *Nirnay*, and Solution in Financial Inclusion Programme for *Apna Arohan Customer App*.

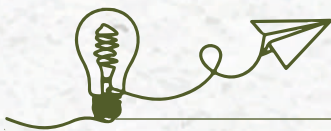
EMBRACING A COMMITMENT TO DATA EXCELLENCE

Arohan leverages cutting-edge technology as an essential tool for upholding premier standards of customer service and operational efficiency, while safeguarding and optimizing data for enhanced processes. Throughout FY 2024, our primary focus has been on driving continual enhancements within

our systems and streamlining business processes through automation, aimed at boosting efficiency and optimizing operational costs. Arohan proudly holds the prestigious certification from the esteemed British Standards Institution (BSI) for our Information Security and Management Systems.



This certification serves as a testament to our adherence to the international standards outlined by ISO/IEC 27001:2013, ensuring the meticulous management of information security and systems across various domains including Human Resources, Administration, Finance, Risk, Credit, Internal Audit, Information Technology, Central Hub, Central Operations, as well as Legal and Compliance. It underscores our unwavering commitment to maintaining the highest levels of information security and management excellence.



Digitalised operational workflows

Streamlining operational excellence is at the core of Arohan's mission to serve approximately 2.5 mn customers' credit needs. Our robust IT infrastructure currently captures an extensive array of data points—over 300 per customer—and facilitates a staggering volume of transactions, averaging over 3,00,000 daily, through our reliable Loan Management System.

To empower data-driven decision-making, Arohan has strategically developed a comprehensive Data Warehouse tailored for business intelligence and analytics. This initiative has yielded dynamic dashboards and insightful reports accessible to both field personnel and management, bolstering operational efficiency and fostering informed strategies.

At the core of our mobile-first approach is the provision of mobile or tablet devices to all field employees, ensuring seamless virtual connectivity with customers regardless of external circumstances. Moreover, Arohan has embraced a Bring Your Own Device (BYOD) policy, granting employees the flexibility to leverage their personal mobile devices for work purposes.

Arohan's prudent investments in information technology have culminated in an array of automated and digitalised platforms and tools, amplifying the efficacy of our operational processes. Leveraging cloud technologies extensively enables us to maintain robust customer engagement and drive employee productivity. **Among the cornerstone tools and platforms deployed by Arohan, both presently and in our future trajectory, are:**

- **Profile:** A Core Banking System from FIS to manage the overall lending business and strengthen the company's back-end systems. Being the first NBFC-MFI to be on a Core Banking System, as dynamic as Profile, enables Arohan to undertake and manage volume like no other in the industry.

- **MeraArohan:** A proprietary all-in-one suite of mobile applications, in line with the vision of 'Digital Arohan,' which enables all core business functions and other non-core activities to be digitally executed. MeraArohan covers all facets of Loan Origination, Repayment and Recoveries, Cross Sell marketplace, Internal Audit system, Field Monitoring application, Document Management System, and many more module spanning every aspect of operations and business support.



- **ApnaArohan:** Arohan further enhanced the capabilities of its customer-facing mobile app, ApnaArohan. The App facilitates for a select group of customer the facility of getting a loan within 10 minutes after a successful loan application through ArohanPrivilege, an industry-first digital loan sourcing platform. Apart from digital lending capabilities, the app is equipped with regional language facilities for millions of customers across geographies and allows the customer to view information on their loan ledger, and check eligibility for more loans, products, insurance details, etc. The app also provides them with access to the various Cross Sell products, offers an additional platform for grievance redressal, and connect with our field officers using voice or text-based features. The app is available for all the states where we have our own brick & mortar branches.



- **Prismatic:** Arohan uses CRIF High Mark's "Prismatic" data analytics for its area selection process when expanding into new geographies.
- **Diligent:** A comprehensive corporate governance software that manages all board-related activities in a paperless, transparent, and timely manner. This has led to reduced usage of and dependence on physical documents, ultimately increasing security and reducing turn-around time as well as costs.
- **Nirnay:** A credit scoring model, in partnership with CRIF's digital decisioning platform, "StrategyOne," which is customizable and supports streamlining of lending processes and controlling credit risk. With the help of selected technology vendors, the Company has built a technology platform that helps it maintain consistent levels of customer service, enhance operational efficiencies and create sustainable advantages for the organisation.

Seamless Digitalisation of Customer Lifecycle Management

Arohan's steadfast embrace of digital service delivery mechanisms not only positions the Company as future-proof but also enhances operational efficiency, enabling more robust data analytics that drive targeted customer profiling and personalized product offerings with risk-based pricing, ultimately leading to heightened customer satisfaction. The integration of technology into the Company's loan lifecycle spans from branch area selection to loan origination, data validation,

quality assurance, and repayment monitoring.

- To expand into new territories, Arohan utilizes analytics from *CRIF High Mark* to assess various business factors such as portfolio quality and market competition.
- The loan origination process is facilitated through '*meraArohan*,' which enables real-time credit bureau checks for customer indebtedness, provides automatic guidance on maximum loan amounts, and allows for the upload of customer KYC documents. '*meraArohan*' also conducts Group Recognition Tests, a crucial step before onboarding.
- All sourced files and digital documents undergo rigorous quality checks at the *Central Hub*.
- After successful quality check at the Central Hub, a *penny-drop test* verifies the active status of the customer's bank account for authentication purposes.
- Customers initiate KYC authentication through the *e-signature facility*, an integration that streamlines the onboarding process. The e-signed loan documents, along with *geo-tagging* of customer locations and *liveliness image* checks, ensure a legally compliant audit trail, saving time and optimizing cost and efficiency.
- Field employees of Arohan conduct Loan Utilization Checks through the '*meraArohan*' platform post cashless loan disbursement.
- The entire loan cycle is managed using '*Profile*,' Arohan's Core Banking System from FIS, a global Fortune 500 company.
- Real-time repayment and customer attendance monitoring at centre meetings are facilitated through the '*meraArohan*' app.
- *Digital repayments* are enabled through partnerships with various banks and fintech institutions. Arohan has also collaborated with Airtel Payments Bank Limited and Spice Money Limited, allowing customers to repay loans in cash at nearby merchant outlets. Various digital payment modes, including QR codes on loan cards, AEPS, Credit/Debit Cards, digital wallets, UPI, BBPS, and cash drop points, offer customers convenient and secure repayment options without relying on physical currency.

Another significant stride towards digitalization is the adoption of a cloud-based Customer Relationship Management (CRM) system. This transition ensures the seamless operation of Arohan's

Customer Insights Department during lockdowns, effectively addressing customer queries within specified timelines. The system also automates query routing to employees proficient in the customer's language, enhancing the overall customer experience.

Promoting Ethical and Sustainable Technology Practices

At Arohan, we advocate for the safe, respectful, and ethical engagement with technology. Moreover, we take responsibility for environmentally-friendly recycling and disposal of our end-of-life digital products. Committed to environmentally sound practices, we ensure proper disposal of retired IT assets in accordance with the guidelines set forth by the Pollution Control Board for e-waste management.

Looking ahead, Arohan is set to make substantial investments in Artificial Intelligence tools as part of our ongoing efforts to enhance digital capabilities. This initiative aims to elevate customer experiences and further optimize operational efficiency through technology. Arohan has consistently led the charge in digital transformation within the microfinance industry. With our mobile-first approach, cloud-based CRM system, cashless transactions, data warehouse, e-signature facility, customer facial recognition, and commitment to environmentally responsible practices, we've not only improved customer experiences but also streamlined operations. This positions our organisation as a trailblazer in shaping the future landscape of a digital-first financial inclusion leader.



Safekeeping the Trust, Ensuring Quality and Process Adherence for Operational Excellence

Arohan's steadfast dedication to prioritizing quality over quantity lies at the heart of its operational ethos. Embodied in its distinguished quality trinity of Credit Underwriting, Risk Management, and Internal Audit, these pillars serve as the Company's guardians of excellence. They not only navigate the challenges presented by an ever-evolving macro and micro-industry environment but also ensure that Arohan achieves unparalleled operational prowess

Arohan's sincere commitment to maintaining quality of the built-up business portfolios developed through its diversified products and delivery models rendered satisfactory financial markers in FY 2024. The three-pronged approach to ensuring Quality through Credit-Underwriting, Risk Management, and Internal Audit allows a safe and robust playground for the business to grow in a steady and stable manner.

CREDIT UNDERWRITING

Arohan's Independent Credit function stands as a bulwark, fortifying underwriting processes with an unwavering commitment to quality, right down to the last mile. Tasked with managing the credit quality of a diversified business model encompassing both Organic and Inorganic verticals, the Credit function of the Company ensures robust risk management and sustainable growth.

Organic Credit

The Organic Credit function at Arohan operates with the objective to reduce probability of default by developing suitable Credit Underwriting Policies,

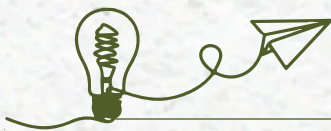
Processes and Strategic Interventions, categorised under Credit Policy Formulation and Credit Administration.

1. Credit Policy Formulation:

Credit Policies are the core guiding principles that balances the aspirational goal of business growth and the risk appetite of the Company. The Credit Policies are applicable in three layers – I) Customer Level, II) Market or Branch Level, and III) Product Level.

I. Customer Level: At the Customer Level, Arohan meticulously evaluates a borrower's repayment capacity by scrutinizing household income, expenses, existing loan obligations, credit history, and past repayment behaviour. Loan decisions adhere primarily to RBI guidelines, supplemented by internal benchmarks subject to periodic review.

II. Market or Branch Level: At the Market or Branch Level, strategic expansion decisions into new territories or consolidation efforts in existing ones are informed by comprehensive secondary data analysis, including industry-specific insights down to pin code levels. Concurrently, Arohan



monitors operational performance indicators such as Early PAR, 12-month PAR, and overall PAR at branch levels to pinpoint geographic challenges like the presence of ring leaders, high migration localities, high default concentration, and vulnerability to natural calamities.

III. Product Level: Operating at the Product Level, Arohan tailors distinct financial products to cater to diverse client profiles based on income levels, occupation types, and credit histories. For instance, Saral Loans target low-income female borrowers, Micro Enterprise Loans support small entrepreneurs regardless of gender, and Privilege Loans cater to seasoned customers with robust credit histories. Each product is accompanied by specific eligibility criteria and credit policies, ensuring a nuanced approach to risk assessment and portfolio diversification aligned with the Company's strategic objectives.

The Credit Committee of Arohan is the ultimate custodian of the credit policies which are formulated through multiple levels of deliberations and participations of the key stakeholders.

2. Credit Administration:

Application of the Credit Policies are done in two ways – I) Technology supported Rule Engine and II) Physical Processes at the field level.

I. Technology-Enabled Rule Engine: Each product is governed by a distinct set of credit policies meticulously designed to evaluate loan applications. These product-specific policies, including key parameters and benchmarks, are seamlessly integrated into our Loan Origination System (LOS), accessible via handheld devices used by field officers. Real-time decision-making capabilities provided by the rule engine empower field officers to conduct personalized discussions with applicants, leveraging insights gleaned from the LOS.

II. Field-Level Physical Processes: Given the inherent challenges in verifying income or savings proofs among microfinance borrowers, Arohan employs rigorous physical verification methods. This includes on-site visits to residences or workplaces, as well as mandatory Personal Discussions. These processes are essential for gathering critical information concerning cash flow, occupational stability, and the applicant's social standing.

Expansion and Portfolio Concentration Risk Mitigation: Arohan's expansion initiatives adhere to a meticulously crafted Standard Operating Procedure (SOP) known as "Vistaar." These initiatives are the outcome of thorough deliberation among

stakeholders, ensuring a structured approach to geographical expansion. Moreover, Portfolio Concentration is subject to monthly review, with actions taken in accordance with board-approved limits to mitigate concentration risks.

Inorganic Credit

The Inorganic Credit function at Arohan follows a well-defined credit appraisal process aligned with the Inorganic Credit Policy, sanctioned by the Credit Committee. These policies delineate appraisal standards, encompassing both quantitative and qualitative parameters, and provide guidelines for various financial products such as Term Loans, Direct Assignments, and Sourcing & Collection. Working in concert with underwriting, field, and relationship teams, the Inorganic Credit Team executes these policies under the oversight of the Credit Committee.

The borrower risk is evaluated by considering the following:

- The risks and prospects associated with the industry
- The financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital, and its cash flow adequacy
- Geo-concentration of the borrower
- PAR movements & quality evaluation using key delinquency metrics
- Collection efficiency movement & validation with bank statement
- The borrower's relative market position and operating efficiency
- The quality of management by analysing their track record, payment record, and financial conservatism.

Additionally, for Direct Assignments (portfolio purchases), the Inorganic team adheres to RBI-approved policies. The team also monitors the portfolio quality of Micro Enterprise Loans and MFI Alliances. Regular updates are provided to the management and the Board regarding all pertinent developments.

RISK MANAGEMENT

The Risk Management function at Arohan continues to play an enhanced role in risk mitigation across all functions in the Company, in the light of the changing business and economic environment, as well as expectations from Stakeholders and Regulators. The Business & Risk strategies that were deployed appropriately, enabled Arohan to remain well-prepared for facing and mitigating challenges throughout the financial year of FY 2024.

The Risk Management function of the Company is led by the Chief Risk Officer (CRO) and has independent reporting to the Risk Management Committee of the Board of Directors, headed by an eminent Independent Director, with regular administrative guidance from the Managing Director of the Company.

On the backdrop of the implementation of Risk-based pricing in FY 2023, Arohan has cleaned up the past's stressed assets and returned to "Net NPA Zero" status of Pre-COVID times. Careful strategic planning and execution over the past few years is reflected in the overall performance of the Company and is also a testimony of the Risk resilience built into the organisation.

The MFI sector has largely recovered from the impact of COVID-19. However, aggressive growth in certain quarters in the microfinance sector has had an impact on the Industry portfolio quality trends, especially for a few large lenders. The sector on the overall, remains stable & resilient with occasional nudge from the Reserve Bank of India for interest rate moderation in certain quarters in the current free risk pricing regime.

Capital raise(s) from marquee investors, Credit Risk pricing and strategic planning deployed for spreading out the financial impact of the pandemic across the three financial years, within the regulatory and statutory domains, have ensured that Arohan emerged in much better health in FY 2024.

Risk Analytics & Practices

In FY 2024, Arohan worked on further strengthening its Incisive Risk Analytics, enhancing capabilities using various statistical tools, large data processing software, and visual analytic tools such as Python, R, and Tableau. This reinforces the position of Arohan's risk management unit to provide sector-leading, critical, rationale-driven business intelligence inputs to the management and the stakeholders. Such inputs and insights enhance the Company's strategic planning capabilities and provide key actionable for the Management. Arohan has acquired the license of a machine learning based modelling platform, Design Studio, which will leapfrog Arohan's existing in-house capabilities & deep domain knowledge of statistical modelling, predictive & forecasting expertise.

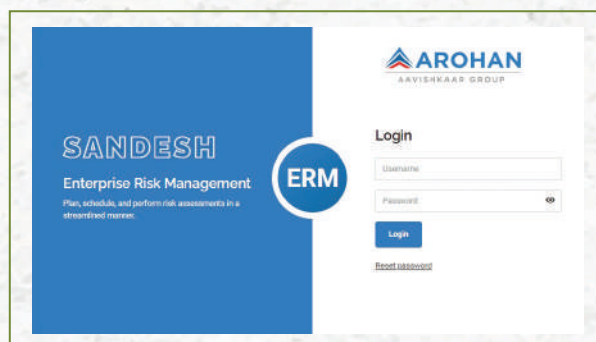
Credit Risk Management: Arohan's 'NIRNAY 1.0', the MFI sector's first credit acquisition scorecard which was deployed in April 2022 has been taken up for renewal & refresh with "NIRNAY 2.0". NIRNAY 1.0 along with Arohan's expertise in forecasting science ensured that Arohan was able to fully satisfy various auditor's & most importantly the Reserve Bank of India's risk pricing audits & scrutiny throughout the year with zero comments or observations.

Building on these strengths, NIRNAY 2.0 is being built using Design Studio which will ensure that Arohan continues to optimise Risk-based pricing strategies & provision planning of the future.

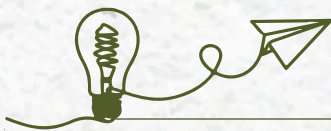
Operational Risk Management: Arohan's proprietary Branch Risk (BRisk) assessment algorithm refreshed during the year, continued to proactively provide visibility of operational risks to the business team for effectively assessing operational risk all the way to the frontlines' operating unit, the branches. The BRisk Grading of the entire Company at all levels up from the Branches provided the Business team, the Management and the Board of Directors with an impartial assessment of the operational health of Arohan's active branches while indicating potential emerging risks. It is encouraging to observe that the overall BRisk grade of the Company has demonstrated positive trends throughout FY 2024.

Operational Risk Management is expected to come under enhanced focus in the Reserve Bank of India's Operational Risk regulations & guidelines in FY 2025 in the backdrop of various discussions and workshops through the year.

Enterprise Risk Management:



Arohan has been proactively working on the microfinance sector-specific ERM structure for a while now. That foresight started bearing fruits in FY 2024, with the Reserve Bank of India actively encouraging systemically important NBFCs, during their regular audits and in their specifically curated CRO Workshop, for the deployment of Enterprise Risk Management (ERM) systems. ERM is a globally well-established framework for effectively optimising Risk vis-à-vis Return, and providing accurate and insightful visibility on all risks inherent during the functioning of an organisation. As a mandate for the Risk unit, Arohan initiated the implementation of the Enterprise Risk Management (ERM) project using the COSO framework. Christened SANDESH, the project has made significant progress with the platform that was completely developed in-house. The platform is already operational with the respective Risk Owners approving the risk registers along with their controls and thresholds. Arohan is again the first in the sector for the development of ERM in true letter and spirit.



Business Continuity Policy (BCP)

Arohan's deployment and practice of Business Continuity Plan (BCP) was led and anchored by the Risk unit, which was also audited by the Reserve Bank of India and was found to be satisfactory. The implementation of the Business Continuity Policy and Plan of the Company has led to a well-established BCP process backed by well-trained BCP committees and stakeholders. The Company continues to be 'Business as Usual' with the least disruptions during events of calamities and other disruptions during the year. The Risk unit will continue to strengthen and anchor this important regulatory requirement for the Company.

Appointment & Reporting of CISO

The Reserve Bank of India through its circular titled Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices has directed for detailed compliance across Information technology practise & control and cyber security preparedness, cyber crisis management & mitigation plans. One of the key directive in the said circular is the definition & scope of the role of a Chief Information Security Officer (CISO). The circular has also mandated that the CISO will have direct reporting lines to the Chief Risk Officer. In compliance to the said circular, a General Manager cadre officer has been appointed as a CISO in Arohan with effect from April 1, 2024 to bring in the desired focus & actionable regarding information technology and cyber security risk management.

INTERNAL AUDIT MANAGEMENT

Arohan boasts a robust Internal Audit function, offering independent assurance and guidance on internal control and risk management processes. This function plays a crucial role in helping Arohan achieve its objectives by employing a methodical and disciplined approach to evaluate and enhance the effectiveness of internal control and governance processes. Functioning autonomously, the Internal Audit department at Arohan operates under the oversight of the Audit Committee of the Board. This committee thoroughly reviews the department's structure, annual audit plan, and staffing, ensuring a rigorous and impartial review process.

Arohan's Internal Audit acts as a trusted advisory body, delivering top-tier counsel and precise insights to management regarding the efficiency of internal control, process adherence, risk management, and governance across the organisation.

Aligned with the Reserve Bank of India's guidelines, Internal Audit at Arohan adopts a Risk-Based Supervision (RBS) approach. It diligently adheres to the provisions outlined in RBI circulars, such as the

one dated February 3, 2021, focusing on "Risk-Based Internal Audit (RBIA)" for non-deposit taking NBFCs with an asset size of INR 5000 Cr and above. Moreover, it complies with relevant guidelines under the Companies Act, 2013, as well as internal audit standards set forth by the Institute of Chartered Accountants of India (ICAI), ensuring governance processes are credible, resilient, and transparent.

In its pursuit of excellence, Internal Audit at Arohan actively recruits professionals with specialized domain expertise. Currently, the team comprises three Chartered Accountants, two Qualified Information System Auditors (CISA), one Certified Internal Auditor (CIA), and six MBAs at both Head Office and field levels, enriching the team's professional acumen.

The team is dedicated to fostering diversity and inclusion within its members. Presently there are seven women members, with plans to further increase female representation going forward. This move is particularly notable in an industry where women leaders are rare, and it signifies a positive shift towards gender balance, with women taking prominent roles, even in field audits.

Quality Certification

In FY 2020, the Internal Audit function of Arohan achieved accreditation with the ISO 9001:2015 certification from the British Standards Institution (BSI).



This certification attests to Arohan's adherence to the requisite standards and requirements for conducting Internal Audit. It serves as a testament to the organisation's dedication to excellence in quality management functions and underscores its determination to elevate these standards further to enhance business precision. Moreover, BSI reaffirmed this certification in February 2023, extending it for an additional three years following comprehensive surveillance.

Infrastructure

In the microfinance industry, Internal Audit is a specialized function demanding a blend of field expertise and auditing proficiency. Arohan's Internal Audit team is meticulously structured to integrate the essence of both aspects, selecting field auditors from seasoned personnel alongside professionally qualified auditors. Moreover, Arohan consistently invests

in enhancing the skill sets and knowledge of its employees, including Audit team members, through regular training and development initiatives.

The Internal Audit team at Arohan comprises ~170 skilled auditors, strategically located across its operational areas, meticulously chosen through a rigorous selection process.

During FY 2024, the department successfully conducted audits of over 950+ active branches on a quarterly basis, encompassing microfinance, Micro Enterprise Loan vertical, ArohanPrivilege Digital Lending vertical and Sourcing & Collection operations. Notably, the audit coverage rate for microfinance and Sourcing & Collection branches remained at 100% throughout all quarters of FY 2024.

The function is facilitated by a real-time Audit Management System (AMS), bolstered by technological support from the in-house IT Department. This web-based system ensures seamless audit operations and systematically captures audit findings in a structured and scheduled manner. The platform enables real-time tracking of audit progress, facilitating swift escalation of significant issues and monitoring closures with optimized efficiency, all within predefined timelines. Furthermore, in 2023, an end-to-end fraud management system (FMS) was introduced for reporting, tracking and document repository of all fraud cases with better visibility, traction and coordination by all stakeholders.

The Data Analytics team within the Internal Audit function consistently endeavors to provide management with insightful leads, alongside various audit inputs for field audit verification, thereby enhancing the overall effectiveness of Arohan's Internal Audit processes.

Methodology and Reporting

The Internal Audit function at Arohan conducts audit of all operative branches once in every quarter. The audit is focused on a three-pronged approach namely:

- **Field Processes:** The Field Process includes audit of the logs and practices of business operations including Verification, Collection and Disbursements to name a few.
- **Back-End Activity:** The Back-End Activity approach is designed to screen for deviation in any documentation and administration related activities that drive business continuity.
- **Customer Contact:** Through the Customer Contact process, the vertical cross-checks all systems and processes that results in customer interaction and business or behavioural transactions.

The above heads, along with its various subheads, are assigned appropriate weightage within a dynamic range, to reflect the final audit score. Each branch, having undergone audit every quarter, is assigned an audit grading based on the observations and scores. The resultant grade acts as a significant parameter in defining the organisation's quality parameter and contributes to a significant share of the performance appraisal process of all concerned parties. Branches are covered under regular audit and snap audit alternatively on a half yearly basis. Snap audit covers the highly important aspects of the full audit process, and is undertaken by a senior audit resource to ensure in-depth exploration and analysis of high risk areas, with a much shorter Turn Around Time. Support functions, including Compliance, Human Resources, Administration, Information Technology, Central Operations, Finance and Accounts are also audited at least twice a year. High emphasis is further enforced on monitoring the adherence to compliance and regulatory requirements as prescribed for NBFC-MFI under different statutes. Formal reporting is done to the Audit Committee once in every quarter.

Vigilance function

Arohan launched its own Vigilance Department in FY 2021, led by a seasoned ex-serviceman possessing extensive experience and training in the relevant domain. The Company aims to gradually augment the team over time. This department is tasked with conducting thorough investigations into significant fraud cases and maintaining effective communication with local Government Agencies to solicit assistance whenever necessary.



AROHAN
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**TRAINING PROGRAMME
FINANCIAL LITERACY**

AROHAN FINANCIAL SERVICES LIMITED

Sponsored by Aavishkaar Foundation, Mumbai

Organizer: Gram Jagat (Bihar)
Project Ansa Banka (Bihar) & Godda (Jharkhand)





Building a culture of Respect, Elevating our Employee Value Proposition, and Embracing ESG-Driven Value Creation

At Arohan, we recognise that our greatest asset lies in our people. With a robust human capital framework, we are empowered to pursue our ambitious goals with confidence. Central to our ethos is the continuous enhancement of our workforce's intellectual prowess through upskilling initiatives, ensuring they remain at the forefront of industry trends and best practices. Moreover, our people are deeply committed to making a positive impact beyond the confines of the organisation. Through our Environmental, Social, and Governance (ESG) initiatives, Arohan actively contributes to the betterment of the communities in which it operates.

PEOPLE FOCUS

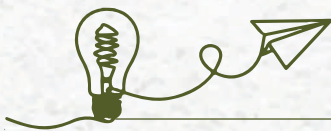


In FY 2024, Arohan embarked on a strategic expansion journey, venturing into new territories such as Karnataka, Gujarat, Haryana, and Uttarakhand. This expansion initiative propelled our branch network to a commendable 975 branches spread across 19 states, amplifying our reach and accessibility.

On the human resources front, Arohan made significant strides in enhancing its workforce, with a remarkable 16.22% surge in staffing by the end of the fiscal year. This concerted effort culminated in a total headcount of 9,333 employees, a testament to our commitment to fostering a dynamic and thriving organisational culture.

With an unwavering focus on customer-centricity, Arohan now serves a diverse customer base of nearly 2.5 million individuals across India, catering to their financial needs and aspirations with diligence and care.

Central to our success has been our steadfast dedication to employee engagement and motivation. Through a multitude of Employee Value Proposition programmes, we strive to create an environment of trust, pride, and fulfillment among our workforce. By nurturing a culture that encourages collaboration, innovation, and personal growth, Arohan continues to attract, develop, and retain top talent in the industry, ensuring our continued success and growth trajectory.



Great Place To Work® Certified™



Arohan achieved a ground-breaking score of 92 in the Trust Index® Employee Survey of the Great Place to Work Institute. This remarkable achievement marks the fourth instance of Arohan establishing a High-Trust, High-Performance Culture, a testament to our unwavering dedication to nurturing an environment where every individual thrives.

This accolade has led to Arohan being recognised as India's Best Workplace in BFSI 2024: Top 25. With 4,338 employees participating in the survey conducted in January 2024, the exceptional employee perceptions revealed underscore our distinctive culture and values. This outstanding recognition reaffirms our belief in the profound correlation between exceptional people and an exceptional workplace. Rooted in our Core Values (ETHICS), we remain steadfast in our commitment to prioritizing employee satisfaction and well-being, recognising that our success is intricately linked to the happiness and fulfillment of our team members.

HR Policy and Processes

In fiscal year 2024, Arohan made significant strides in fortifying its operational infrastructure by bolstering processes and policies, and by standardizing all procedures pertaining to its workforce in line with industry-leading practices and stringent information protection standards. Under this overarching initiative, a wide array of policies spanning Recruitment & Selection, Onboarding, Exit Protocols, Internal Job Postings, Leave Management, Working Hours, Attendance Tracking, Staff Loans & Salary Advances, and more underwent a comprehensive revamp, each accompanied by meticulously crafted process manuals.

One noteworthy addition to Arohan's policy landscape was the introduction of the Arohan Compensation & Benefit Policy, a milestone marking the Company's commitment to employee well-being and satisfaction. To ensure seamless dissemination and comprehension across all internal stakeholders, the updated policies and refined processes were effectively communicated through multiple channels, including email newsletters, SMS alerts, the Adrenalin HR Management System, and the meraArohan employee app.

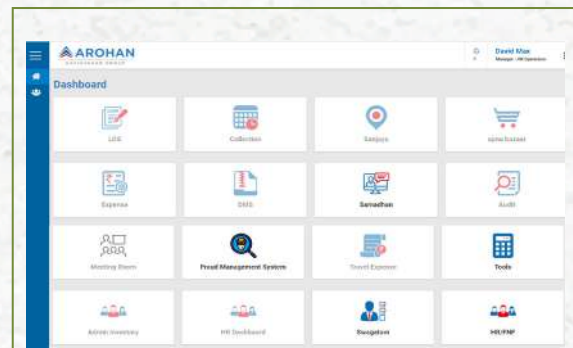
This concerted effort has not only instilled a culture of equity and transparency within Arohan but has also furnished the organisation with a unified

operational framework, thereby fostering greater efficiency and consistency across its operations.

Automation of HR Processes

Streamlining HR processes through automation has become a cornerstone of modern workforce management. Arohan too, leverages technology to achieve greater efficiency, accuracy, and scalability in handling various HR functions such as recruitment, onboarding, payroll, performance management, and more.

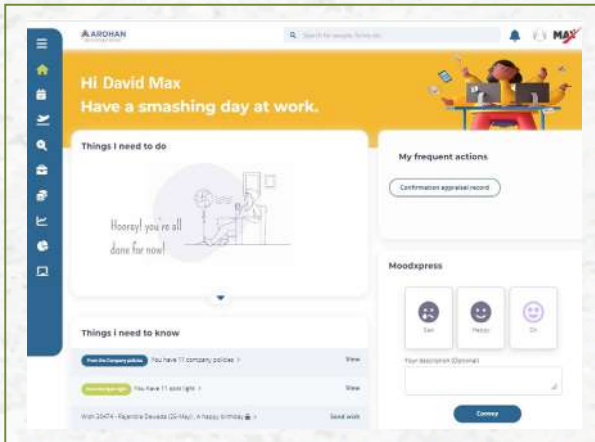
- **Swagatam:** In FY 2024, Arohan introduced its proprietary application, Swagatam, revolutionizing the recruitment-to-onboarding journey for field employees.



This cutting-edge tool not only digitalises the entire process but also elevates efficiency and enhances candidate experience. Swagatam facilitates seamless mass recruitment, optimizing time and resources while delivering strategic insights through robust reporting functionalities. This innovative platform enables the publication of job listings across diverse channels, meticulously tracks and screens candidates, maintains a comprehensive document trail, and generates detailed employee profiles. Its sophisticated screening mechanism ensures the selection of top-tier talent, while integrated psychometric assessments evaluate candidates across key variables such as achievement motivation, adaptability, and integrity, thereby offering valuable insights into potential job performance.

- **Staff Loan through meraArohan:** In FY 2024, Arohan integrated its staff loan application procedure with meraArohan employee app. With this transition, employees across the Company can now apply and get disbursement of Staff Loan digitally, with just a click, subject to qualifying the eligibility criteria. The automation of the staff loan process ensures enhanced user experience and delight. With a focus on transparency, employees can view his / her loan status at any point in time during the process of the application, along with their repayment schedule. As a result, the loan

processing time has now been reduced from 12 working days to only a maximum of 4 working days, while also minimizing manual intervention.



- HRMS Platform:** Arohan's introduction of Adrenalin Max 2.0 marks a significant leap forward in optimizing the employee experience through streamlined HR processes. This upgraded version offers enhanced features aimed at simplifying navigation, providing quick access to essential employment documents, and boosting operational efficiency with improved data visualization and faster functionality. Adrenalin Max 2.0 encompasses a comprehensive suite of tools including Travel & Reimbursement Management, an Online Performance Management System, Real-time Attendance Tracking, and Interactive Dashboards and Analytics. Each of these components is meticulously designed to empower employees and HR professionals alike, fostering a culture of efficiency and engagement. With a clear focus on employee satisfaction, this innovative platform represents Arohan's commitment to elevating the workplace experience.
- Employee Movement:** Arohan has completed the end-to-end automation of all categories of employee movements across locations and departments. This also includes necessary communication flows with notification alerts to all concerned stakeholders.
- Employee Dashboard:** Arohan's one-stop employee dashboard allows its employees to get access to information pertaining to their employment lifecycle at a touch of a button. This module in Arohan's proprietary meraArohan portal enables all the employees to access their service related information, such as attendance, leave, performance evaluations, and promotion records, on a real-time basis and through a single sign-in.
- Employee Communication module:** Arohan also has integrated an Employee Communication Module in the meraArohan App to make

employees aware of policies, processes, benefits, and new initiatives taken by the Company toward employee welfare. The module is also backed by an assessment, which is circulated in regional languages, to capture the awareness levels of the field employees pertaining to such employee value propositions while ensuring the effectiveness of the communication.

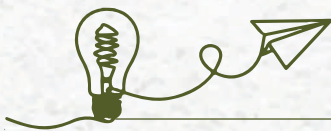
- Samadhaan:** Arohan's employee grievance redressal platform, Samadhan, is fully automated. Through this platform, employees can register their complaints or issues related to salary, leave, employment-related documents, movements, etc. On raising a complaint or query, a ticket is generated, initiating the resolution process, which is ensured to close within the defined TAT through a defined matrix.

HR PRACTICES

Hiring

Hiring at Arohan operates under a firm commitment to equal opportunity, where all job applications are thoroughly considered regardless of age, gender, marital status, disability, nationality, or religion. Candidates are evaluated solely on their merit, drawing from a pool of referrals, direct applicants, and internal talent.

- External Hiring:** Arohan is actively dedicated to fostering gender diversity within its field workforce, undertaking a diversity charter with clear annual targets for gender representation over the next three years. Specific roles across departments are earmarked for female candidates, reflecting the Company's commitment to equality. Arohan also supports employees seeking to re-enter the workforce after a sabbatical, offering tailored programmes to facilitate their career resurgence. By tapping into industry-specific talent pools, Arohan ensures high-quality hires, valuing the diverse perspectives and expertise each candidate brings. Additionally, the Company operates an Employee Referral scheme, incentivizing staff to recommend suitable candidates for open positions.
- Internal Hiring:** Arohan prioritizes internal talent development, providing equal cross-functional growth opportunities through Internal Job Postings (IJP). These postings are open to eligible candidates across departments, promoting job rotation, skill enhancement, and career progression. With a well-defined IJP policy, Arohan optimally utilizes its internal talent pool, facilitating employee growth and advancement within the organisation.



Employee onboarding

Arohan believes that Employee onboarding is more than just a paperwork process; it's the crucial first step in setting the tone for an employee's journey within the Company. At Arohan, a well-designed onboarding experience significantly helps impact an employee's engagement, productivity, and retention.

- **Aashirwaad:** The Aashirwaad programme stands as a cornerstone of Arohan's field onboarding process. Of the total field force of the Company, more than 65% are between the age group of 21–27 years. Hence, it is construed that, more often than not, the job offered to them is their first job. Aashirwaad extends a warm invitation to the families of probationary field officers, integrating them into the onboarding experience. This not only fosters an emotional connection with the Company but also enhances engagement and retention by ensuring a supportive network from the outset.
- **Employee Selection Process:** At Arohan, the employee selection process is meticulously crafted to ensure the right fit for every role. Anchored by our proprietary Competency Framework, we employ a diverse array of evaluation methods tailored to each candidate's level and position. For mid-level and senior roles, a panel of department heads conducts interviews, leveraging psychometric tools for comprehensive behavioral assessment. Junior candidates undergo online aptitude tests, while Customer Service Representative selections now incorporate psychometric evaluations focusing on Achievement, Motivation & Adaptability. In a first for Arohan, field employee selections include a mandatory one-day field visit and report submission, offering candidates a first-hand glimpse into our operations. Simultaneously, candidates are encouraged to evaluate both the sector and the Company, ensuring alignment with our mission and values before onboarding commences. This holistic approach not only facilitates informed decision-making but also aids in managing drop-out rates effectively.

Performance Driven Culture

At Arohan, promotion isn't just about tenure—it's about merit and performance. We foster a culture where employees advance based on their demonstrated skills and contributions. Through a rigorous evaluation process, individuals are assessed for their readiness for the next level, considering factors like performance and maturity.

Moreover, the Company actively encourage employees to pursue higher positions through its Internal Job Postings. These opportunities not only recognise and reward talent but also serve as a

source of motivation and encouragement, empowering individuals to take charge of their career growth within the organisation.

ADDRESSING THE UNIQUE NEEDS OF EMPLOYEES

Employee Benefits

- **Compensation:** Arohan has adopted a three-pronged approach for its compensation structure to cater to the unique needs of the different groups of employees:
 - For entry-level employees, the approach focuses on ensuring more 'cash in hand' to meet their day-to-day expenditures, encouraging performance-linked incentive schemes
 - For middle management level employees, the focus is on balancing the aspects of long-term Retirement benefits and cash-in-hand to meet their immediate requirements
 - For senior leaders, the focus is on value creation through Employee Stock Option Plans and other tax-saving benefit schemes and variable pay, where the pay-out is dependent on the Company's profit.
- **National Pension System:** Arohan, in association with HDFC Pension, has introduced the National Pension System (NPS), a voluntary tax-saving retirement scheme tailored for middle and senior management. NPS allows employees to have flexible control over their contribution amounts, ensuring a customizable savings plan for their retirement years. Contributions to the NPS are eligible for significant tax benefits, enhancing its appeal as a prudent financial planning tool.
- **Car Lease Benefit:** Arohan has introduced a Car Lease Benefit for employees, offering a significant tax-saving opportunity. Employees at the Deputy Manager level and above are eligible to avail this benefit, allowing them to lease a car and save on taxes. Additionally, those at the AGM level and above have the flexibility to choose between the Car Lease Benefit or Conveyance Reimbursements, further optimizing their tax savings and enhancing their overall compensation package.

Employee Advances, Loans, and Grants: To mitigate the needs of certain short-term financial support, Arohan offers its employees advances, loans, and grants. Advances are given to address the immediate financial needs of the employees, which can be paid back within a stipulated timeline. Loans are of two categories – Personal and Educational, which relatively is a large amount

provided to employees and for a longer duration.

Grant is a special category of Education loan, which takes care of financing any professional course or certification programme relevant to the job the person is undertaking.

- **Work from Home:** With Arohan being home to a diverse workforce and the new hybrid work culture that employees prefer in today's scenario, the Company offers Work From Home (WFH) facility to those employees who have the necessary infrastructure and whose jobs allows them to operate from home, while ensuring that employees perform to the organisation's work expectations from the role.
- **Child Care Leave:** Being a mother can sometimes require a woman employee to take a few days off from their work in order to care for her child's needs. As working from home is not an option for female employees in the field, Arohan has introduced a Child Care Leave only for women employees in the field. A Child Care Leave (CCL) is granted for the specific purpose of taking care of a minor child for rearing or looking after its needs, including examination, sickness, etc.
- **Flexi Working Hours:** Non-field employees at Arohan are provided the privilege of flexi-timing with the employee clocking in the desired number of productive hours (i.e., 8 hours of working and 1 hour of lunch break).

Employee Health and Safety

- **Arohan Avalamban Yojana:** Arohan is committed to the well-being and safety of not just its employees but also their families. 'Arohan Avalamban Yojana,' a death in harness scheme, was launched with the objective of providing support to the families of the employees who lost their lives while in service at Arohan or have suffered permanent disabilities resulting in loss of ability to work.
- **Safety at Workplace:** Arohan adopted a gender-neutral POSH Policy and instituted the POSH Committee in the year 2016. Every new joiner at Arohan, irrespective of their bands, designations, and locations, undergoes mandatory POSH training as a part of their induction schedule. Regular Refresher Training is also conducted for all stakeholders at least once a year. Central and Regional Internal Committees are created, along with the mandatory presence of an External Member, across locations.
- **Field Employees' Road Safety:** Arohan's field

employees travel to customers on their two-wheelers. In order to ensure that employees understand the value of their lives and adhere to road safety norms, Arohan promotes Road Safety Guidelines among its employees through a campaign, #YourLifeisPrecious. Road Safety Guidelines, published in vernacular languages, as well as an interview feature on the monthly internal newsletter, Srishti, of field employees on road safety practices, is carried out as a part of this campaign.

- **Safety at Branch:** With the increasing number of women employees joining the Company, Arohan has ensured to take special care in selecting the right kind of premises for the safety of women, with CCTV cameras installed in every all-women or mixed-employee branch.

DRIVING GENDER DIVERSITY

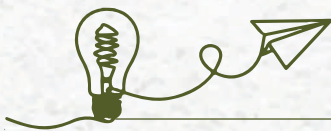
Arohan extends financial services to nearly 2.5 mn women engaged in diverse income-generating activities, thereby empowering them to support their families through additional streams of income. This extensive clientele is served by a workforce of over 9,333 employees. Recognising that the majority of our customers are female, we prioritize having a predominantly female field staff to enhance understanding of our customers' cash flow requirements and facilitate stronger customer connections and networking opportunities.

Aligned with Aavishkaar Group's vision of achieving a natural gender diversity ratio of 50% within the Group by 2030, Arohan is steadfastly committed to fostering greater gender diversity within the organisation. We have developed a clear roadmap aimed at achieving a specified diversity ratio over the next five years. Our Diversity Council actively spearheads initiatives to introduce women-friendly policies and processes, with the overarching goal of attracting and retaining a growing number of female talents.

Our efforts have yielded tangible results, evident in the improvement of Arohan's Gender Diversity ratio from 4.9% in April 2019 to 13.71% in FY 2024. This progress is attributable to the implementation of various initiatives and policy revisions, not only at the corporate and regional levels but also at the grassroots level. Notably, Arohan has strategically established branches in several states staffed entirely by women, effectively creating women-only branches where every aspect of business operations is driven by female employees.

Some of the key interventions are listed below:

- **Diverse Hiring Practices:** Arohan acknowledges the historical gender disparities that women have faced in various professional fields and have



implemented some flexibility in the organisation hiring practices with the intent to support female candidates so that they can manage their professional life along with their other life household commitments. Arohan recruitment policy offers age relaxation and considers the career gaps to provide equal opportunities to women to pursue and outshine in their career. This approach fosters a diverse and inclusive work culture.

The Company gives utmost priority in Hiring women in leadership role as they serve as positive role models and contribute to a more inclusive workplace culture. Arohan has implemented a mandatory requirement to include a female employee on interview panels, especially when interviewing female candidates. This practice ensures a comprehensive evaluation of fitment, taking into consideration various factors, including the work environment and other relevant aspects.

At Arohan, our steadfast commitment to diversity is evident in our strategic approach to hiring key talent for pivotal roles throughout the organisation. Positions including Head – Human Resources, Administration, Training & Development & Corporate Social Responsibility, Zonal Business Head, Head of Central Operations, Head of Arohan Privilege, Head of Cross Sell, Head of Corporate HR, Head of Corporate Communications, Head of IT Application, and numerous other critical roles are deliberately entrusted to women leaders who bring a wealth of diverse perspectives and skills. By fostering a team of leaders with varied experiences and insights, we enrich the decision-making processes within the organisation. These diverse perspectives contribute significantly to our Management Committees, offering unique cross-functional insights that drive innovation, enhance problem-solving capabilities, and ultimately contribute to Arohan's overall success.

- **All Women Branches:** Arohan has pioneered a distinctive model of empowerment by establishing branches in various states that feature an all-women workforce. These All Women Branches embody the spirit of diversity and inclusivity, where the entire business flourishes under their expertise, creativity, and resilience. To uphold a standardized and supportive approach for these All Women Branches, Arohan has implemented an All Women Branch Policy. This policy serves as a comprehensive guide, offering clear directives for our Field Team. It ensures the provision of female-friendly infrastructure that is safe, secure and also creates an environment where female employees can deliver exceptional client service with confidence.

- **Travel for Women:** To ensure the complete safety of women during their travel, all female employees at Arohan are eligible to claim a minimum of one notch-up travel reimbursement. Also, all women employees, who may need to work late in the office, have been made eligible for cab services arranged by the Company, to drop them off at their home locations.

Women-centric Grievance Redressal Platforms

Arohan has created unique Grievance Redressal Platforms, especially for its women employees across the field. These platforms are specially designed to handle high-priority grievances with the utmost confidentiality.

- **Saheli:** This is a unique helpline number to address the queries and grievances of women employees who seek any sort of HR-related guidance and assistance.
- **Prevention of Sexual Harassment (POSH) at the Workplace:** Arohan has adopted a gender-neutral POSH Policy. The POSH helpline and structure at Arohan is one of the key grievance redressal mechanisms that seek to protect employees from sexual harassment at their place of work.
- **Arohan Code of Conduct (ACOC):** The Arohan Code of Conduct and discipline rules have been formulated to maintain the standard of business conduct and to prevent any wrongdoing by employees while promoting good work ethics, culture, and discipline.

TRAINING & DEVELOPMENT

Arohan believes that Employee development is the cornerstone of organisational growth and success. By investing in the continuous learning and growth of employees, companies foster a culture of innovation, adaptability, and excellence. Arohan maintains a steadfast commitment to upskilling and nurturing its employees, cultivating a reservoir of high-potential individuals poised to lead the organisation into its Vision 2028. Recognising the evolving dynamics of the industry landscape, Arohan has proactively overhauled its approach to talent development.

In the face of a rapidly changing VUCA (volatility, uncertainty, complexity, and ambiguity) world, Arohan firmly believes that continuous learning, unlearning, and relearning are indispensable for sustained success. The exigencies of the industry necessitate that employees remain agile and adaptable to stay

ahead of the curve. Anchored on this principle, Arohan has implemented robust training frameworks aimed at reskilling and upskilling employees across all domains.

Employee Capability Development

- **“Pragati – Unnati ki Oor”:** This is an innovative initiative dedicated to capability development of our last mile employees. Every working Saturday morning, for one hour, this programme reaches out to field officers at the branches, ensuring engagement down to the last mile. “Pragati” extends its benefits to both field and enabling functions, allowing all employees to connect and actively participate in these enriching sessions.

Led by process owners, these fortnightly morning trainings are facilitated by the Training & Development team and executed by line managers. Each session focuses on relevant topics tailored to the current business environment, aiming to enhance business performance and productivity metrics. By focusing on areas crucial to business and productivity metrics, Arohan aims to drive continuous improvement and empower our workforce for sustained success.

- **Hi-Pot Identification, Development & Benefits:** Arohan is deeply committed to cultivating a thriving learning culture throughout the organisation, dedicated to empowering every employee to realize their fullest potential, elevate job satisfaction, and advance their career progression. Our overarching aim is to establish a workplace where continuous learning and development are ingrained in our ethos.

Recognising the invaluable contributions of high-potential (HiPot) employees, who consistently demonstrate top-tier performance, Arohan prioritizes their support and retention. To fuel their growth journey, the HR & Training Team has curated the HiPot Development Programme. This initiative is custom-tailored to cater to the developmental needs of employees ranging from Assistant Managers to Senior Vice Presidents, who have exhibited commendable performance and completed at least one Performance Management System (PMS) Cycle.

Central to the programme is experiential learning, facilitated through cross-functional projects and super-skip level assignments within Arohan and across our group entities. In partnership with one of India's most esteemed organisations, the HiPot programme is meticulously crafted to engineer rapid career advancement for identified high-

potential individuals. This holistic approach underscores the Company's commitment to nurturing and empowering our high-potential talent pool, ensuring they remain motivated and poised to assume leadership roles in the future.

- **Margdarshak:** In FY 2024, Arohan implemented a targeted behavioral intervention programme for our Branch Heads, emphasizing the critical role they play in the lives of our Customer Service Representatives (CSRs). Through this initiative, they delve into the significance of empathy, people development, and relationship management. We firmly believe that fostering a familial atmosphere with our CSRs is paramount for organisational growth.

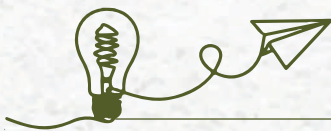
Induction Programmes

Arohan places strong emphasis on comprehensive induction programmes tailored to both field and non-field functions, delivered in various regional languages. These programmes aim to enhance the functional and behavioral competencies of employees across all levels. In the fiscal year 2024, over 850 induction programmes were conducted, achieving an impressive effectiveness score of approximately 91%.

Knowledge Management

Arohan has implemented a robust approach to knowledge management, aimed at efficiently capturing, organising, and sharing knowledge among employees. As part of this initiative, Arohan has introduced a range of programmes, including:

- **Saksham:** An online, system-proctored certification programme for the critical roles spanning the field and enabling functions to upgrade their knowledge of the policies, processes, and industry in line with the shifting landscape.
- **E-Learning:** In a groundbreaking step within the microfinance sector, Arohan has introduced bite-sized self-learning modules on critically relevant topics for all field employees of the Company. These modules are accessible in multiple regional languages, allowing employees to learn at their own pace. This innovative approach enables the Company to rapidly disseminate information with nearly 100% coverage.
- **Refresher Training Programme:** These are specialized business training conducted for the field team on a monthly basis, ensuring last-mile connectivity aligned with the business goals.
- **Thank God It's Friday!:** A development initiative for the Trainer cadre of the Company. This Friday



platform encourages learnings about new state-of-the-art training initiatives that help develop the capabilities of the trainers. Going forward, this platform will be extended for other key enabling functions as well.

- **Weekly Communication Hour:** A dedicated hour every week where the field managers communicate with their teams on updates pertaining to processes and policies, along with key strategies in line with business goals. Special training for Area Managers, Branch Heads, and Associate Branch Heads is also conducted through these forums in a 'Train the Trainer' format, where the participants are later expected to impart the training to their respective teams.

Some other key training interventions are listed below:

- **Corporate Training:** Arohan conducts the 'Corporate Training' programme regularly throughout the year to enhance the skill and behavioural competencies of employees in support functions. These sessions cover various support functions across the 9 Zonal Offices and the Head Office.
- **Leadership Development Programme:** Targeted at nurturing the capabilities of the next 100 top-performing employees, the Leadership Development Programme spans across different verticals, encompassing both field and non-field roles. Participants undergo a rigorous assessment centre by a leading third-party provider, followed by a 7-month programme comprising classroom sessions, mentoring, simulations, and self-paced learning. Individual Development Plans are collaboratively crafted by participants, supervisors, and coaches to guide them towards their goals.
- **Automation of Training:** Arohan adapts its learning strategy to cater to the needs of millennials by introducing a socialized 'Learning Management System.' Courses are tailored to enhance the functional competencies of over 8600 field team members through weekly interventions and monthly assessments.
- **Customer Service Programme:** A targeted training initiative designed for the Arohan Customer Service Team to help them excel in customer management, conflict resolution, and other service-related topics. Specific mentoring sessions are provided to employees exhibiting a low customer-centric approach.
- **Upskilling Intervention:** Arohan implements

a unique Customer Service Representatives upskilling programme to bolster their capabilities in handling challenging customer interactions, utilizing a 'role-play'-based approach. Tailored scripts are developed for different scenarios, and employees undergo role-play training sessions to hone their skills.

Statutory Interventions

Arohan Code of Conduct: At Arohan, our Core Values, encapsulated in the acronym ETHICS, serve as guiding principles for workplace behavior. Ensuring alignment with these values is paramount for all employees. New hires undergo thorough orientation on our Code of Conduct, emphasizing the significance of integrating these values into our actions and interactions.

Anti-Money Laundering: In compliance with the Prevention of Money Laundering Act, 2022, our employees receive an annual refresher on Anti-Money Laundering practices and their critical importance.

Client Protection Principle and Poverty Probability Index: At Arohan, we prioritize client protection principles and utilize the Poverty Probability Index (PPI) to ensure responsible lending practices. Our employees receive comprehensive training on these principles during their onboarding as part of the Induction process. Additionally, we conduct monthly refreshers to reinforce the importance of adhering to client protection principles and accurately assessing loan amounts for our customers.

Assessment Centre

Arohan employs a well-defined and structured succession planning mechanism, placing a strong emphasis on cultivating an internal talent pipeline for future roles. Employees are provided equal opportunities to demonstrate their readiness for advancement through an Assessment Centre, facilitated by a reputable third-party service provider. Following this assessment, selected employees deliver presentations on assigned topics. Subsequently, their performance, behaviour, and knowledge scores are evaluated in a panel interview, wherein their competencies are further assessed by a cross-functional senior management panel.

ESG-DRIVEN VALUE FOCUS

Arohan is attuned to the actions of its customers and their potential impact on the Environment and Society (E&S), whether positive or negative. Recognising the importance of managing these E&S risks, the Company has implemented comprehensive measures and initiatives in line with its vision of

becoming a preferred financial inclusion entity.

In FY 2023, Arohan introduced a robust E&S Policy, affirming its commitment to integrating E&S considerations into its operations. This policy adheres to international industry practices, national environment, and social laws and regulations. In FY 2024, significant progress has been made in the realm of ESG (Environmental, Social, and Governance), with Arohan integrating ESG principles into its core business practices. Initiatives include the incorporation of an ESG exclusion list in loan applications, conducting ESG Gap Assessments, and identifying material topics to mitigate ESG risks. The Company has also undertaken efforts to raise awareness of ESG among its employees, with a commitment to extending this awareness to all employees across locations.

Through robust Governance and Corporate Social Responsibility activities, Arohan has embarked on initiatives addressing social development aligned with government priorities. These efforts focus on supporting and empowering women in communities with limited access to quality healthcare, education, water, and sanitation. Arohan's dedicated initiatives have positively impacted over 8 Lakh lives to date.

Environmental Initiatives

- **Eco sustainability (Safe Drinking Water & Sanitation):** Arohan embraces a triple-bottom-line approach, emphasizing People, Planet, and Profit, as the foundation of its sustainability efforts within the communities it serves. The Company's integrated water and sanitation programme addresses gaps in implementation and strategic management in the Water, Sanitation, and Hygiene sectors, ensuring investment effectiveness, linking revenue returns to social benefits, and fostering collaborative partnerships.
- **Water Conservation:** Arohan endeavors to enhance agricultural productivity for its customers while championing the conservation of natural resources. The Company invests in water conservation projects to bolster agricultural production in rain-fed and semi-arid regions. These interventions focus on improving soil and vegetation management in these areas.
- **Disaster Relief:** Given the prevalence of natural calamities like floods and cyclones in the regions where Arohan operates, disaster relief is a key focus area of its Corporate Social Responsibility commitment. Arohan provides aid and support to affected communities through supply distribution, volunteer engagement, and resource mobilization efforts. These initiatives underscore the Company's

dedication to community safety and well-being. Arohan implements preventive and preparedness measures in alignment with its Business Continuity Policy. Collaborating with local communities, the Company develops emergency response plans to mitigate the impact of disasters. In addition to immediate relief efforts, Arohan supports long-term recovery and rebuilding initiatives through various community development projects.

Demonstrating its commitment to the welfare of beneficiaries, especially during crises, Arohan and its employees have provided disaster relief materials to over 49,000 individuals affected by floods and cyclones.

Social Initiatives

Arohan is on a continuous quest to identify opportunities of impact, address social issues, and promote positive change in the lives of the customers it serves and communities it caters to. In FY 2024, as a part of its social responsibility commitments, Arohan undertook the following initiatives:

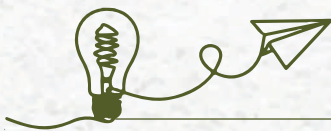
1. Education and Child Development

- **Digital Literacy Programme:** Arohan has tied up with IGT Plus Consultants, a Kolkata based Education Organisation which works for low cost schools. IGT has developed an educational app for class VI – IX students of Bengali Medium schools. The app is in the regional language focusing on different chapters of Bengali Medium school curriculum. The app called E-Capsule has been installed in mobile phones of parents, free of cost, from where the students can login to the app and access the chapters, this is the pilot project which has been implemented with 100 students this year.



- **STEM Mini Science Centres:**





Arohan with its implementing partner Samabhavana has established STEM (Science, technology, engineering, and mathematics) Mini Science centres in schools of West Bengal and Rajasthan catering to around 3200 students. Each science lab has 80 plug & play models which helps students to learn using modern scientific methods. Also, in order to cater to the needs of specially-abled students, Arohan has installed additional STEM models at the Calcutta Deaf and Dumb School.

Health & Wellbeing

- **Hearing Screening & Intervention for Early Identification of hearing loss:**



Arohan has partnered with VAANI Deaf Children's Foundation for screening and early detection of hearing impairment. Through this programme, Arohan has benefitted 1600 newborns in Serampore area of Hooghly District in West Bengal, with early detection of hearing loss. Through this programme, the parents of the newborns have also been provided with proper counselling with respect to their child's hearing impairment. Recognising such efforts, the Government of West Bengal (Department of Health & Family Welfare) has awarded a Letter of Appreciation to the programme on its successful completion of one year and creating meaningful impact.

3. Capacity Building & Livelihood Promotion



Financial literacy holds immense potential for empowering rural women, enabling them to effectively manage their finances, save for the future, and make informed decisions regarding investments and financial products. Key areas of focus in financial literacy programmes for rural women typically include fundamental

concepts such as saving, budgeting, and income management.

As part of its CSR initiatives this year, Arohan has launched a Financial Literacy Programme in Bihar and Jharkhand through its implementation partner. This programme aims to benefit a total of 1600 rural women, focusing on enhancing their financial acumen through self-realization and motivation to save.

- **Organic Vegetable Cultivation:**



In FY 2024, Arohan, under the Aavishkaar Foundation, initiated an Organic Vegetable (Potato) Cultivation Training Programmes at Mayurakshi, West Bengal along with implementing partner Gram Jagat. The project is designed to use the environment safely, preserve ecological balance, and reduce dependency on expensive technologies. As a part of this project, Arohan trained a total of 251 beneficiaries and potato seeds were distributed among 220 farmers.

- **Duck Cultivation Programme:**



In FY 2024, Arohan, under the Aavishkaar Foundation, conducted a Duckling Cultivation Training and Distribution Programme in West Bengal with its implementing partner. The project has been designed to provide an additional source of income for the households of the members of the communities that Company caters to operationally, wherein the members were imparted training on duckling cultivation. As a part of this project, Arohan distributed five ducklings each to a total of 200 beneficiaries.

- **Paddy Seed Cultivation:**



Arohan, under the Aavishkaar Foundation, also initiated a Livelihood Promotion Project, at Mayurakshi West Bengal along with implementing partner Gram Jagat in FY 2024. Targeted beneficiaries were trained for paddy farming, and paddy seeds were distributed to further encourage them to earn their livelihoods. As a part of this project, Arohan distributed paddy seeds to 258 beneficiaries.

4. Employee Volunteering

Arohan fosters a culture of purpose and fulfillment among its employees by encouraging them to actively engage in community service. Through project-based volunteerism, employees contribute their time and skills to meaningful causes. The benefits of volunteering for employees are manifold, encompassing opportunities to learn new skills, enhance career prospects, experience personal growth and fulfillment, and improve physical and mental well-being. Additionally, volunteering enables employees to connect with and better understand their communities, while fostering teamwork and camaraderie.

At Arohan, employees have participated in a diverse range of volunteering activities aligned with causes such as education promotion, disaster relief efforts, clothing drives, and mental health well-being, allowing them to make a positive impact on society.

CAUTIONARY STATEMENT

This document contains statements about expected future events, and financial and operating results of Arohan Financial Services Limited ("Arohan"/"Company"), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Arohan's Annual Report, FY 2024. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. Further, Arohan cannot guarantee that these forward-looking statements will be realized, although the Company believes that it has been prudent in its assumptions.



DIRECTOR'S REPORT

Dear Members,

Your Board of Directors (the “**Board**”) takes pleasure in presenting the Annual Report of **AROHAN FINANCIAL SERVICES LIMITED** (the “**Company**”) together with the Audited Financial Statements for the Financial Year ended March 31, 2024. In compliance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (“**Act**”) and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), this report covers the financial results and other developments during the financial year ended March 31, 2024.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial performance of the Company is summarized below:

(INR in Lakhs)

Year ended March 31	FY 2024	FY 2023	Change (%)
Total Revenue (A)	1,63,463.32	1,09,099.52	49.83
Less: Expenditure (B)	1,04,344.05	80,787.56	29.16
Less: Impairment on financial instruments (C)	17,875.97	19,316.60	(7.46)
Profit/(loss) before tax (D)= [A-(B+C)]	41,243.30	8,995.36	358.50
Total tax expense (E)	9,861.13	1,923.73	412.60
Profit/(loss) after tax (F)= (D-E)	31,382.17	7,071.63	343.78
Other Comprehensive Income	(370.15)	(262.65)	(40.93)
Total Comprehensive income for the year	31,012.02	6,808.98	355.46
Earnings Per Share (EPS)			
– Basic (in INR)	26.62	6.05	339.96
– Diluted (in INR)	26.57	5.84	354.97

The operational highlights of the Company are summarized below:

Year ended March 31	FY 2024	FY 2023	Change (%)
Number of branches	975	829	17.61
Number of customer (in lakhs)	24	20	20.00
Number of employees	9333	8030	16.23
Gross loan portfolio (in crores)	7112	5357	32.76

Last year has been very crucial and eventful, considering many significant developments like Expansion of the business to new geographies e.g. organic expansion into South with zonal office and branches in Karnataka, increased disbursement and recovery, “Arohi” first AI bot employee deployed in Recovery, investments from foreign investors leading to capital raise credit rating upgradation, Registration as Corporate Agent under IRDAI, top notch MFI1 grading & COCA C1 rating, launch of “Swagatam” as seamless/paperless recruitment portal, setting up of a Micro Enterprise Loan team etc.

The Company has achieved new heights of success in

comparison with previous years: crossed the mark of INR 7100 Crores of outstanding portfolio. The Company has witnessed the biggest fund raise in the MFI sector by augmenting a capital raise including funds from Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (“FMO”) & Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries (“IFU”) which has helped in the sustained growth of the business throughout the year.

The Company has reported Operational Revenue of about INR 1,59,117.13 lakhs and net profit of INR 31,382.17 lakhs.

Net worth had increased from the previous financial year ended March 31, 2023 due to retained earnings and capital infusion, the net worth of the Company for the financial year stood at INR 1,91,475.69 lakhs.

Borrowings has increased to INR 6,01,584.26 lakhs for the financial year ended March 31, 2024 in comparison to that of INR 4,53,348.93 lakhs reported in the previous financial year ended March 31, 2023.

The OPEX ratio of the Company was marginally increased year on year due to base impact and increase in business operations. The total comprehensive income (TCI) of the Company stood for the financial year 2023-24 at INR 31,012.02 lakhs against a TCI of INR 6,808.98 lakhs for the Financial Year 2022-23. In terms of gross AUM, the Company had grown from INR 5,357 Crores to INR 7,112 Crores. The major focus during the year was on disbursement, expansion, collection and recovery.

As a key achievement, during the year under review, the Company won several noteworthy awards:

- Asset Triple A, 2023 for the "Best Payment and Collections Solution, India" in association with IDFC First Bank for their digital payments solution for Arohan;
- SKOCH Order of Merit Awards for Innovation in Lending (ArohanPrivilege);
- SKOCH Order of Merit Awards for Solution in Lending (Nirnay);
- SKOCH Order of Merit Awards for Solution in Financial Inclusion Programme (ApnaArohan Customer App).

The Company has received several noteworthy Certifications:

- Assigned the prestigious GOLD Standard in Client Protection Principle under the Cerise+SPTF Methodology by the MFR Certification Committee;
- Corporate Agent (Composite) License by Insurance Regulatory and Development Authority of India;
- CARE MFI 1 Grading, highest on an 8-point scale
- COCA Assessment score of C1 (top grade) indicating "Excellent Performance on COCA Dimensions";
- Credit Rating A (Stable);
- Arohan's Information Security Management Systems is certified with ISO/IEC 27001:2013 by BSI;
- Arohan's Internal Audit practices is certified with ISO

9001:2015;

- Great Place to Work-Certified™ for the 4th time;
- Recognised among India's Best Workplaces™ in BFSI 2024: Top 25, in an assessment undertaken by the Great Place To Work® Institute.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business of the Company. However, the Company has received Corporate Agent (Composite) License by Insurance Regulatory and Development Authority of India on January 04, 2024.

CAPITAL INFUSION

During the year, the Company has issued and allotted 77,89,648 (Seventy Seven Lakhs Eighty Nine Thousand Six Hundred and Forty Eight Only) Cumulative Compulsory Convertible Preference shares (CCPS) at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS (including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS aggregating to INR 66,21,20,080/- (Indian Rupees Sixty Six Crores Twenty One Lakhs Twenty Thousand and Eighty Only) to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) on April 27, 2023. Further, the Company has issued and allotted 2,35,29,411 (Two Crores Thirty Five Lakhs Twenty Nine Thousand Four Hundred and Eleven Only) Cumulative Compulsory Convertible Preference shares at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS aggregating to INR 1,99,99,99,935/- (Indian Rupees One Hundred Ninety Nine Crores Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred Thirty Five Only) to Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries ("IFU") on May 24, 2023 on preferential basis.

Furthermore, the Company has issued and allotted 7,00,000 (Seven Lakhs) Equity Shares at an issue price of INR 124/- (Indian Rupees One Hundred and Twenty Four only) per share including a premium of INR 114/- (Indian Rupees One Hundred and Fourteen Only) per share aggregating to INR 8,68,00,000 (Rupees Eight Crores Sixty Eight Lakhs Only) to Arohan ESOP Trust on August 30, 2023 on preferential basis, which was approved by the shareholders at their Annual General Meeting held on August 07, 2023.



Also, the shareholders of the Company in the Extra Ordinary General Meeting held on March 19, 2024 approved the increase in Authorised Share Capital of the Company from INR 2,25,00,00,000/- (Indian Rupees Two Hundred Twenty Five Crores Only) consisting of 22,50,00,000 (Twenty Two Crore Fifty Lakhs) shares of INR 10/- (Indian Rupees Ten only) each divided into 14,50,00,000 (Fourteen Crores and Fifty Lakhs) Equity shares of INR 10/- (Indian Rupees Ten Only) each and 8,00,00,000 (Eight Crore) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees Ten Only) each to INR 2,75,00,00,000/- (Indian Rupees Two Hundred and Seventy Five Crores Only) consisting of 27,50,00,000 (Twenty Seven Crores and Fifty Lakhs) shares of INR 10/- (Indian Rupees Ten Only) each divided into 19,50,00,000 (Nineteen Crores and Fifty Lakhs) Equity shares of INR 10/- (Indian Rupees Ten Only) each and 8,00,00,000 (Eight Crores) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees Ten Only) each.

Further, the Directors of the Company through resolution by way of circulation passed on March 22, 2024 converted 6,05,30,236 (Six Crores Five Lakhs Thirty Thousand Two Hundred and Thirty Six) Cumulative Compulsorily Convertible Preference Shares into 3,55,35,017 (Three Crores Fifty Five Lakhs Thirty Five Thousand and Seventeen) Equity Shares ranking pari-passu with the existing Equity Shares of the Company and the same was allotted to such shareholders as more particularly mentioned in the table here in below:

Sl. No.	Allottees	No. of CCPS	No. of Equity Shares allotted
1	Teachers Insurance and Annuity Association of America – ("TIAA")	1,85,00,412	1,11,10,966
2	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO")	1,07,10,765	63,35,085
3	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO")	77,89,648	46,07,335
4	Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries ("IFU")	2,35,29,411	1,34,81,631
	Total	6,05,30,236	3,55,35,017

During the year under review and with reference to the above transactions, the issued, subscribed and paid-up equity share capital of the Company stands at INR 1,57,41,23,200 (Rupees One Hundred and Fifty Seven Crores Forty One Lakhs Twenty Three Thousand and Two Hundred Only) comprising of 15,74,12,320 (Fifteen Crores Seventy Four Lakhs Twelve Thousand Three Hundred And Twenty) Equity Shares of INR 10 (Indian Rupees Ten Only) each.

NON CONVERTIBLE DEBENTURES

Further during the year, the Company has issued and allotted 20,800 Non-Convertible Debentures having face value of INR 1,00,000 (Indian Rupees One Lakh Only) per debenture aggregating to INR 208,00,00,000 (Indian Rupees Two Hundred and Eight Crores Only) to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO) on December 19, 2023 on preferential basis.

DIVIDEND

The Board of Directors has declared dividend at the rate of 0.001% (zero point zero zero one percent) per annum to the Cumulative Compulsory Convertible Preference Shareholders of the Company during the year under review. Post 31st March, 2024, an amount of INR 6,239 (Indian Rupees Six Thousand Two Hundred and Thirty Nine Only) has been paid to CCPS holders within the timelines specified under the Companies Act, 2013.

DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

Directors

During the year under review, Mr. Anurag Agrawal (DIN: 02385780) Nominee Director of the Company, who was liable to retire by Rotation in terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, was reappointed as the Director of the Company in the 32nd Annual General Meeting held on August 07, 2023.

Further, Mr. Paul Gratien Robine (DIN: 07828525) and Mr. Shri Ram Meena (DIN: 08452187) had resigned from their directorship w.e.f May 12, 2023 whereas Mr. Vemuru Chandramouli (DIN: 07019218) and Mr. Aditya Mohan (DIN: 08299455) were appointed as Nominee Director

and Additional Director respectively w.e.f May 12, 2023. Thereafter, Mr. Dinesh Kumar Mittal (DIN: 00040000) was re-appointed as Non-Executive Independent Director w.e.f May 15, 2023 for a further period of 5 (Five) years. Mr. Nitish Chawla (DIN: 07676758) was appointed as an Additional Director w.e.f. May 31, 2023 and thereafter was appointed as a Nominee Director w.e.f. August 07, 2023. Mr. Stephen Dongwon Lee (DIN: 08640160) and Mr. Aditya Mohan (DIN: 08299455) were appointed as Nominee Directors w.e.f. August 07, 2023. Mr. Aditya Mohan (DIN: 08299455) had resigned from his directorship w.e.f August 08, 2023. Ms. Rupa Rajul Vora (DIN: 01831916) was appointed as a Nominee Director w.e.f. August 08, 2023. Mr. David Arturo Paradiso (DIN: 08181832) has resigned from his directorship w.e.f November 10, 2023 and Ms. Karina Isabel Alva Alfaro (DIN: 10377372) was appointed as a Nominee Director w.e.f November 10, 2023. Ms. Matangi Gowrishankar (DIN: 01518137) had resigned from her directorship w.e.f. January 14, 2024. Mr. John Arunkumar Diaz (DIN: 00493304) and Mr. Ulhas Sharadkumar Deshpande (DIN: 00017235) has been appointed as Additional Directors under the category of Independent Directors w.e.f. January 03, 2024 and January 15, 2024 respectively, thereafter were appointed as Independent Directors w.e.f. February 13, 2024. Lastly, Mr. Sumantra Banerjee (DIN: 00075243) have completed his second and final term as an Independent Director w.e.f April 29, 2024.

Mr. Piyush Goenka (DIN: 02117859) being a Nominee Director of the Company shall retire by rotation in terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company and being eligible for re-appointment as Director of the Company subject to the approval of the shareholders in the ensuing 33rd Annual General Meeting offered himself for re-appointment. Declaration from the director under section 164 (1) and (2) of the Companies Act, 2013 has been received stating he is not disqualified from being appointed as the Director.

Mr. Wilhelmus Marthinus Maria Van Der Beek (DIN: 02142559) being a Nominee Director of the Company shall retire by rotation in terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company and being eligible for re-appointment as Director of the Company subject to the approval of the shareholders in the ensuing 33rd Annual General Meeting offered himself for re-appointment. Declaration from the director under section 164 (1) and (2) of the Companies Act, 2013 has

been received stating he is not disqualified from being appointed as the Director.

KEY MANAGERIAL PERSONNEL

During the year, Mr. Manoj Kumar Narayan Nambiar, Managing Director, Mr. Milind Ramchandra Nare, Chief Financial Officer, and Mr. Anirudh Singh G. Thakur, Company Secretary and Chief Compliance Officer are the Key Managerial Personnel ("KMP") of the Company under the Companies Act, 2013.

SENIOR MANAGEMENT PERSONNEL

During the year under review, Mr. Prashant Rai, Head of Human Resource, Training & Development, Administration and Corporate Social Responsibility and thereafter Ms. Indrani Banerjee, Head of Human Resource, Training & Development, Administration and Corporate Social Responsibility of the Company separated from the Company due to personal reasons. Further, the Company has appointed Ms. Kanchan Banerjee as Head of Human Resource, Training & Development, Administration and Corporate Social Responsibility of the Company. Further, Mr. Vishal Wadhwa, Head of Business has separated from the Company and Mr. Sumit Mukherjee, Chief Business Officer has been appointed in his place. Furthermore, the Company has re-appointed Mr. Ranjan Das as the Chief Risk Officer of the Company. During the year, the Company has also designated Mr. Anirudh Singh G. Thakur, as the Chief Compliance Officer of the Company.

DECLARATION OF INDEPENDENCE

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE OF THE COMPANY

The Company does not have any Subsidiary, Associate and Joint Venture Companies.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to inform the Members to the best of their knowledge and belief and according to the



information and explanation obtained by them, that the Audited Accounts for the financial year ended March 31, 2024, are in full conformity with the requirements of the Companies Act, 2013. The Financial Accounts are audited by the Statutory Auditors, M/s. MSKA & Associates, Chartered Accountants, (Firm Registration Number – 105047W). The Directors further confirm the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a) In the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards read with requirements set out under Schedule III of the Act, have been followed and there are no material departures from the same;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2024 and of the Profit and loss of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a 'going concern' basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and

management. As on March 31, 2024, the Board consists of 15 members, which includes one Executive Director, five Independent Directors, and nine Non-Executive Nominee Directors. The Chairman of the Board is an Independent Director, in terms of the relevant provisions of the Companies Act, 2013. The Board periodically evaluates the need for change in its composition and size.

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board, a policy relating to the remuneration for the directors, key managerial personnel and other employees. The recommendation of the committee is forwarded to the Board for its approval.

The Nomination and Remuneration Committee decided the remuneration of executive Directors and key managerial personnel on the basis of following criteria;

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to executive directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The details of the meetings of the Board of Directors of the Company held during the year are mentioned in the Corporate Governance Report which is provided separately in this Annual Report.

AUDITORS

- (i) **Statutory Auditors** – M/s. MSKA & Associates, Chartered Accountants (Firm Registration Number – 105047W), were appointed as statutory auditors of the Company in the Extra Ordinary General Meeting held on December 30, 2021 for a term up to three years, i.e. till the FY 2023-24 and to hold office from the conclusion of the Extra Ordinary General Meeting held on December 30, 2021 till the conclusion of the Annual General Meeting for the FY 2023-24.

Further, M/s. B S R & Co. LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022), were approved for appointment as statutory auditors of the Company in the Meeting of the Board of Directors held on May 24, 2024 for a continuous period of 3 (three) years, viz. FY 2024-25, FY 2025-26 and FY 2026-27, to hold office from the conclusion of the Annual General Meeting for the FY 2023-24 till the conclusion of the Annual General Meeting to be held for the FY 2026-27 subject to the approval of the shareholders in the ensuing Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and RBI Guidelines to carry out the Statutory Audit of the Company.

(ii) **Secretarial Auditors** – M/s S. Basu & Associates, Company Secretaries, (Firm Registration No. : S2017WB456500) were reappointed as Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2023-24 as required under Section 204 of the Companies Act, 2013 and the rules made thereunder. The Secretarial Audit Report for the FY 2023-24 is appended as **Annexure I** to the Directors' Report.

(iii) **Cost Auditors** – The Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 and accordingly such records are not made and maintained.

There are no qualifications, reservation or adverse remark made by the Statutory Auditor and Secretarial Auditor in their reports, save and except usual disclaimer made by them in discharge of their professional obligation.

DETAILS OF FRAUDS REPORTED BY THE AUDITORS

During the year under review, the Auditors of the Company have not reported any fraud as required under Section 143(12) of the Companies Act, 2013.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India as per Section 118(10) of the Companies Act, 2013 and such systems are adequate and operating effectively.

CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

During the year, no applications were filed against the Company by any financial or operational creditors.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There are no loans, investments, guarantees and securities in respect of which provisions of Section 186 of the Companies Act, 2013 are applicable.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. Details of the related party transactions, which are exempted according to a proviso to Section 188 of the Companies Act, 2013, during the Financial Year 2023-24 are disclosed in Notes to the Financial Statements.

There were no materially significant related party transactions entered into by the Company which may have potential conflict with the interest of the Company except as disclosed in Notes to the Financial Statements. All contracts/ arrangements/ transactions entered by the Company during the Financial Year 2023-24, with its related parties, were in the ordinary course of business and on an arm's length basis and were reviewed and approved by the Audit Committee of the Board. Further, during the Financial Year, the Company has not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Company's policy of Materiality of Related Party Transactions except those provided in Form AOC-2, annexed hereto, marked as **Annexure II**. Further, suitable disclosure as required by the Accounting Standards has been made in the Notes to the Financial Statements.

The policy on Related Party Transaction, as approved by the Board, is displayed on the website of the Company at: www.arohan.in.



AMOUNT TRANSFERRED TO STATUTORY RESERVES

During the year under review the Company had profit and accordingly during the year the Company has transferred an amount of INR 6,276.43 lakhs to Statutory Reserve as required (20% of Profit after Tax) under Section 45-IC of the RBI Act, 1934.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2024 and the date of the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013

The provisions of Section 134(3) (m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations.

Foreign Exchange earnings and Outgo

Earnings	INR 74.12 lakhs
Outgo	INR 270.12 lakhs

The details of foreign exchange earnings and outgo have also been captured in Notes to the Financial Statements.

ANNUAL EVALUATION OF THE BOARD

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations, 2015, the Nomination and Remuneration Committee has laid down the criteria for performance evaluation on the basis of which the Board has carried out evaluation of its own performance, the performance of Board Committees and of the Directors individually.

The Independent Directors of the Company, at their separate meeting held on May 24, 2024, have reviewed the performance of Non-Independent Directors, the Board as a whole and also the performance of the Chairperson of the Company.

Further, the Nomination and Remuneration Committee ("NRC") has carried out evaluation of individual Director's performance. In this regard the NRC had met on May 24, 2024 to carry out the above-mentioned evaluation.

The Members of the NRC reviewed the performance of all the individual Directors of the Company in accordance with the relevant provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The Committee agreed that the effectiveness of participation of the Directors in various meetings of the Board and its Committees were satisfactory. All the Directors made significant contributions in ensuring ethical standards and the statutory, as well as, regulatory compliances. The Members of the NRC also agreed that the financial performance of the Company over the years is satisfactory and the Board as a whole played a great role in the development of the Company.

RISK MANAGEMENT POLICY

The Board of the Company has adopted the Risk Management Policy based on the recommendation of the Risk Management Committee in order to assess, monitor and manage risk throughout the Company. Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. Detailed information on risk management is provided separately in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee) and the composition and the function thereof is mentioned in the Corporate Governance Report.

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website at <https://www.arohan.in/wp-content/themes/arohan/resources/corporate-social-responsibility-policy.pdf>.

The details of the CSR activities undertaken during the year are given in the report on Corporate Social Responsibility activities which is annexed as **Annexure III** to the Directors' Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE

GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE

There are no significant material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its future operations.

DEPOSITS

The Company is a non-deposit taking NBFC-MFI and has not accepted any deposit as defined in the Companies Act, 2013.

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Our Company has always believed in providing a safe and harassment free workplace for every individual working in the Company premises. Company always endeavors to create and provide an environment that is free from any discrimination and harassment.

The policy on prevention of sexual harassment at workplace aims at prevention of harassment of employees {whether permanent, temporary, ad-hoc, consultants, interns or contract workers irrespective of gender} and lays down the guidelines for identification, reporting and prevention of undesired behaviour. The Company has duly constituted Internal Complaints Committee to redress complaints received regarding sexual harassment.

The Company has also complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the calendar year 9 (nine) cases were reported and all were effectively closed.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate and effective internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

VIGIL MECHANISM

The Company has a Whistle-blower Policy which is periodically reviewed, and details of the same are explained

in the Corporate Governance Report. The Policy is also available on the Company's website.

PARTICIPATION IN CREDIT BUREAU

In order to address the issue of multiple lending or over indebtedness and also to know the credit history of the customer, the Company became the member in all the credit bureaus namely Experian Credit Information Company of India Private Ltd, High Mark Credit Information Services Pvt. Ltd., Equifax Credit Information Services Pvt. Ltd., and Transunion CIBIL Limited and shares all the customer's data to them on regular basis.

RESOURCES AND LIQUIDITY

Your Company being a Systemically Important Non-Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non-Banking Financial Company-Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. Your Company has maintained a CRAR ratio of 29.01% as on March 31, 2024 which is higher than the RBI prescribed ratio of 15%.

The Company has an outstanding, secured and unsecured borrowings of INR 6,01,584.26 lakhs at the end of Financial Year 2023-24.

RBI GUIDELINES & SRO

Your Company is registered with the Reserve Bank of India ("RBI"), as a systematically important non-deposit taking NBFC ("NBFC-ND-SI") under Section 45-IA of the RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year. The Company being the member of MFIN, follows the Code of Conduct as prescribed by the SRO. The Company also complies with the standards and rules as prescribed by the above SRO from time to time.

CREDIT RATING

The Company's Financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies as given below:



Instrument	Rating Agency	Rating	Outlook
Bank Instruments	ICRA Limited	[ICRA] A	Stable
Non-Convertible Debentures	ICRA Limited	[ICRA] A	Stable
Sub-ordinated Debt	ICRA Limited	[ICRA] A	Stable
Bank Instruments	CARE Ratings	CARE A	Stable
Non-Convertible Debenture/Subordinate Debt	CARE Ratings	CARE A	Stable

PARTICULARS OF EMPLOYEES

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as **Annexure IV** to the Directors' Report.

The statement containing particulars of employees as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report excluding the details of the top ten employees of the Company. In terms of Section 136 of the Companies Act, 2013, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid details and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing an email to the Company Secretary of the Company at compliance@arohan.in

CORPORATE GOVERNANCE

The Company strives to adopt and adhere to the highest standards of Corporate Governance principles and best practices. With this objective the Company has put in place various policies, systems and processes to achieve transparency, high levels of business ethics and compliance with applicable laws. The Board and other Sub Committee of Board ensures the high standards of transparency and accountability in all its activities. The best management practices and a high level of integrity in decision making are followed to ensure long term creation of value for all the stakeholders.

The complete Corporate Governance Report is attached with the Directors' Report and annexed as **Annexure V**.

EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company currently had implemented the three plans, viz. Arohan Employee Stock Option Plan 2010 ("ESOP 2010"/ "Plan"), Arohan Employee Stock Option Plan 2018 ("ESOP 2018"/ "Plan") and Arohan Employee Stock Option Plan 2021 ("ESOP 2021"/ "Plan"). Further, Stock Options are granted to eligible employees and KMPs of the Company, under the Arohan ESOP Plans as may be identified and recommended by the Nomination & Remuneration Committee and thereafter approved by the Board.

The details of the Employee Stock Option Scheme as per Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is appended as **Annexure VI**.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the draft Annual Return as on March 31, 2024 in e-form MGT 7 is available on the Company's website at the link: <https://www.arohan.in/wp-content/uploads/2024/06/draft-form-mgt-7-27624.pdf>

AFFIRMATION AND DISCLOSURE

All the Directors and members of the Senior Management have affirmed their compliance with the Code of Conduct as on 31st March, 2024 and a declaration to that effect, signed by the Managing Director is attached and forms part of this Annual Report.

ACKNOWLEDGEMENT

Your Directors express their sincere appreciation of the co-operation and assistance received from customers, Reserve Bank of India, MFIN, Shareholders, Bankers, Stock Exchange, and other stakeholders during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed from all managers, executives and customer service representatives resulting in the performance of the Company during the year.

Finally, your Directors take this opportunity to express their appreciation and extend their gratitude for the continued support, co-operation and guidance received from all the Banks and Financial Institutions.

For and on behalf of the Board of Directors

Sd/-
VINEET CHANDRA RAI
DIRECTOR
DIN: 00606290

Sd/-
MANOJ KUMAR NARAYAN NAMBIAR
MANAGING DIRECTOR
DIN: 03172919

Date: May 24, 2024

Place: Kolkata

ANNEXURE - I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

AROHAN FINANCIAL SERVICES LIMITED

PTI Building, 4th Floor,

DP-9, Sector-5, Salt Lake, Parganas North, Kolkata -700091

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AROHAN FINANCIAL SERVICES LIMITED (CIN: U74140WB1991PLC053189)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Arohan Financial Services Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2024 ('Audit Period')** has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Arohan Financial Services Limited** for the Financial Year ended on **31st March, 2024** according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of

Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulations, 2011;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2011;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2011;
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
 - (i) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements), Regulations 2015, and amendments from time to time;
 - (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;



We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regards to Meeting of Board of Directors (**SS-1**) and General Meeting (**SS-2**) issued by The Institute of Company Secretaries of India (ICSI).
- (ii) Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has inter-alia complied with the laws, regulations, guidelines, circulars, notifications etc., applicable specifically to the Company which includes:

- The Reserve Bank of India Act, 1934.
- **Master Direction** – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and all other relevant regulations.
- b) Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent as per the provisions of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decision of the Board and Committee Meetings are carried through, while the dissenting members' views are captured and recorded as part of the minutes, if any.

On the basis of information provided to us, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

On the basis of information provided to us, we further report the Company has during the audit period ending on March 31, 2024:

- The Company has allotted 77,89,648 Cumulative Compulsorily Convertible Preference Shares at an issue price of INR

85/- (Indian Rupees Eighty Five only) per CCPS (including a premium of INR 75/-) to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") on April 27, 2023 and 2,35,29,411 Cumulative Compulsorily Convertible Preference Shares at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS (including a premium of INR 75/-) to Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries on May 24, 2023.

- The Company has altered the Articles of Association during the period under review pursuant to SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 and change in the amended and restated shareholding agreement in respect of issuance of Cumulative Compulsory Convertible Preference Shares ("CCPS") to Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries ("IFU") and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO").
- The Company has allotted 7,00,000 Equity Shares of Rs.10/- each to Arohan ESOP Trust on August 30, 2023.
- The Company has issued, offered and allotted 20,800 Nos. of Senior, Secured, Unlisted, Redeemable, Transferable, Non-Convertible Debentures amounting to Rs. 2,08,00,00,000/- to Nederlandse Financierings - Maatschappij Voor Ontwikkelingslanden N.V. (FMO) on December 19, 2023.
- The Authorised Share Capital of the Company has increased from Rs. 2,25,00,00,000/- (Indian Rupees Two Hundred and Twenty Five Crores only) to 2,75,00,00,000/- (Indian Rupees Two Hundred and Seventy Five Crores only) w.e.f. March 19, 2024. Due to such increase in the Authorised Share Capital of the Company there was an alteration in the Capital Clause of the Memorandum of Association.
- The Company has declared Dividend at the rate of 0.001% (zero point zero zero one percent) per annum to the Cumulative Compulsorily Convertible Preference Shareholders of the Company.
- The Company has converted 6,05,30,236 Cumulative Compulsorily Convertible Preference Shares into 3,55,35,017 Equity Shares on March 22, 2024.

This report is to be read with our letter on even date which is annexed as **Annexure A** and forms an integral part of this report.

For S Basu & Associates

Company Secretaries

Firm Registration No: S2017WB456500

Sd/-

Saurabh Basu

Practising Company Secretary

ACS: - 18686; C.P.- 14347

Peer Review No : 1017/2020

UDIN: A018686F000444751

Place: Kolkata

Date: 24.05.2024

ANNEXURE - A

To,

The Members,

AROHAN FINANCIAL SERVICES LIMITED

PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake, Parganas North
Kolkata - 700091

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our Audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the Auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

Management's Responsibility

1. Maintenance of secretarial record is the responsibility of the management of the Company.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

5. Wherever required, we have obtained reasonable assurance as to whether the statements prepared, documents or records, in relation to Secretarial Audit, maintained by the Company, are free from misstatement.
6. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.
7. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
8. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
9. The Compliance of the provisions of Corporate and other applicable laws, rules, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.

Disclaimer

10. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
11. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **S Basu & Associates**

Company Secretaries

Firm Registration No: S2017WB456500

Sd/-

Saurabh Basu

Practising Company Secretary

ACS: - 18686; C.P.- 14347

Peer Review No : 1017/2020

UDIN: A018686F000444751

Place: Kolkata

Date: 24.05.2024



ANNEXURE - II

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2024, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of Related Party and nature of contract/arrangement/transactions	Nature of Relationship	Duration of Contract	Date(s) of approval of Board	Salient terms	Amount (INR in Lakhs)
Reimbursement of expense:	Common Directors or Significant Influence	During the FY 2023-24	Since these related party transactions (RPTs) are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. However, necessary approvals were granted by the Audit Committee and the Board from time to time.	The RPTs entered during the year were in the ordinary course of business and on arms length basis.	
Ashv Finance Limited					8.04
Business Support fees:					
Aavishkaar Venture Management Services Private Limited					82.82
Ashv Finance Limited					1.04
Interest Income on transfer of portfolio:					
Shivalik Small Finance Bank					42.15
Assignor's share received on account assignment transactions:					
Shivalik Small Finance Bank					1,266.34
Amount paid towards securitisation transaction:					
Shivalik Small Finance Bank					3,862.21
Communication expenses:					
Bharti Airtel Limited					41.11
Principal and interest paid towards assignment transactions:					
Shivalik Small Finance Bank					5,756.74
Loan availed:					
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)					20,800.00
Loan repaid:					
Shivalik Small Finance Bank					565.23
Loan processing charges on loan availed:					
Shivalik Small Finance Bank					2.73
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)					243.09
Interest on fixed deposit:					
Shivalik Small Finance Bank					200.81
Fixed deposit matured:					
Shivalik Small Finance Bank					1,607.98
Accrued finance cost on loan availed:					
Shivalik Small Finance Bank					4.04
Finance cost:					
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)					633.22
Corporate Social Responsibility:					
Aavishkaar Foundation					46.42

For and on behalf of the Board of Directors

Sd/-
VINEET CHANDRA RAI
DIRECTOR
DIN: 00606290

Sd/-
MANOJ KUMAR NARAYAN NAMBIAR
MANAGING DIRECTOR
DIN: 03172919

Date: May 24, 2024

Place: Kolkata

ANNEXURE-III

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

Arohan Financial Services Limited (hereinafter referred to as "Arohan") believes that a business entity's performance must be measured by its economic, social and environmental impact and efforts to embed sustainability. Social enterprises are more than any other business enterprise, capable of addressing these concerns and Arohan aspires to transcend business interests and work towards the all-round human development of the communities we operate in through initiating and supporting programmes that enhance social sustainability. Arohan already serves people from economically and socially marginalized communities where illiteracy, unemployment and under-employment are rampant. It is in this social context that our CSR initiatives are developed to best cater to our customers and their communities. Arohan would build on this connect with the marginalized sections of the society for furthering their welfare. These programmes are independent of the normal conduct of business and are not viewed as business propositions by Arohan. In alignment to Arohan's mission to empower the underserved, we see Corporate Social Responsibility (hereinafter referred to as "CSR") as an opportunity to further extend help to the underserved in the larger community through the provision of non- profit based assistance.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. John Arunkumar Diaz*	Independent Director, Chairperson	Nil	Nil
2.	Mr. Sumantra Banerjee#	Independent Director, Past Chairperson	2	2
3.	Mr. Anurag Agrawal	Promoter Nominee Director	2	2
4.	Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	2	1
5.	Mr. Manoj Kumar Narayan Nambiar	Managing Director	2	2

* Mr. John Arunkumar Diaz was appointed as Chairperson of the Corporate Social Responsibility Committee with effect from April 29, 2024.

Mr. Sumantra Banerjee, owing to his completion of term as an Independent Director ceased to be a member of the Corporate Social Responsibility Committee with effect from April 29, 2024.

3. Provide the Web-link(s) where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

CSR Policy:

<https://www.arohan.in/wp-content/themes/arohan/resources/corporate-social-responsibility-policy.pdf>

CSR Committee Composition:

<https://www.arohan.in/arohan-story/board-committees/>

CSR Projects approved:

<https://www.arohan.in/wp-content/uploads/2024/06/list-of-csr-projects-24-25.pdf>



4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable – **Not Applicable.**
5. (a) Average net profit of the company as per sub-section (5) of section 135. – **INR (14,96,55,748)**
 (b) Two percent of average net profit of the company as per sub-section (5) section 135. – **NIL**
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – **NIL**
 (d) Amount required to be set off for the financial year, if any. – **NIL**
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. – **NIL**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). – **NIL**
 (b) Amount spent in Administrative Overheads. – **NIL**
 (c) Amount spent on Impact Assessment, if applicable. – **NIL**
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. – **NIL**
 (e) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer

Not Applicable

- (f) **Excess amount for set-off, if any:**

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135.	Nil
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. (a) **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

Sl. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs)	Date of transfer		
1	2022-23	1,50,000	15,000	1,35,000	-	-	15,000	-
2	2021-22	5,45,160	-	-	-	-	-	-
3	2020-21	50,81,242	-	4,43,202	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

YES	NO
	√

If Yes, enter the number of Capital assets created/ acquired

NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

Not Applicable

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – NA

Sd/-

John Arunkumar Diaz

Chairperson, CSR Committee

DIN: 00493304

Sd/-

Manoj Kumar Narayan Nambiar

Managing Director

DIN: 03172919

Date: May 24, 2024

Place: Kolkata



ANNEXURE - IV

Remuneration details of Directors, KMPs, Employees

Sl. No	Particulars	Disclosures	
1.	The ratio of the remuneration of each Whole-Time director to the median remuneration of the employees of the Company for the financial year.	85.92: 1	
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	KMP (#)	% increase in remuneration
		MD	18.99%
		CFO	21.43%
		CS	28.17%
		(#) KMP remuneration does not include variable pay component.	
3.	The percentage increase in the median remuneration of employees in the financial year.	8.70%	
4.	The number of permanent employees on the rolls of the Company.	9,333 employees as on March 31, 2024.	
5.	The explanation on the relationship between average increase in remuneration and company performance.	The Company had a growth of 355.46% in its Total Comprehensive Income and increased the remuneration of its employees by an average of 7.91% based on the recommendation of the NRC Committee.	
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	The Company's total comprehensive income has grown by 355.46% and revenue has grown by 49.83% in FY 2023-24 in comparison to FY 2022-23. The average increase in remuneration of KMP in the FY 2023-24 was 22.86%.	
7.	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.	As on March 31, 2024, the Company's equity shares were not listed. The Company's equity has been increased from INR 1,338.03 crores as on March 31, 2023 to INR 1,914.76 crores as on March 31, 2024 – increased by 43.10%.	
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average increase in the salaries of employees was 7.91% and the average increase in the managerial remuneration was 18.99% without variable pay component.	
9.	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	The Company's total comprehensive income has grown by 355.46% and revenue has grown by 49.83% in FY 2023-24 in comparison to FY 2022-23. The average increase in remuneration of KMP in the FY 2023-24 was 22.86%.	
10.	The key parameters for any variable component of remuneration availed by the Directors.	Yearly incentive as per employment terms based on the company's performance and profits.	
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	No employee received remuneration in excess of the highest paid director.	
12.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes.	

A statement showing the name of every employee of the Company, who –

a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakh rupees;

Sl. No	Particulars	Details	Details	Details	Details	Details
1	Name & Designation	Manoj Kumar Nambiar- Managing Director	Milind Ramchandra Nare - Chief Financial Officer	Anirudh Singh G Thakur - Company Secretary & Chief Compliance Officer	Ranjan Das - Chief Risk Officer	Arvind Murarka - Chief Information Officer
2	Remuneration received(including variable pay)	INR 275.84 Lakhs	INR 159.56 Lakhs	INR 112.03 Lakhs	INR 109.03 Lakhs	INR 130.53 Lakhs
3	Nature of employment, whether contractual or otherwise	Permanent	Permanent	Permanent	Permanent	Permanent
4	Qualification and Experience	Manoj Kumar Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a bachelor's degree in mechanical engineering from VJTI and a master's degree in management studies from JBIMS, University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA. "Strategy meets Leadership" course from INSEAD, Fontainebleau, France & "Leading for Impact" from IMD Lausanne, Switzerland. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His	Milind Ramchandra Nare is the Chief Financial Officer of Arohan and has been associated with the Company with effect from April 28, 2016. He holds a Bachelor's degree in Commerce from the University of Bombay and a Master's degree in Financial Management from Pondicherry University. He has over 30 years of experience in finance. He heads the finance team of the Company and is responsible for financial management, treasury management, audit and taxation and regulatory compliance, legal and secretarial verticals. His role also includes liaising with all external	Anirudh Singh G. Thakur is the Company Secretary and Chief Compliance Officer and has been associated with the Company with effect from October 1, 2017. He holds a Bachelor's Degree in Science (Electronics) and a Bachelor's Degree in Law from Nagpur University. He is an Associate Member of the Institute of Company Secretaries of India and has passed the Limited Insolvency Examination conducted by the Insolvency and Bankruptcy Board of India. He has over 28+ years of experience in corporate law, commercial law, compliance corporate legal and litigation. Prior to joining the Company, he worked as a legal consultant, and has also worked with India	Ranjan Das is the Chief Risk Officer and has been associated with the Company since July 1, 2017. He holds a Master's degree in Business Management from the University of Calcutta. He has over 28 years of experience in the BFSI sector having worked across the country across various product segments. Ranjan is responsible for the overall risk management and portfolio control, risk analytics, credit and product policy approvals, large ticket credit risk underwriting, Enterprise Risk Management, Risk Modelling and Information Security	Arvind Murarka is the Chief Information Officer and has been associated with the Company since August 12, 2015. He holds a Master's degree in Business Administration from the Institute of Chartered Financial Analysts of India University, Sikkim and has completed an Advance Programme in Leadership in Digital Era from IIM-Lucknow. He has an experience of over 30 years across multiple industries including information technology consulting, healthcare, infrastructure, food processing and retail. He is responsible for overseeing the
						Shailesh Kumar is the Head of Credit of the Company. He has been working with Arohan since April 1, 2018. He holds an Honours in Economics and English and is a '99 batch SBI Probationary Officer. He has more than 25 years of experience of handling the entire life cycle of a lending business. He is responsible for formulating credit policies for all businesses in Arohan, monitors portfolio quality and keeps the credit committee updated on all

A statement showing the name of every employee of the Company, who – (Contd.)

a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakh rupees;

Sl. No	Particulars	Details	Details	Details	Details	Details	Details
4	Qualification and Experience	previous employers include Xerox India Limited (formerly, Modi Xerox Limited), Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Ahli Bank and Alhamrani Company for Investment in Trade. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, the holding company. He has served on the governing board of MFIL, the microfinance sector SRO recognised by the RBI for 6 years from 2013 including as its President from July 2015 to June 2016 and then as Chairman twice from July 2019 to June 2021. He is currently the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the microfinance incentive & relief scheme 2021.	stakeholders. Prior to joining the Company, he has been the Chief Financial Officer of India Factoring and Finance Solutions Private Limited and has also worked at Global Trade Finance Limited, Premier Auto Electric Limited and Pix Transmissions Limited in their respective legal and secretarial departments. He received the 'Governance Professional of the Year' award at the 20th ICSI National Awards for Excellence in Corporate Governance, 2020. He has been chosen in the successive year of 2021 and 2022 as Risk and Compliance, and Boards and Governance Innovator respectively, by Diligent Modern Governance 100, a community of exceptional professionals in audit, governance, compliance, ESG and risk.	Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, Intelnet Global Services Limited, Premier Auto Electric Limited and Pix Transmissions Limited in their respective legal and secretarial departments. He received the 'Governance Professional of the Year' award at the 20th ICSI National Awards for Excellence in Corporate Governance, 2020. He has been chosen in the successive year of 2021 and 2022 as Risk and Compliance, and Boards and Governance Innovator respectively, by Diligent Modern Governance 100, a community of exceptional professionals in audit, governance, compliance, ESG and risk.	Risk Management of the Company. Prior to joining the Company, he has worked with Poonawalla Fincorp Limited (formerly Magma Fincorp Ltd), Citicorp Finance (India) Limited and Indian Container Leasing Company Limited.	digital lending, IT infrastructure, IT application platforms including Core Banking System and manage the information technology team to achieve goals, meet quotas, eliminate security risks and increase user satisfaction. Prior to joining the Company, he has worked with GPT Infraprojects Limited, Medica Pharmacy Private Limited, IntraSoft Technologies Private Limited, iNavigators Private Limited, Softweb Technologies Private Limited, Amrit Feeds Limited and Kris Systems Private Limited.	portfolio quality related developments. He is also extending his helping hand to MFI Alliance Business of Arohan. Prior to joining the Company, he was working with Intellicash as a business head after having a long banking career with the top banks in India - SBI and ICICI Bank. He has extensive experience of handling all facets of banking.
5	Date of commencement of employment	September 28, 2012	May 09, 2016	October 23, 2017	July 1, 2017	August 12, 2015	April 1, 2018
6	Age	59	53	51	53	53	52
7	The last employment held	MD & CEO of IntelleCash Microfinance Network Company (P) Limited	Chief Financial Officer of India Factoring and Finance Solutions Pvt. Ltd.	Legal Consultant	Vice President - National Product & Policy Manager of Poonawalla Fincorp Limited (erstwhile Magma Fincorp Ltd)	Head - Information Technology of Amrit Feeds Limited	Business Head of Intellicash Microfinance Network Company Private Limited
8	% of equity shares held	Nil	10000 equity shares (0.0063%)	Nil	Nil	Nil	Nil

A statement showing the name of every employee of the Company, who – (Contd.)

- b) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakhs fifty thousand rupees per month:

Sl. No.	Particulars	Details
1	Name & Designation	Mr. Sumit Mukherjee - Chief Business Officer
2	Remuneration received (including variable pay)	INR 62.50 Lakhs (since September 18, 2023)
3	Nature of employment, whether contractual or otherwise	Permanent
4	Qualification and Experience	Sumit Mukherjee is the Chief Business Officer of the Company. He holds a Bachelor's degree in Commerce from the University of Calcutta. He has over 32 years of experience across a wide gamut of retail asset businesses including microfinance, micro SME, commercial vehicle, construction & farm equipments, tractors, medical and printing equipments. At Arohan, he is responsible for end to end business from a strategic & tactical perspective covering products, distribution, planning & alliances. Prior to joining the Company, he has been the Chief Executive Officer at Satin Finserv Ltd. Starting with Ashok Leyland Finance Ltd (Indusind Bank) in the year 1991, Sumit has worked with Citicorp Finance (India) Ltd, Magma Fincorp Ltd, Kissandhan Agri Financial Services Pvt Ltd, Barota Finance Ltd and Neogrowth Credit Pvt. Ltd in the past.
5	Date of commencement of employment	September 18, 2023
6	Age	55
7	The last employment held	CEO and Whole Time Director of Satin Finserv Ltd
8	% of equity shares held	Nil

- c) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. **Nil**
- d) None of the abovementioned employees are the relatives of the directors of the Company.

For and on behalf of the Board of Directors

Sd/-

VINEET CHANDRA RAI

DIRECTOR

DIN: 00606290

Sd/-

MANOJ KUMAR NARAYAN NAMBIAR

MANAGING DIRECTOR

DIN: 03172919

Date: May 24, 2024**Place:** Kolkata



ANNEXURE- V

CORPORATE GOVERNANCE REPORT

COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

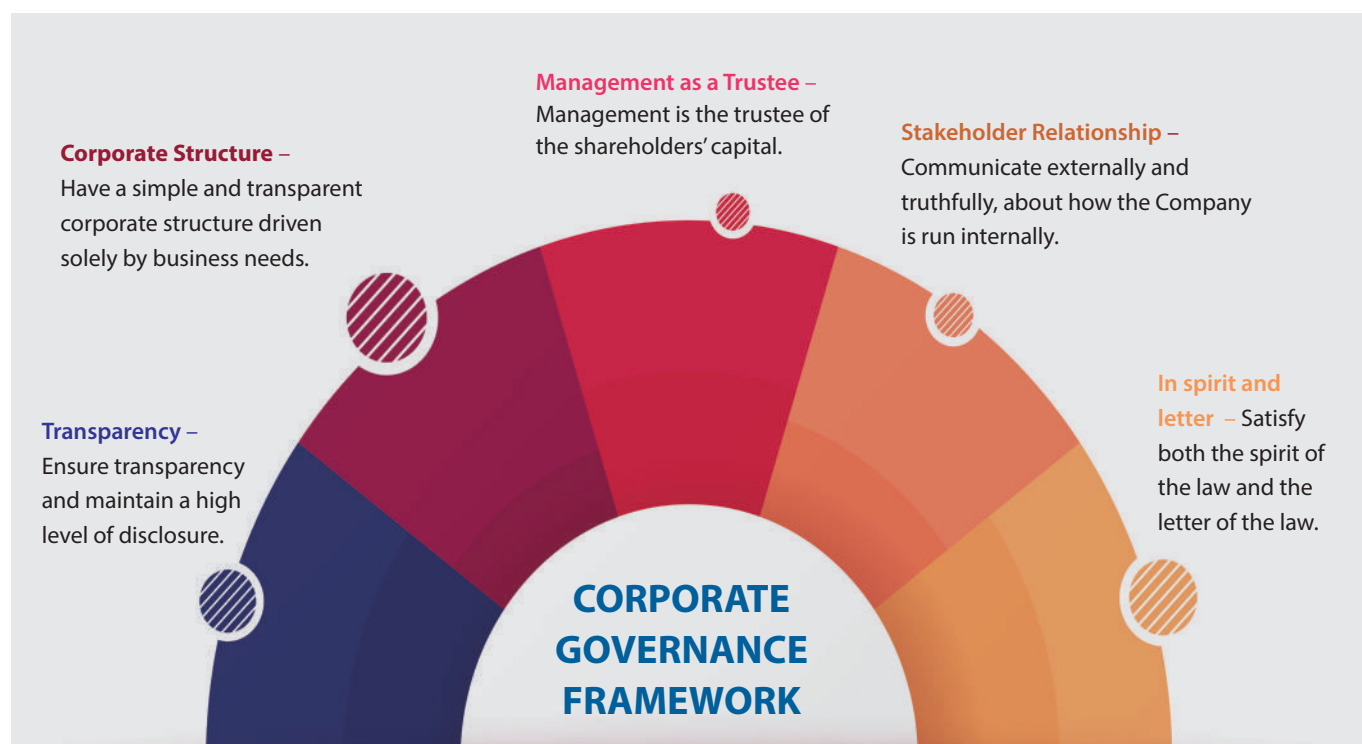
Corporate Governance refers to the way by which corporation is governed, a unique technique by which companies are directed and managed. Corporate Governance can be stated as carrying the business as per the stakeholders' desires in order to create a long-term sustainable value for our stakeholders' comprising of employees, regulators, customers, investors, vendors and society at large, through the best drawn ethical and legal practices. Arohan Financial Services Limited ("**Arohan**") recognizes its role as a corporate citizen and endeavor to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. Integrity and transparency have always been a key to the Company's corporate governance practices to ensure that the Company gain and retain the trust of its stakeholders at all times.

The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and to ensure that the Company evolves and follow not just the stated corporate governance guidelines, but also global best practices. In pursuing its Mission of "empowering the underserved households and small businesses by offering a range of financial services, in a manner sustainable for all stakeholders", Arohan has been balancing its dual objectives of "social" and "financial" goals since its inception.

In India, Corporate Governance standards for listed companies are also mandated under the Companies Act, 2013 ("**CA 2013**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"). In addition to the above, corporate governance standards for Non-Banking Financial Companies are also prescribed by Reserve Bank of India. The Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organization.

Corporate Governance Framework:

The driving principles of our corporate governance framework are encapsulated in the following diagram :



Governance Structure

Arohan's corporate governance structure, systems and processes are based on two core principles, viz., (a) management must have the executive freedom to drive the enterprise forward without undue restraints and (b) this freedom of management should be exercised within a framework of effective accountability.

Apart from the shareholders of the Company, the following governance level is followed in Arohan:



At the apex level, the general body of shareholders of the Company shall elect the Board of Directors at the General Meeting and the Board appoints the Managing Director of the Company, who in turn appoints the various other management executives of the Company.



BOARD OF DIRECTORS

Composition and Category of the Board

The Company has a broad-based Board of Directors, constituted in compliance with the RBI Act, 1934, the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with good corporate governance practices. The Company recognizes and embraces the importance of a diverse Board and strongly believes that an active, well-informed, independent and diverse Board will leverage differences in thought, perspective, knowledge, skill, industry experience and age, which will help us retain and maximize our competitive advantage. The Board of Directors (**'the Board'**) is at the very root of Company's corporate governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. As on March 31, 2024, the Company's Board is comprised of fifteen (15) Directors including, five (5) Non-Executive Independent Directors, One (1) Executive Director and Nine (9) Non-Executive Nominee Directors (which includes Two (2) Women Non-Executive Nominee Directors).

During the year under review, the Board met 9 (Nine) times on April 03, 2023, May 12, 2023, May 31, 2023, August 08, 2023, November 10, 2023, December 05, 2023, January 03, 2024, February 14, 2024 and March 13, 2024. The interval between the two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013.

The names of the members of the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting ("AGM"), number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director are as under:

Sl. No.	Name of the Director	Category of Director	No. of meetings held in FY 2023-24	No. of meetings attended (including through electronic mode) in FY 2023-24	Whether attended last AGM	No. of other Directorship held in other public companies	No. of other Board Committee Memberships/ Chairmanship*	Details of directorship held in other Listed Entity (including debt listed)	Category of Directorship
1.	Mr. Manoj Kumar Narayan Nambiar	Managing Director	9	9	Yes	0	Nil	Nil	Nil
2.	Mr. Anurag Agrawal	Promoter Nominee Director	9	7	Yes	1	1	1. Ashv Finance Limited	Director
3.	Mr. Vineet Chandra Rai	Promoter Nominee Director	9	7	Yes	1	0	1. Ashv Finance Limited	Director
4.	Mr. Dinesh Kumar Mittal**	Independent Director (Chairman)	9	9	Yes	7	6 (including 4 as a Chairman)	1. Max Estates Limited 2. Max Financial Services Limited 3. New Delhi Television Limited 4. Indus Towers Limited	Non-Executive - Independent Director
5.	Mr. Sumantra Banerjee**	Independent Director	9	6	Yes	1	Nil	Nil	Nil
6.	Mr. Rajat Mohan Nag	Independent Director	9	9	Yes	Nil	Nil	Nil	Nil

Sl. No.	Name of the Director	Category of Director	No. of meetings held in FY 2023-24	No. of meetings attended (including through electronic mode) in FY2023-24	Whether attended last AGM	No. of other Directorship held in other public companies	No. of other Board Committee Memberships/Chairmanship*	Details of directorship held in other Listed Entity (including debt listed)	Category of Directorship
7.	Ms. Matangi Gowrishankar**	Independent Director	7***	7	Yes	6	2	1. Cyient Limited 2. Gabriel India Limited 3. Greenlam Industries Limited 4. Gujarat Pipavav Port Limited 5. Suven Pharmaceuticals Limited	Independent Director
8.	Mr. Piyush Goenka	Nominee Director	9	5	No	3	2	1. Safari Industries (India) Limited	Non-Executive – Non Independent Director
9	Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	9	6	No	Nil	Nil	Nil	Nil
10.	Mr. Paul Gratien Robine**	Nominee Director	2***	0	No	Nil	Nil	Nil	Nil
11.	Mr. Shri Ram Meena**	Nominee Director	2***	0	No	Nil	Nil	Nil	Nil
12.	Mr. David Arturo Paradiso**	Nominee Director	5***	1	No	Nil	Nil	Nil	Nil
13.	Mr. Stephen Dongwon Lee**	Nominee Director	9	6	Yes	Nil	Nil	1. Kinara Capital Private Limited	Non-Executive Director
14.	Mr. Aditya Mohan**	Nominee Director	2***	2	Yes	Nil	Nil	Nil	Nil
15.	Mr. Vemuru Chandramouli**	Nominee Director	7***	3	No	Nil	Nil	Nil	Nil
16.	Mr. Nitish Chawla**	Nominee Director	6***	5	Yes	Nil	Nil	Nil	Nil
17.	Ms. Rupa Rajul Vora**	Nominee Director	5***	5	No	5	6 (including 5 as a Chairperson)	1. Incred Financial Services Limited 2. JM Financial Asset Reconstruction Company Limited	Independent Director
18.	Ms. Karina Isabel Alva Alfaro**	Nominee Director	4***	4	No	1	Nil	Nil	Nil
19.	Mr. John Arunkumar Diaz**	Independent Director	2***	2	No	1	1	Suryoday Small Finance Bank Limited	Non-Executive Independent Director
20.	Mr. Ulhas Sharadkumar Deshpande**	Independent Director	2***	1	No	Nil	Nil	Nil	Nil

- None of the Directors held directorships in more than 10 (Ten) public limited companies;
- None of the Directors is related to any Director or is a member of an extended family;
- None of the employees of the Company is related to any of the Directors in terms of the Companies Act, 2013;
- None of the Directors has received any loans or advances from the Company during the year.



- Mr. Sumantra Banerjee, Non-Executive Independent Director, holds 10,000 equity shares.
- Mr. John Arunkumar Diaz, Non-Executive Independent Director, holds 57,345 equity shares.
- * Only covers Membership/ Chairmanship of Audit Committee & Stakeholders' Relationship Committee of other Public Limited Companies.

**

1. Mr. Paul Gratien Robine and Mr. Shri Ram Meena had resigned from their directorship w.e.f May 12, 2023.
2. Mr. Vemuru Chandramouli and Mr. Aditya Mohan were appointed as Nominee Director and Additional Director respectively w.e.f May 12, 2023.
3. Mr. Dinesh Kumar Mittal was re-appointed as Non-Executive Independent Director w.e.f May 15, 2023 for a further period of 5 (Five) years.
4. Mr. Nitish Chawla was appointed as an Additional Director w.e.f. May 31, 2023 and thereafter was appointed as a Nominee Director w.e.f. August 07, 2023.
5. Mr. Stephen Dongwon Lee and Mr. Aditya Mohan were appointed as Nominee Director w.e.f. August 07, 2023.
6. Mr. Aditya Mohan had resigned from his directorship w.e.f August 08, 2023.
7. Ms. Rupa Rajul Vora was appointed as a Nominee Director w.e.f. August 08, 2023.
8. Mr. David Arturo Paradiso has resigned from his directorship w.e.f November 10, 2023 and Ms. Karina Isabel Alva Alfaro was appointed as Nominee Director w.e.f November 10, 2023.
9. Ms. Matangi Gowrishankar had resigned from her directorship w.e.f. January 14, 2024.
10. Mr. John Arunkumar Diaz and Mr. Ulhas Sharadkumar Deshpande have been appointed as Additional Directors under the category of Independent Directors w.e.f, January 03, 2024 and January 15, 2024 respectively thereafter appointed as Independent Directors w.e.f. February 13, 2024.
11. Mr. Sumantra Banerjee, owing to his completion of term as an Independent Director ceased to be a member of the Board with effect from April 29, 2024.

*** Only covers No. of meetings held in FY 23-24 of Directors during their directorship period.

Note: The data in the above table pertaining to No. of other Directorship held in other public companies, No. of other Board Committee Memberships/ Chairmanship and Details of directorship held in other Listed Entity (including debt listed) has been provided till the date the directors were associated in the Company (for the Directors who has resigned) and for others till the date of this report.

Board Member's Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of the Board, including the Executives, Non-Executives, Independent Directors and Nominee Directors through a peer evaluation, excluding the director being evaluated. Some of the performance indicators based on which the directors were evaluated includes :

- Participation in the meeting
- Value addition
- Time devoted to analyse and examine governance and compliance issues
- Compliance with Law and relevant standards
- Effectiveness of Governance
- Risk Evaluation
- Independence of management from Board

Board of Arohan confirms that the Independent Directors fulfill the conditions specified in the regulations and are independent of the management.

Committees of the Board - Composition as on March 31, 2024

1. Audit Committee

The primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting and the Committee assists the Board in dissemination of financial information. The terms of the reference of the Audit Committee covers all matters specified in Section 177 of the Companies Act, 2013. The terms of the reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/financial reporting systems and reviewing of the adequacy of the financial policies and practices followed by the Company. The Audit Committee also looks after the compliance with the legal and statutory requirements, the quarterly and annual financial statements and related party transactions and report its finding to the Board. The Committee also recommends the appointment of statutory auditors to the Board. The Committee also looks into those matters specifically referred to it by the Board.

Composition:

- Mr. Rajat Mohan Nag, Chairperson
- Mr. Dinesh Kumar Mittal, Member
- Mr. Sumantra Banerjee, Member*
- Mr. Piyush Goenka, Member
- Mr. John Arunkumar Diaz, Member*
- Mr. Ulhas Sharadkumar Deshpande, Member*
- Ms. Matangi Gowrishankar, Member *

As on March 31, 2024 the Committee comprised of Five (5) Independent Directors and One (1) Nominee Director, all of whom are financially literate and have relevant finance exposure.

*Mr. Ulhas Sharadkumar Deshpande and Mr. John Arunkumar Diaz were appointed as members of the Audit Committee with effect from January 15, 2024. Ms. Matangi Gowrishankar and Mr. Sumantra Banerjee ceased to be the members of the Committee w.e.f. January 14, 2024 and April 29, 2024 respectively.

The Managing Director, the Chief Financial Officer and other Executive Committee Members are invitees to the meetings of the Committee. The other directors are invited to attend the Audit Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Audit Committee met Five (5) times during the year on May 11, 2023, August 07, 2023, November 09, 2023, December 05, 2023 and February 13, 2024. The time gap between any two meetings is within the limit prescribed in the law.

Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	5	5
Mr. Sumantra Banerjee*	Independent Director	5	4
Ms. Matangi Gowrishankar*	Independent Director	4	4
Mr. Dinesh Kumar Mittal	Independent Director	5	5
Mr. Piyush Goenka	Nominee Director	5	3
Mr. John Arunkumar Diaz*	Independent Director	1	1
Mr. Ulhas Sharadkumar Deshpande*	Independent Director	1	1

* Mr. Ulhas Sharadkumar Deshpande and Mr. John Arunkumar Diaz were appointed as members of the Audit Committee with effect from January 15, 2024. Ms. Matangi Gowrishankar and Mr. Sumantra Banerjee ceased to be members of the Committee w.e.f. January 14, 2024 and April 29, 2024 respectively.

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period.

The Chief Financial Officer, who is responsible for the finance function, the Head of Internal Audit and the representative of the Statutory Auditors, are permanently invited to attend meetings of the Audit Committee. Further, the Secretarial Auditors is invited once in a financial year for the discussion of the Secretarial Audit Report. The Company Secretary acts as the Secretary to the Audit Committee.



2. Risk Management Committee

Periodic assessment to identify the risk areas is very necessary for a rapid growth of a company and this is effectively carried out by the Committee and management is briefed on the risks in advance by the Committee to enable the Company to control risk through a properly defined plan. The risks are taken into account while preparing the annual business plan for the Company. The Committee also assists the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks. The Board is also periodically informed of the business risk and actions taken to manage them. The Company has put in place a risk management policy which provides an overview of the principles of the risk management of the company.

Composition:

- Mr. Rajat Mohan Nag, Chairperson
- Mr. Sumantra Banerjee, Member*
- Mr. Piyush Goenka, Member
- Mr. Wilhelmus Marthinus Maria Van Der Beek, Member
- Mr. John Arunkumar Diaz, Member*
- Mr. Ulhas Sharadkumar Deshpande, Member*
- Ms. Matangi Gowrishankar, Member*

*Mr. Ulhas Sharadkumar Deshpande and Mr. John Arunkumar Diaz were appointed as members of the Risk Management Committee with effect from January 15, 2024. Ms. Matangi Gowrishankar and Mr. Sumantra Banerjee ceased to be the members of the Committee w.e.f. January 14, 2024 and April 29, 2024 respectively.

As on March 31, 2024 the Committee comprised of Four (4) Independent Directors and two (2) Nominee Directors. The Managing Director, the Chief Financial Officer and the Head of Risk & Credit are the permanent invitees to the meetings of the Committee. The other directors and observers are invited to attend the Risk Management Committee meetings and as when required. The Company Secretary acts as the Secretary to the Committee. The Risk Management Committee met Four (4) times during the year on May 12, 2023, August 08, 2023, November 10, 2023 and February 14, 2024.

Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	4	4
Mr. Sumantra Banerjee*	Independent Director	4	3
Ms. Matangi Gowrishankar*	Independent Director	3	3
Mr. Piyush Goenka	Nominee Director	4	3
Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	4	Nil
Mr. John Arunkumar Diaz*	Independent Director	1	1
Mr. Ulhas Sharadkumar Deshpande*	Independent Director	1	1

*Mr. Ulhas Sharadkumar Deshpande and Mr. John Arunkumar Diaz were appointed as members of the Risk Management Committee with effect from January 15, 2024. Ms. Matangi Gowrishankar and Mr. Sumantra Banerjee ceased to be the members of the Committee w.e.f. January 14, 2024 and April 29, 2024 respectively.

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period.

3. Corporate Social Responsibility Committee

The primary objective of the Committee is to assist the Board in fulfilling its corporate social responsibility. The Committee has overall responsibility for identifying the areas of CSR activities and implementing and monitoring the CSR Policy from time to time. The Committee also recommends the amount of expenditure to be incurred on the identified CSR activities. The Committee is headed by an Independent Director.

Composition:

- Mr. John Arunkumar Diaz, Chairperson*
- Mr. Sumantra Banerjee, Past Chairperson*
- Mr. Anurag Agrawal, Member

- Mr. Wilhelmus Marthinus Maria Van Der Beek, Member
- Mr. Manoj Kumar Narayan Nambiar, Member

* Mr. Sumantra Banerjee ceased to be the Chairperson of the Corporate Social Responsibility Committee and Mr. John Arunkumar Diaz was appointed as Chairperson of the Corporate Social Responsibility Committee with effect from April 29, 2024.

As on March 31, 2024, the Committee comprised of one (1) Independent Director, one (1) Promoter Nominee Director, one (1) Nominee Director and the Managing Director. The Chief Financial Officer and the Head of HR, Admin, Training & CSR are permanent invitees to the meetings of the Committee. The other directors are invited to attend the Corporate Social Responsibility Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met twice (2) during the year on May 11, 2023 and February 13, 2024.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. John Arunkumar Diaz *	Independent Director	NIL	NIL
Mr. Sumantra Banerjee*	Independent Director	2	2
Mr. Anurag Agrawal	Promoter Nominee Director	2	2
Mr. Manoj Kumar Narayan Nambiar	Managing Director	2	2
Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	2	1

*Mr. Sumantra Banerjee ceased to be the Chairperson of the Corporate Social Responsibility Committee and Mr. John Arunkumar Diaz was appointed as Chairperson of the Corporate Social Responsibility Committee with effect from April 29, 2024.

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period.

4. Nomination and Remuneration Committee

The responsibility of the Nomination and Remuneration Committee of the Board is to oversee that the Company's

nomination process including succession planning for the senior management and the Board and specifically to assist the Board by identifying, screening and reviewing individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors so that the directors appointed would have appropriate skills to support the functioning of the Company. The Committee recommend the appointment and removal of directors and for approval at the general meeting and evaluate the performance of the Board and review the evaluation's implementation and compliance and plans for leadership development and also develop and maintain corporate governance policies applicable to the Company. The Committee also reviews the candidature of the Directors and ensures that they are fit and proper as per the guidelines of RBI and Companies Act, 2013.

Remuneration Policy:

Nomination and Remuneration Committee of the Company also determines the sitting fees to be paid to Non-Executive Directors/ Independent Directors of the Company. In case the Company determines the use of services of the Directors for specific assignments then the Company would compensate the directors additionally for their professional services and such compensation would be determined by the Board after being recommended by the Committee. The compensation payable to the Independent Directors is as decided by the Board, the sum of which does not exceed as per the provisions of the Companies Act, 2013.

Composition:

- Mr. Ulhas Sharadkumar Deshpande, Chairperson*
- Ms. Matangi Gowrishankar, Past Chairperson*
- Mr. Rajat Mohan Nag, Member
- Mr. Sumantra Banerjee, Member*
- Mr. Piyush Goenka, Member
- Mr. Vineet Chandra Rai, Member
- Mr. Dinesh Kumar Mittal, Member*
- Mr. John Arunkumar Diaz, Member*

* Mr. Dinesh Kumar Mittal was appointed as member of the Nomination and Remuneration Committee with effect from May 12, 2023. Ms. Matangi Gowrishankar ceased to be the Chairperson of the Committee with effect from January 14, 2024 and Mr. Ulhas Sharadkumar Deshpande was appointed as Chairperson of the Committee with effect from



January 15, 2024. Further, Mr. Sumantra Banerjee ceased to a member of the Committee and Mr. John Arunkumar Diaz was appointed as Member of the Nomination and Remuneration Committee with effect from April 29, 2024.

As on March 31, 2024 the Committee comprised of Four (4) Independent Directors, one (1) Nominee Director and one (1) Promoter Nominee Director. The Chief Financial Officer and the Head of HR, Admin, Training & CSR are permanent invitees to the meetings of the Committee. The other directors and observers are invited to attend the Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met Seven (7) times during the year on May 12, 2023, May 31, 2023, August 08, 2023, November 10, 2023, December 05, 2023, January 03, 2024 and February 14, 2024.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Ms. Matangi Gowrishankar*	Independent Director	6	6
Mr. Ulhas Sharadkumar Deshpande*	Independent Director	1	1
Mr. Sumantra Banerjee*	Independent Director	7	6
Mr. Dinesh Kumar Mittal*	Independent Director	6	6
Mr. Rajat Mohan Nag	Independent Director	7	7
Mr. Piyush Goenka	Nominee Director	7	4
Mr. Vineet Chandra Rai	Promoter Nominee Director	7	5
Mr. John Arunkumar Diaz *	Independent Director	NIL	NIL

* Mr. Dinesh Kumar Mittal was appointed as member of the Nomination and Remuneration Committee with effect from May 12, 2023. Ms. Matangi Gowrishankar ceased to be a Chairperson of the Committee with effect from January 14, 2024 and Mr. Ulhas Sharadkumar Deshpande was appointed as Chairperson of the Committee with effect from January 15, 2024. Further, Mr. Sumantra Banerjee ceased to be a member of the Committee and Mr. John Arunkumar Diaz was appointed as Member of the Nomination and Remuneration Committee with effect from April 29, 2024.

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period.

5. Share Transfer and Securities Allotment Committee

The Share Transfer and Securities Allotment Committee of the Board is responsible for ensuring that the shares allotment and transfer of the company should be fit and proper as per the provisions of the Companies Act, 2013.

Composition:

- Mr. Manoj Kumar Narayan Nambiar, Chairperson
- Mr. Anurag Agrawal, Member
- Mr. Vineet Chandra Rai, Member
- Mr. Piyush Goenka, Member

As on March 31, 2024, the Committee is comprised of Managing Director, one (1) Nominee Director and two (2) Promoter Nominee Directors. The Chief Financial Officer is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the Share Transfer and Securities Allotment Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met Four (4) times during the year on April 27, 2023, May 24, 2023, August 30, 2023, and December 19, 2023.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	4	3
Mr. Anurag Agrawal	Promoter Nominee Director	4	3
Mr. Vineet Chandra Rai	Promoter Nominee Director	4	4
Mr. Piyush Goenka	Nominee Director	4	2

6. IT Strategy Committee

NBFCs are required to form an IT Strategy Committee. The Chairman of the Committee shall be an Independent Director and CFO should be a part of the Committee. The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings. The Committee shall work in partnership with other Board Committees and Senior Management

to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

Composition:

- Mr. John Arunkumar Diaz, Chairman*
- Mr. Sumantra Banerjee, Past Chairman*
- Mr. Piyush Goenka, Member
- Mr. Manoj Kumar Narayan Nambiar, Member
- Mr. Arvind Murarka, Member
- Mr. Rajat Mohan Nag, Member

*Mr. Sumantra Banerjee ceased to be the Chairperson of the IT Strategy Committee and Mr. John Arunkumar Diaz was appointed as Chairperson of the IT Strategy Committee with effect from April 29, 2024.

As on March 31, 2024, the Committee is comprised of three (3) Independent Directors, one (1) Nominee Director, Managing Director and the Chief Information Officer. The Chief Financial Officer is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the IT Strategy Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met Four (4) times during the year on May 11, 2023, August 07, 2023, November 09, 2023 and February 13, 2024.

Attendance of Directors & Chief Information Officer:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	4	4
Mr. Sumantra Banerjee*	Independent Director	4	3
Mr. Rajat Mohan Nag	Independent Director	4	4
Mr. Arvind Murarka	Chief Information Officer	4	4
Mr. Piyush Goenka	Nominee Director	4	1
Mr. John Arunkumar Diaz*	Independent Director	1	1

*Mr. Sumantra Banerjee ceased to be a Chairperson of the IT Strategy Committee and Mr. John Arunkumar Diaz was appointed as Chairperson of the IT Strategy Committee with effect from April 29, 2024.

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period.

7. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board is responsible for redressal of grievances of investors, shareholders, securities holders, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends and performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act, 2013 or other applicable law, is placed before the Committee for their perusal and also to discuss any other matter which the Committee thinks fit.

Composition:

- Mr. John Arunkumar Diaz, Chairperson*
- Ms. Matangi Gowrishankar, Past Chairperson*
- Mr. Anurag Agrawal, Member
- Mr. Manoj Kumar Narayan Nambiar, Member

* Ms. Matangi Gowrishankar ceased to be the Chairperson of the Stakeholders Relationship Committee with effect from January 14, 2024 and Mr. John Arunkumar Diaz was appointed as Chairperson of the Stakeholders Relationship Committee with effect January 15, 2024.

As on March 31, 2024 the Committee comprised of One (1) Non-Executive Independent Director, Managing Director and One (1) Promoter Nominee Director. The Chief Financial Officer is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the Stakeholders Relationship Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. No investor grievances were reported by the security holders against the Company as on March 31, 2024. The Committee met once (1) during the year on February 13, 2024.



Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Ms. Matangi Gowrishankar*	Independent Director	Nil	Nil
Mr. John Arunkumar Diaz*	Independent Director	1	1
Mr. Anurag Agrawal	Promoter Nominee Director	1	1
Mr. Manoj Kumar Narayan Nambiar	Managing Director	1	1

* Ms. Matangi Gowrishankar ceased to be the Chairperson of the Stakeholders Relationship Committee with effect from January 14, 2024 and Mr. John Arunkumar Diaz was appointed as Chairperson of the Stakeholders Relationship Committee with effect January 15, 2024

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period.

8. Asset-Liability Management Committee (ALCO)

The ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches.

Composition:

- Mr. Manoj Kumar Narayan Nambiar, Chairperson
- Mr. Milind Ramchandra Nare, Member
- Mr. Shailesh Kumar, Member
- Mr. Ranjan Das, Member
- Mr. Anirudh Singh G. Thakur, Member
- Mr. Vishal Wadhwa, Member*
- Mr. Sumit Mukherjee, Member*

*Mr. Vishal Wadhwa ceased to be a member of the Committee with effect from May 18, 2023 and Mr. Sumit Mukherjee (Chief Business Officer) was appointed as a member of the Committee w.e.f. February 14, 2024. As on March 31, 2024, the Committee is comprised of Managing Director, Chief Financial Officer, Head Credit & Inorganic Business, Chief Risk Officer, Chief Business Officer and the Company Secretary and Chief Compliance Officer. SVP-Central Operations, VP-Accounts, GM-Funding, DGM-Funding, AVP-Accounts, AGM-Risk, Manager-Legal & Compliance and AGM – Legal & Compliance are permanent invitee to the meetings of the Committee. The Committee met every month during the year on April 24, 2023, May 17, 2023, June 13, 2023, July 20, 2023, August 28, 2023, September 25, 2023, October 14, 2023, November 17, 2023, December 18, 2023, January 15, 2024, February 28, 2024 and March 23, 2024 during the year.

Attendance of Members:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	12	12
Mr. Milind Ramchandra Nare	Chief Financial Officer	12	12
Mr. Shailesh Kumar	Head Credit & Inorganic Business	12	5
Mr. Ranjan Das	Chief Risk Officer	12	10
Mr. Anirudh Singh G. Thakur	Company Secretary and Chief Compliance Officer	12	11
Mr. Vishal Wadhwa*	Head of Business	2	2
Mr. Sumit Mukherjee*	Chief Business Officer	2	2

*Mr. Vishal Wadhwa ceased to be a member of the Committee w.e.f May 18, 2023 and Mr. Sumit Mukherjee was appointed as a member of the Committee w.e.f. February 14, 2024.

Note: Only covers No. of meetings held in FY 23-24 of Members during their directorship period

9. Meeting of Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules thereunder and SEBI Listing Regulations, 2015 mandate that the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, human resource matters and performance of the executive members of the Board, including the Chairman. During the year, the independent directors met on May 12, 2023 without the presence of the Management.

General Body Meetings

Details of location and time, where last three Annual General Meetings held are given below:

Financial Year	Category	Location	Date	Time
2022-2023	AGM	It was held through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), deemed location is Registered Office	August 07, 2023	03:00 PM
2021-2022	AGM	It was held through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), deemed location is Registered Office	August 11, 2022	02:00 PM
2020-2021	AGM	It was held through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), deemed location is Registered Office	August 05, 2021	3:00 PM

Six (6) Extra Ordinary General Meetings of the Company were held on April 28, 2023, May 27, 2023, September 28, 2023, December 11, 2023, February 13, 2024 and March 19, 2024.

The following business items were approved by Special Resolution in the last three AGMs:

FY 2020-21

1. Increase borrowing power of the Company;
2. Creation of charge and providing security;
3. Issue of Non-Convertible Debentures;
4. Reappointment of Ms. Matangi Gowrishankar, Independent Director;
5. Reappointment of Mr. Manoj Kumar Nambiar as Managing Director of the Company.

FY 2021-22:

1. Increase in borrowing power of the Company;
2. Creation of charge and to provide security;
3. To issue Non-Convertible Debentures;
4. Payment of commission to the Independent Directors of the Company;
5. Amendment in the 'AROHAN EMPLOYEE STOCK OPTION PLAN 2010' ("ESOP 2010"/"PLAN");
6. Amendment in the "AROHAN EMPLOYEE STOCK OPTION PLAN 2018" ("ESOP 2018"/"PLAN");
7. Amendment in the "AROHAN EMPLOYEE STOCK OPTION PLAN 2021" ("ESOP 2021"/"PLAN");
8. Issue of shares w.r.t Arohan Employee Stock Option Plan 2021.

FY 2022-23:

1. Increase in borrowing power of the Company;
2. Creation of charge and to provide security;
3. To issue Non-Convertible Debentures;
4. Payment of commission to the Independent Directors of the Company;
5. Issue of shares w.r.t Arohan Employee Stock Option Plan 2021.

Disclosures under the Whistle Blower Mechanism of the Company

The Company has an established mechanism for Directors, Employees, Clients, partners, investors or the public at



large to report concerns about unethical behavior, actual or suspected fraud, and violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors, Employees, Clients, partners, investors who avail of the mechanism. The Company has formulated a policy of the vigil mechanism that any personnel may raise reportable matters at an early date after becoming aware of the same. To ensure the highest level of good governance, Arohan's overall whistleblower policy is based on the adoption and implementation of the Arohan's core values and industry best practices.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a POSH Policy (Prevention of Sexual Harassment) in line with the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the calendar year 9 (Nine) cases were reported and all were effectively closed. The policy is also uploaded on the website of the Company.

General Shareholders Information

Company Registration details:

The Company is based in Kolkata and operates in Nineteen geographies at present, including Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Rajasthan, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.

CIN: U74140WB1991PLC053189

RBI registration no.: B.05.02932

Scrip Code: 955550

Annual General Meeting Day, Date, Time and Venue:

Day: Tuesday

Date: August 06, 2024

Time: 1:00 p.m.

Venue: Registered Office, through video conferencing

Financial Year: April 01, 2023 to March 31, 2024

Book closure date: Wednesday, July 31, 2024 to Tuesday, August 06, 2024 (both days inclusive)

Listing on Stock Exchange: The Company's NCD's are listed on the Wholesale Debt Market (WDM) segment of the BSE Limited. The Company has paid listing fees to the BSE Limited for the Financial Year 2023-24 as well as for the Financial Year 2024-25.

Debenture Trustees:

IDBI Trusteeship Services Limited

GR FLR, Universal Insurance Bldg
Sir Phirozshah Mehta Rd.
Fort Mumbai – 400001

Catalyst Trusteeship Limited

Unit No- 901, 9th Floor, Tower B
Peninsula Business Park, Senapati Bapat Marg
Lower Parel (W), Mumbai - 400013

Registrar and Share Transfer Agents: Members are requested to correspond with the Company's Registrar and Share Transfer Agents- Link Intime India Pvt. Ltd. quoting their folio no. / DP ID and Client ID at the following address:

Link Intime India Private Limited

C-101, 1st Floor, 247 Park,
L.B.S Marg, Vikhroli (West)
Mumbai – 400083, Maharashtra, India.
Ph: +91 22 49186000 ; E-Mail: rnt.helpdesk@linkintime.co.in

Share Transfer System: Shares in physical forms are processed by the Registrar and Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. The Managing Director, Chief Financial Officer and Company Secretary have been severally empowered to approve transfers. With effect from October 2, 2018, request for transfer of equity shares in physical form are not accepted as per notification issued by Ministry of Corporate affairs dated September 10, 2018.

Distribution of Shareholdings:

Range of Holdings	Number of Shares	Amount (INR)	% to Capital	No. of Shareholders	% of Shareholders
1 to 5,000	138184	1381840	0.08	217	60.96
Above 5,000 to 10,000	56637	566370	0.04	7	1.97
Above 10,000	157217499	1572174990	99.88	132	37.07

Dematerialization of shares and liquidity:

Percentage of shares held in physical form: 0.01%

Electronic form with NSDL: 96.79%

Electronic form with CDSL: 3.20%

Details of Credit Ratings obtained

ICRA Limited: A (Stable Outlook)

CARE Ratings Limited: A (Stable Outlook)

Address for correspondence

Shareholders/Investors may write to the Company Secretary at the following address:

The Company Secretary

PTI Building, 4th Floor, DP Block, DP-9,

Sector-5, Salt Lake, Kolkata-700091

Email: compliance@arohan.in

Ph: 033 4015 6000

Means of Communication with other stakeholders

All important information relating to the Company and its performance, including financial results, are posted on the website of the Company: www.arohan.in.

The financial results of the Company are published in the leading newspapers viz. The Financial Express as per the Regulation 52 (8), read with Regulation 52 (4) of the SEBI (LODR) Regulation, 2015.

Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the activities of the Company.

Policy on Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the Listing Regulations, which specify the manner of entering into Related Party Transactions. During the year under review, the Policy was amended in accordance with the Listing Regulations. The Policy on Related Party Transactions has been hosted on the website of the Company and can be accessed through the web-link at: <https://www.arohan.in/wp-content/themes/arohan/resources/related-party-transactions-policy.pdf>

Disclosure in relation to recommendation made by Committees of the Board

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

Total fees paid to the Statutory Auditors and all entities in the network firm/ entities

The details of total fees for all the services paid by the Company to M/s. MSKA & Associates, Chartered Accountants, Statutory Auditors are given below:

	(INR in Lakhs)
Payment to Statutory Auditor	F.Y 2023-24
Statutory Audit including Limited Review	85.00
Other Services including reimbursement of expenses	30.67
Total	115.67

Note: The Certificate from the MD and CFO under Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, will form part of this report.

For and on behalf of the Board of Directors

Sd/-

VINEET CHANDRA RAI

DIRECTOR

DIN: 00606290

Sd/-

MANOJ KUMAR NARAYAN NAMBIAR

MANAGING DIRECTOR

DIN: 03172919

Date: May 24, 2024

Place: Kolkata



CERTIFICATE OF MD & CFO

To
The Board of Directors
Arohan Financial Services Limited

Dear Members of the Board,

Sub: Certification by Managing Director and Chief Financial Officer in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. We, the undersigned, in our respective capacities as the Managing Director and Chief Financial Officer of Arohan Financial Services Limited ("the Company"), in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereby certify that:

We have reviewed the Financial Statements, including the Cash Flow Statement, of the Company for the Financial Year ended March 31, 2024 and to the best of our knowledge and belief, we state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or in violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours Sincerely

Sd/-

Manoj Kumar Narayan Nambiar

Managing Director

DIN: 03172919

Sd/-

Milind Nare

Chief Financial Officer

Place: Kolkata

Date: May 24, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,
 The Members,
Arohan Financial Services Limited
 PTI Building, 4th Floor, DP-9, Sector-5,
 Salt Lake, Parganas North, Kolkata 700091

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Arohan Financial Services Limited (CIN: U74140WB1991PLC053189) and having registered office at PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake, Parganas North, Kolkata 700091 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Regulatory/Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Dinesh Kumar Mittal	00040000	15/05/2018
2.	Wilhelmus Marthinus Maria Van Der Beek	02142559	05/12/2016
3.	Vineet Chandra Rai	00606290	24/10/2013
4.	Stephen Dongwon Lee	08640160	01/12/2022
5.	Rajat Mohan Nag	07083831	31/01/2015
6.	Manoj Kumar Narayan Nambiar	03172919	03/10/2012
7.	Piyush Goenka	02117859	31/03/2015
8.	Anurag Agrawal	02385780	03/10/2012
9.	Karina Isabel Alva Alfaro	10377372	10/11/2023
10.	Ulhas Sharadkumar Deshpande	00017235	15/01/2024
11.	John Arunkumar Diaz	00493304	03/01/2024
12.	Rupa Rajul Vora	01831916	08/08/2023
13.	Vemuru Chandramouli	07019218	12/05/2023
14.	Nitish Chawla	07676758	31/05/2023
15.	Sumantra Banerjee	00075243	29/04/2014

Ensuring the eligibility of the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata
 Date: 14/05/2024
 Peer Review Certificate No. 2042/2022
 UDIN: F011511F000367075

For **Prateek Kohli & Associates**
 Company Secretaries

Sd/-
Prateek Kohli
 Partner
 C.P. - 16457



CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Arohan Financial Services Limited
PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake,
Parganas North, Kolkata 700091

We have examined the compliance of the conditions of Corporate Governance by **Arohan Financial Services Limited**, a high valued debt listed entity ('the Company') for the year ended **31st March 2024**, as stipulated in applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time (these provisions are applicable on a high valued debt listed entity on a 'comply or explain basis' until 31.03.2024). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certifications.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Kolkata
Date: 14/05/2024
Peer Review Certificate No. 2042/2022
UDIN: F011511F000367053

For **Prateek Kohli & Associates**
Company Secretaries

Sd/-
Prateek Kohli
Partner
C.P. - 16457

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

Arohan Financial Services Limited ("the Company") has adopted the Code of Conduct for its Board Members and Senior Management Personnel and the same is available on the website of the Company.

It is hereby confirmed that the Company has obtained affirmation from all the Board Members and Senior Management Personnel that they have complied with the said Code for the Financial Year 2023-24.

Date: May 24, 2024
Place: Kolkata

For and on behalf of the Board of Directors
Sd/-
Manoj Kumar Narayan Nambiar
Managing Director
DIN: 03172919

ANNEXURE- VI

Employee Stock Option Plan (ESOP)

Particulars	Arohan ESOP 2021 (Grant 2023)	Arohan ESOP 2021 (Grant 2022)	Arohan ESOP 2021 (Grant 2021)	Arohan ESOP 2018 (Grant 2020)	Arohan ESOP 2018 (Grant 2019)	Arohan ESOP 2018 (Grant 2018)	Arohan ESOP Plan 2017
a. Options granted	13,91,143	9,97,942	9,82,867	8,42,858	7,69,528	5,97,264	2,29,280
b. Options vested	Nil	3,32,647	6,55,244	8,42,858	7,69,528	5,97,264	2,29,280
c. The total number of shares arising as a result of exercise of options	Nil	Nil	Nil	4,000	21,878	43,254	1,07,280
d. Options lapsed	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. The exercise price	38,850	1,80,267	2,58,476	2,78,509	2,38,945	1,65,186	24,000
f. Variation of terms of options	INR 124.00	INR 153.94	INR 210	INR 170	INR 162.80	INR 130	INR 84.70
g. Money realized by exercise of options	Yes	Yes	Yes	Yes	Yes	Yes	Yes
h. Total number of options in force	Nil	Nil	Nil	INR 6,80,000	INR 35,61,738	INR 56,23,020	INR 90,86,616
i. Employee wise details of options granted to:	13,52,293	8,17,675	7,24,391	5,60,349	5,08,705	3,88,824	98,000
a. Key Managerial Personnel#	3,54,000	3,25,300	2,94,612	2,36,824	2,51,808	2,43,324	50,000
b. any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year; and							
	Arvind Murarka					Shailesh Kumar	Harsha vardan Patnaik
						Shrisha Chandra Panda**	Shraddha Srimal
						Harsha vardan Patnaik*	Anant Jayant Natu*
						Abin Mukhopadhyay	Abin Mukhopadhyay
						Joji Jacob*	Arvind Murarka
						Joyanta Bakali	Prashant Rai
							Joyanta Bakali
c. identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	76,500	56,454	57,024	Nil	46,530	Nil	24,000
	Ranjan Das	Ranjan Das	Ranjan Das	Nil	Shrisha Chandra Panda**	Nil	24,000
							30,000
							30,000
							30,000
							24,000
							Nil

#Note: Key Managerial Personnel have been considered as per the Companies Act, 2013 only.

* Options lapsed

** Part Options lapsed

For and on behalf of the Board of Directors

Sd/-

VINEET CHANDRA RAI

DIRECTOR

DIN: 00606290

Sd/-

MANOJ KUMAR NARAYAN NAMBIAR

MANAGING DIRECTOR

DIN: 03172919

Date: May 24, 2024

Place: Kolkata



Independent Auditor's Report

To the Members of Arohan Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arohan Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements

in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncement issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	Impairment of Loans including Expected Credit Loss ("ECL") Refer Note 3(k) for material accounting policies and Note 41A for credit risk disclosures. The Company has reported gross loan assets of INR 678,619.46 lacs against which an impairment loss of INR 17,045.67 lacs has been recorded. The Company recognised impairment provision for loan assets based on the Expected Credit Loss approach laid down under 'Ind AS 109 – Financial Instruments'. The calculation of impairment losses on loans is complex and is based on the application of significant management judgement and the use of different modelling techniques and assumptions which are uncertain and could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.	Assessed the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited, to the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. • Considered the Company's accounting policies for estimation of expected credit loss on loans and assessed the compliance with the policies in terms of Ind AS 109. • Tested the design and operating effectiveness of key financial controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. • Understood and challenged the aforesaid assumptions through our understanding of the risk profile of the customers of the Company.



Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	The Expected Credit Loss is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: • Determining the criteria for a significant increase in credit risk • Factoring in future economic assumptions • Techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In view of the above, the measurement of impairment loss on loans was determined to be a Key Audit Matter in our audit of the financial statements.	• Reconciled the total financial assets considered for ECL estimation with the books of account to ensure the completeness. • Verified, on test check basis, whether appropriate staging of assets have been performed basis their days past due. Further, performed an overall assessment of the ECL provision levels at each stage. • Verified assets in stage 1, 2 and 3 on sample basis and tested that they were allocated to the appropriate stage. For samples of exposure, verified the appropriateness of determining Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). • Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
2	Information Technology ("IT") Systems and Controls The Company has a complex IT system to support its recording of customer's operational data, business processes, ensuring complete and accurate processing of financial transactions and supporting the overall internal control framework. In particular, the IT system is used for recording all disbursements and collections, identification and tagging of pledged loans to customers and calculating interest income and overdue days.	Our audit procedures with respect to this matter include, but were not limited to the following: • Involved IT specialists as part of the audit for the purpose of testing the IT general controls and application controls (automated and semi-automated controls) to determine the accuracy of the information produced by the Company's IT systems. • Obtained a comprehensive understanding of IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The reliability and security of IT systems play a key role in the business operation. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Accordingly, we have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	• Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development, computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. Also, entity level controls pertaining to policy and procedure and business continuity plan assessment was also part of our audit procedure. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.



Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating

effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing

Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2024 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 60 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a. The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 61 to the Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the Note 61 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
 - v. The Company has declared dividend on compulsorily convertible preference shares during the year which is in compliance with section 123 of the Act.
 - vi. Based on our examination, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility. The audit trail feature has been operated throughout the year for all transactions recorded in the accounting softwares. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Tushar Kurani

Partner

Membership No. 118580

UDIN: 24118580BKFLZN1910

Kolkata

May 24, 2024

Arohan Financial Services Limited

Annexure "A" to Independent Auditor's Report of even date on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

- i.
 - (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment, and relevant details of right-of-use assets.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
 - (b) All the Property, Plant and Equipment, and right of use assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the provisions stated under clause 3(i)(c) of the Order are not applicable to the Company.
 - (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and intangible assets during the year. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.
 - (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.
- ii.
 - (a) The Company is involved in the business of rendering services and does not hold any inventory. Accordingly, the provisions stated under clause 3(ii)(a) of the Order are not applicable to the Company.
 - (b) During the year the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks and/ financial institutions on the basis of security of loan (assets). Based on the records examined by us in the normal course of audit of the financial statements, quarterly returns / statements filed with such Banks/ financial institutions are in agreement with the books of accounts of the Company.
- iii.
 - (a) As explained in Note 1 to the Financial Statements, the Company is a non-deposit taking non-banking financial company ("NBFC") registered with the RBI and as part of its business activities, is engaged in the business of lending across various types of loans. The Company's principal business is to give loans and is a registered NBFC. Accordingly, provisions stated under clause 3(iii)(a) of the Order is not applicable to the Company.
 - (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, securities given and terms and conditions in relation to grant of all loans and advances in the nature of loans, investments made, guarantees provided and securities given are not prejudicial to the interest of the Company.
 - (c) The Company, being a NBFC, is registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning



Arohan Financial Services Limited

Annexure "A" to Independent Auditor's Report of even date on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

Norms and generally accepted business practices by the lending institutions, repayments schedules are stipulated basis the nature of the loan products. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish borrower-wise details of the amount, due date for repayment or receipt and extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the ICAI for reporting under this clause), in respect of loans and

advances which were not repaid/ paid when they were due or were repaid/ paid with a delay, in the normal course of lending business.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days, on the loans and advances in the nature of loans, are as follows:

(in Lakhs)

No. of Cases	Principal amount overdue	Interest overdue	Total overdue	Remarks
75,865	4,581.82	1,335.64	5,917.46	According to the information and explanation given to us, reasonable steps have been taken by the Company for recovery of principal amount and interest.

- (e) The company's principal business is to give loans and is a registered NBFC, accordingly, provisions stated under clause 3(iii)(e) of the Order is not applicable.

- (f) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provisions stated under clause 3(iii)(f) of the Order are not applicable to the Company.

- iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013, are applicable and accordingly, the provisions stated under clause 3(iv) of the Order is not applicable to the Company.

- v. According to the information and explanations given to us, the Company being Non-Banking

Finance Company registered with RBI, the provisions of Sections 73, 74, 75 and 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

- vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated under clause 3(vi) of the Order are not applicable to the Company.

vii.

- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including

Arohan Financial Services Limited

Annexure "A" to Independent Auditor's Report of even date on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities though there has been a slight delay in a few cases.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty

of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2024, outstanding for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024, on account of any dispute, are as follows:

(in Lakhs)

Name of the statute	Nature of dues	Amount Demanded	Amount Paid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6.18	-	AY 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	22.89	22.88	AY 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	9.13	1.85	AY 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3.10	-	AY 2022-23	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.54	-	AY 2023-24	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Accordingly, the provision stated under clause 3(viii) of the Order is not applicable to the Company.

ix.

- (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds in the normal course of business.

- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-



Arohan Financial Services Limited

Annexure "A" to Independent Auditor's Report of even date on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, reporting under clause 3(ix)(e) of the order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate, or joint venture. Accordingly, reporting under clause 3(ix)(f) of the order is not applicable to the Company.

x.

(a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause 3(x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of compulsorily convertible preference shares during the year and the requirements of Section 42 and Section 62 of the Companies Act, 2013, have been complied with. The amount raised has been used for the purposes for which they were raised.

xi.

(a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.

(b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to

be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and details of such transactions have been disclosed in Note 45 the financial statements as required by the applicable accounting standards.

xiv.

(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.

xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Companies Act, 2013 in clause 3(xv) of the Order is not applicable to the Company.

xvi.

(a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) as Non-Banking Financial Institution.

Arohan Financial Services Limited

Annexure "A" to Independent Auditor's Report of even date on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

- (b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company (as part of its group. Accordingly, the provisions stated under clause 3(xvi)(d) of the order are not applicable to the Company.
- xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated under clause 3(xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Tushar Kurani

Partner

Membership No. 118580

UDIN: 24118580BKFLZN1910

Kolkata

May 24, 2024



Arohan Financial Services Limited

Annexure "B" to the Independent Auditor's report on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Arohan Financial Services Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company, has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct

of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Arohan Financial Services Limited

Annexure "B" to the Independent Auditor's report on the Financial Statements of Arohan Financial Services Limited for the year ended March 31, 2024 (cont'd)

Meaning of Internal Financial Controls With reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Tushar Kurani

Partner

Membership No. 118580

UDIN: 24118580BKFLZN1910

Kolkata

May 24, 2024



Arohan Financial Services Limited

Balance Sheet as at March 31, 2024

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	93,896.05	55,656.06
Other bank balances	5	32,865.07	37,800.09
Trade receivables	6	225.91	1,537.64
Loans	7	6,61,573.79	4,78,221.95
Investments	8	9,016.08	7,877.00
Other financial assets	9	4,616.35	2,757.32
		8,02,193.25	5,83,850.06
Non-financial assets			
Current tax assets (net)	10	1,198.48	4,268.74
Deferred tax assets (net)	11	5,589.42	11,846.91
Property, plant and equipment	12	752.48	530.80
Intangible assets under development	13	55.13	44.06
Other intangible assets	13	414.31	215.05
Right of use asset	14	736.64	490.05
Other non-financial assets	15	604.35	571.12
		9,350.81	17,966.73
Total assets		8,11,544.06	6,01,816.79
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	16	40,903.81	30,084.77
Borrowings (other than debt securities)	17	5,20,796.16	3,80,936.33
Subordinated liabilities	18	39,884.29	42,327.83
Other financial liabilities	21	11,443.11	9,946.14
		6,13,027.37	4,63,295.07
Non-financial liabilities			
Provisions	22	2,687.60	2,468.29
Other non-financial liabilities	23	4,353.40	2,250.92
		7,041.00	4,719.21
Equity			
Equity share capital	24	15,741.23	15,038.85
Other equity	25	1,75,734.46	1,18,763.66
		1,91,475.69	1,33,802.51
Total liabilities and equity		8,11,544.06	6,01,816.79

Note 1 to 63 form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Kolkata
Date: May 24, 2024

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

Manoj Kumar N Nambiar
Managing Director
(DIN: 03172919)
Place: Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: May 24, 2024

Anurag Agrawal
Director
(DIN: 02385780)
Place: Kolkata

Milind R Nare
Chief Financial Officer
Place: Kolkata

Arohan Financial Services Limited

Statement of Profit and Loss for the year ended March 31, 2024

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from operations			
Interest income	27	1,38,016.48	93,096.90
Fees and commission income	28	16,885.91	10,209.69
Net gain on derecognition of financial instruments	29	4,132.58	3,586.49
Other operating income	30	82.16	52.30
Total revenue from operations		1,59,117.13	1,06,945.38
Other income	31	4,346.19	2,154.14
Total Income		1,63,463.32	1,09,099.52
Expenses			
Finance costs	32	59,223.26	46,864.42
Impairment on financial instruments	33	17,875.97	19,316.60
Employee benefits expenses	34	32,471.95	24,614.80
Depreciation and amortization	35	568.34	476.24
Other expenses	36	12,080.50	8,832.10
Total Expenses		1,22,220.02	1,00,104.16
Profit before tax		41,243.30	8,995.36
Tax expense:	38		
Current tax		3,412.65	1.96
Deferred tax expense		6,381.98	2,014.95
Tax expense/ (credit) for earlier year		66.50	(93.18)
Total tax expenses		9,861.13	1,923.73
Profit after tax		31,382.17	7,071.63
Other comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
(i) Remeasurement of post employment benefit obligations	37	(494.64)	(350.99)
(ii) Income tax relating to above items		124.49	88.34
Subtotal (A)		(370.15)	(262.65)
(B) Items that will be reclassified to profit or loss			
(i) Fair valuation of financial assets		-	-
(ii) Income tax relating to above items		-	-
Subtotal (B)		-	-
Total other comprehensive income (A+B)		(370.15)	(262.65)
Total comprehensive income for the year		31,012.02	6,808.98
Earnings per equity share	39		
Face value per share (₹)		10.00	10.00
Basic (₹)		26.62	6.05
Diluted (₹)		26.57	5.84

Note 1 to 63 form an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Kolkata
Date: May 24, 2024

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

Manoj Kumar N Nambiar
Managing Director
(DIN: 03172919)
Place: Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: May 24, 2024

Anurag Agrawal
Director
(DIN: 02385780)
Place: Kolkata

Milind R Nare
Chief Financial Officer
Place: Kolkata



Arohan Financial Services Limited

Statement of change in equity for the Year ended March 31, 2024

(All amounts in ₹ lakhs unless otherwise stated)

(a) Equity share capital [Refer note 24]

(i) Equity share capital

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	12,117.73	12,017.73
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the year	12,117.73	12,017.73
Changes in equity share capital during the year	3,623.50	100.00
Balance at the end of the year	15,741.23	12,117.73

(ii) Compulsorily convertible preference share capital

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	2,921.12	-
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the year	2,921.12	-
Changes in compulsorily convertible preference share capital during the year	(2,921.12)	2,921.12
Balance at the end of the year	-	2,921.12

(b) Other equity [Refer note 25]

Particulars	Reserves and Surplus						Other Comprehensive Income		Total other equity
	Securities premium	Statutory reserves	Retained Earnings	General reserve	Share option out-standing account	Treasury shares	Equity instruments through other comprehensive income	Fair valuation of financial assets	
Balance as at March 31, 2022	71,037.15	8,024.79	15,540.75	80.27	1,155.08	(5,507.68)	-	-	90,330.36
Profit for the year (net of taxes)	-	-	7,071.63	-	-	-	-	-	7,071.63
Other comprehensive income (net of taxes)	-	-	(262.65)	-	-	-	-	-	(262.65)
Share based payments to employees	4.77	-	-	-	277.99	5.65	-	-	288.41
Issue of equity shares to ESOP trust	1,439.40	-	-	-	-	(1,539.40)	-	-	(100.00)
Issue of compulsorily convertible preference shares	21,908.38	-	-	-	-	-	-	-	21,908.38
Share issue expenses	(472.47)	-	-	-	-	-	-	-	(472.47)
Transfer to statutory reserve (*)	-	1,414.33	(1,414.33)	-	-	-	-	-	-
Balance as at March 31, 2023	93,917.23	9,439.12	20,935.40	80.27	1,433.07	(7,041.43)	-	-	1,18,763.66
Profit for the year (net of taxes)	-	-	31,382.17	-	-	-	-	-	31,382.17
Other comprehensive income (net of taxes)	-	-	(370.15)	-	-	-	-	-	(370.15)
Share based payments to employees	8.28	-	-	-	507.48	9.81	-	-	525.57
Issue of equity shares to ESOP trust	798.00	-	-	-	-	(868.00)	-	-	(70.00)
Issue of equity shares on conversion of compulsorily convertible preference shares	47,897.20	-	-	-	-	-	-	-	47,897.20
Issue of compulsorily convertible preference shares	23,489.29	-	-	-	-	-	-	-	23,489.29
Conversion of compulsorily convertible preference shares (**)	(45,397.67)	-	-	-	-	-	-	-	(45,397.67)
Dividend payable on compulsorily convertible preference shares (**)	-	-	(0.06)	-	-	-	-	-	(0.06)
Share issue expenses	(485.55)	-	-	-	-	-	-	-	(485.55)
Transfer to statutory reserve (*)	-	6,276.43	(6,276.43)	-	-	-	-	-	-
Balance as at March 31, 2024	1,20,226.78	15,715.55	45,670.93	80.27	1,940.55	(7,899.62)	-	-	1,75,734.46

(*) The Company has transferred 20% of profits after tax to Statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934

(**) In pursuant to the provisions of the Company's Act, 2013, the Company as per the circular resolution passed by the Board of Directors on March 22, 2024, converted all the compulsorily convertible preference shares into equity shares of the company, at ₹ 10/- each, as per the share subscription agreements (SSA) and as per the approval of the shareholders ranking pari passu with the existing equity shares of the Company.

The Company also declared a dividend at 0.001% per annum on such conversion of compulsory convertible preference shares into equity shares.

This is the Statement of Changes in Equity referred to in our report of even date.

For **M S K A & Associates**
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Kolkata
Date: May 24, 2024

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

Manoj Kumar N Nambiar
Managing Director
(DIN: 03172919)
Place: Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: May 24, 2024

Anurag Agrawal
Director
(DIN: 02385780)
Place: Kolkata

Milind R Nare
Chief Financial Officer
Place: Kolkata

Arohan Financial Services Limited

Statement of Cash Flow for the year ended March 31, 2024

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2024	Year ended 31 March 2023
(A) Cash flows from operating activities		
Profit before tax	41,243.30	8,995.36
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	364.27	307.27
Depreciation on right of use assets	204.07	168.97
Interest on lease liability (net)	68.90	45.78
Impairment loss allowance on loans	13,905.31	19,117.55
Impairment loss allowance on security receipts	4,118.10	-
Impairment loss allowance on trade receivables	(147.44)	147.44
Net gain on derecognition of financial instruments	(4,132.58)	(3,586.49)
Interest income on unwinding of assigned portfolio	(948.38)	(294.45)
Share based payments to employees	515.76	282.76
Effective interest rate adjustment for financial instruments (*)	11,780.91	1,475.82
Unwinding impact on security deposit	0.21	0.21
Operating profit before working capital changes	66,972.43	26,660.22
Working capital adjustments		
(Increase)/ decrease in assets		
Loans	(1,97,257.15)	(1,26,319.57)
Trade receivables	1,459.17	(1,484.49)
Other financial assets	3,227.54	1,675.25
Other non-financial assets	(39.04)	173.19
Increase/ (decrease) in liabilities		
Others financial liabilities	1,238.90	6,138.36
Provisions	(275.33)	17.60
Other non-financial liabilities	2,102.48	178.67
Cash used in operating activities	(1,22,571.00)	(92,960.77)
Income taxes paid (net of refunds)	(408.89)	642.79
Net cash used in operating activities (A)	(1,22,979.89)	(92,317.98)
(B) Cash flows from investing activities		
Purchase of property, plant and equipment	(479.02)	(301.69)
Proceeds from sale of property, plant and equipment	2.25	0.44
Investment in/ proceeds from fixed deposit	4,935.02	(2,427.71)
Purchase of investments	(5,257.18)	(7,872.00)
Purchase of intangible assets	(286.23)	(34.41)
Purchase of intangible assets under development	(33.27)	(46.30)
Net cash used in investing activities (B)	(1,118.43)	(10,681.67)
(C) Cash flows from financing activities		
Proceeds from issue of equity shares (including premium)	9.81	5.65
Proceeds from Issue of compulsorily convertible preference shares (including premium)	26,621.19	24,829.50
Share issue expenses (net)	(485.61)	(472.47)
Proceeds from debt securities (*)	20,538.02	11,462.43
Repayment of debt securities (*)	(9,870.00)	(9,940.00)
Proceeds from borrowings (other than debt securities) (*)	9,14,425.52	6,44,169.00
Repayment of borrowings (other than debt securities) (*)	(7,86,139.12)	(6,05,544.46)
Repayment of subordinated liabilities (*)	(2,500.00)	(1,000.00)
Payment of lease liabilities	(261.50)	(216.86)
Net cash generated from financing activities (C)	1,62,338.31	63,292.79
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	38,239.99	(39,706.86)
Cash and cash equivalents as at the beginning of the year	55,656.06	95,362.92
Cash and cash equivalents as at the end of the year	93,896.05	55,656.06
Components of cash and cash equivalents: [Refer Note 4]		
Cash on hand	24.84	36.05
Bank balances and deposits with banks	93,871.21	55,620.01
Cash and cash equivalents considered for cash flow	93,896.05	55,656.06

(*) Refer Note 19 for reconciliation of liabilities arising from financing activities

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

This is the Statement of Cash Flows referred to in our report of even date.

For **M S K A & Associates**
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Kolkata
Date: May 24, 2024

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

Manoj Kumar N Nambiar
Managing Director
(DIN: 03172919)
Place: Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: May 24, 2024

Anurag Agrawal
Director
(DIN: 02385780)
Place: Kolkata

Milind R Nare
Chief Financial Officer
Place: Kolkata



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024

1 Corporate informatories

Arohan Financial Services Limited ('the Company') is incorporated under the provisions of the Companies Act 1956. The Company has been registered as a Non-Banking Financial Company ('NBFC') with the Reserve Bank of India ('the RBI') from 8 July 2009 and pursuant to the notification issued by the RBI for classification of NBFCs as Non-Banking Finance Company – Micro Finance Institutions ('NBFC-MFI'), the Company's application for registration as an NBFC-MFI was approved by the RBI on 10 January 2014. The Company has converted itself into a public limited company and changed its name to Arohan Financial Services Limited and has received a fresh certificate of incorporation dated May 25, 2018.

The Company is primarily engaged in providing the livelihood promotion services such as micro-credit to socio-economically disadvantaged customers un-reached by the formal banking systems. In addition to the core business of providing micro-credit, the company uses its distribution channel to provide certain other financial products and services.

2 Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These financial statements have been prepared by the Company in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended), the provisions of the Act (to the extent notified and applicable) and other applicable guidelines issued by the RBI.

The financial statements for the year ended March 31, 2024 has been authorised and approved by the Board of Directors in their meeting held on May 24, 2024.

The Guidance Note on Division III - Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India ("ICAI") has been followed in so far as they are not inconsistent with any of these Directions.

(ii) Historical cost convention

These financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.

3 Material accounting policies and key account estimates and judgements

a) Basis of preparation

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 43. The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

b) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Business model assessment

The Company determines the business model at a level that reflects how the financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset were held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be

appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurements

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

Provisions

Provisions created in respect of a range of future obligations such as litigation. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate, which reflects both current interest rates and the risks specific to that provision.

Useful lives of depreciable/ amortisable assets

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

c) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II, which is also the management's estimates of useful lives of such assets.

Asset class	Useful life
Office equipment	5 years
Computer equipment	3 years
Computer Servers	6 Years
Motor Vehicle	8 years
Furniture and fixtures	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use till useful life or the date the asset is sold/ disposed, whichever is earlier. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is de-recognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses incurred to acquire property, plant and equipment. Assets which are not ready to its intended use are also shown under capital work-in-progress.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

d) Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (depreciation method, useful lives and residual value)

Intangible assets are amortised over a period of five years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost.

Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and repair the asset to be capable of operating in the manner intended by management. These are recognised as assets when the company demonstrate following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The company intends to and has sufficient resources to complete the project
- The company has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

e) Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method. Additional overdue interest/ penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

Income from insurance corporate agency and cross sale services is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

Interest on fixed deposits

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable using the effective interest rate (EIR) method.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/ collection.

f) Borrowing costs

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

g) Taxation

a) Current tax: Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax: Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent

that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Tax expense recognized in the Statement of Profit and Loss comprises the sum of deferred tax, current tax and tax expense for earlier years, except to the extent it recognized in other comprehensive income or directly in equity.

h) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The company has a defined contribution plans like provident fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of profit and loss.

Defined benefit plans

The Company has an obligation towards gratuity and pension fund, defined benefit plan covering eligible employees. Under the defined benefit plans,

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

the amount that an employee will receive is defined by reference to the employee's length of service and last drawn salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The liability in respect of accumulating compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary. Actuarial gains and losses arising from changes in actuarial assumptions are charged to Statement of profit and loss in the year in which such gain or losses are determined.

i) Share based payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity.

The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number

of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

j) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

k) Impairment of financial assets

The expected credit loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk.



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- **Stage 1** (0-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- **Stage 2** (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- **Stage 3** (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD)

EAD is based on the amounts the Company expects to be owed at the time of default.

Management overlay is included in determining the 12-month and lifetime ECL. The assumptions

underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write off

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

of recovery. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

m) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

n) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

o) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Non-derivative financial assets:

Subsequent measurement

Financial assets carried at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met :

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cashflows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

Non-performing financial assets are carried at amortised cost in the financial statement.

Financial assets carried at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and selling financial assets
- (b) The contractual terms of the financial asset meet the SPPI test.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

Investments

Investment in mutual funds and security receipts are measured at fair value through profit and loss (FVTPL).

Investment in equity are measured at fair value to other comprehensive income (FVOCI).

De-recognition of financial assets

Financial assets or a part of financial asset are derecognised when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities:

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there are a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p) Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus

issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Segment reporting

The Company identifies segment basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

r) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

s) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

Transactions and balances

"Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially

recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

t) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

u) Dividend payment

Interim dividend declared to equity/ preference shareholders, if any, is recognized as liability in the period in which the said dividend is declared by the Board of Directors. Final dividend declared, if any, is recognized in the year in which the said dividend is approved by the Shareholders. Dividend payable is recognized directly in equity.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 4: Cash and cash equivalents	As at 31 March 2024	As at 31 March 2023
Cash on hand	24.84	36.05
Balances with banks		
- Balance with banks in current accounts (#)	36,367.07	1,549.67
- Deposits for original maturity of less than 3 months	57,504.14	54,070.34
Total	93,896.05	55,656.06

(#) Balance in current accounts includes ₹ 0.06 lakhs (March 31, 2023: Nil) earmarked for unpaid dividend, ₹ 0.15 lakhs (March 31, 2023: ₹ 5.93 lakhs) earmarked for unpaid corporate social responsibility, ₹ 341.49 lakhs (March 31, 2023: ₹ 178.25 lakhs) earmarked for unpaid gratuity and ₹ 3.74 lakhs (March 31, 2023: ₹ 2.39 lakhs) earmarked for unpaid debenture interest.

Note 5: Other bank balances	As at 31 March 2024	As at 31 March 2023
Deposits with remaining maturity of less than 3 months	2,534.49	2,479.40
Deposits with remaining maturity of more than 3 months but less than 12 months	428.06	2,774.19
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees [Refer Note (a) below]		
- with maturity less than 3 months	2,846.45	2,032.37
- with maturity more than 3 months but less than 12 months (*)	10,433.17	11,899.22
- with maturity more than 12 months	16,622.90	18,614.91
Total	32,865.07	37,800.09

(a) The deposits are under lien as security against term loans from banks and financial Institutions, overdraft facilities, bank guarantee, assets securitised and secured non convertible debenture etc as below:

Particulars	As at 31 March 2024	As at 31 March 2023
Term loans from banks and financial Institutions	21,305.01	18,140.32
Overdraft facilities	46.01	45.29
Bank guarantee	25.80	-
Collateral against securitisations (*)	8,316.68	14,161.49
Secured non convertible debenture	209.02	199.40
Total	29,902.52	32,546.50

(*) includes deposit with related party of ₹ 301.13 lakhs (March 31, 2023 : ₹ 353.79 Lakhs) [refer note 45]



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 6: Trade receivables (at amortised cost)	As at 31 March 2024	As at 31 March 2023
(unsecured)		
Undisputed trade receivables – considered good (*)	225.91	1,537.64
Undisputed trade receivables – which have significant increase in credit risk	-	-
Undisputed trade receivables – credit impaired (*)	-	147.44
Disputed trade receivables – considered good	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-
Disputed trade receivables – credit impaired	-	-
Gross trade receivables	225.91	1,685.08
Less: Impairment allowance	-	(147.44)
Net trade receivables	225.91	1,537.64

(*) Unbilled dues are not included [refer note 9].

Trade receivable outstanding from the due date of payment/ date of transaction

As at March 31, 2024

Trade receivables aging schedule	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good (#)	225.91	-	-	-	-	225.91
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-
(iii) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iv) Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	225.91	-	-	-	-	225.91

As at March 31, 2023

Trade receivables aging schedule	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good (#)	1,537.64	-	-	-	-	1,537.64
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired (#)	144.16	3.28	-	-	-	147.44
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-
(iii) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iv) Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	1,681.80	3.28	-	-	-	1,685.08

(#) Outstanding are from the due date of payment. Where no due date of payment are specified in that case, the ageing is done from the transaction date.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 7: Loans	As at 31 March 2024			As at 31 March 2023		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
Term loans						
Secured loans	19,706.76	-	19,706.76	854.79	-	854.79
Unsecured loans	6,58,912.70	-	6,58,912.70	5,05,831.33	-	5,05,831.33
Gross loans	6,78,619.46	-	6,78,619.46	5,06,686.12	-	5,06,686.12
Less: Impairment allowance (#)	(17,045.67)	-	(17,045.67)	(28,464.17)	-	(28,464.17)
Net loans	6,61,573.79	-	6,61,573.79	4,78,221.95	-	4,78,221.95
(i) Secured by tangible assets (*)	19,706.76	-	19,706.76	854.79	-	854.79
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by bank/ Government guarantees	-	-	-	-	-	-
(iv) Unsecured	6,58,912.70	-	6,58,912.70	5,05,831.33	-	5,05,831.33
Gross loans	6,78,619.46	-	6,78,619.46	5,06,686.12	-	5,06,686.12
Less: Impairment allowance (#)	(17,045.67)	-	(17,045.67)	(28,464.17)	-	(28,464.17)
Net loans	6,61,573.79	-	6,61,573.79	4,78,221.95	-	4,78,221.95
Loans in India						
(i) Public sector	-	-	-	-	-	-
(ii) Others	6,78,619.46	-	6,78,619.46	5,06,686.12	-	5,06,686.12
Gross loans	6,78,619.46	-	6,78,619.46	5,06,686.12	-	5,06,686.12
Less: Impairment allowance (#)	(17,045.67)	-	(17,045.67)	(28,464.17)	-	(28,464.17)
Total - Net	6,61,573.79	-	6,61,573.79	4,78,221.95	-	4,78,221.95

(*) Includes advance against book debts

(#) Impairment allowance includes management overlay of ₹ 4,083.18 lakhs as on March 31, 2024 (March 31, 2023 : ₹ 5,517.37 lakhs).

Arohan Financial Services Limited

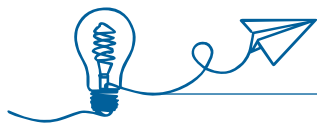
Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 8: Investments	As at 31 March 2024			As at 31 March 2023		
	At fair value through profit and loss	At fair value through other comprehensive income	Total	At fair value through profit and loss	At fair value through other comprehensive income	Total
Unquoted equity instruments						
50,000 (March 31, 2023: 50,000) equity shares in Alpha Micro Finance Consultant Private Limited of ₹ 10 each, fully paid-up.	-	5.00	5.00	-	5.00	5.00
Security receipts						
8,00,000 security receipts under Phoenix Trust-FY 23-16 at face value ₹ 706/- each (March 31, 2023 : 8,00,000 security receipts at face value of ₹ 984/- each)	5,648.00	-	5,648.00	7,872.00	-	7,872.00
10,43,400 security receipts under Phoenix Trust-FY 23-36 at face value ₹ 717/- each (March 31, 2023 : Nil)	5,363.08	-	5,363.08	-	-	-
Gross investment	11,011.08	5.00	11,016.08	7,872.00	5.00	7,877.00
Less: Impairment allowance (#)	(2,000.00)	-	(2,000.00)	-	-	-
Net investment	9,011.08	5.00	9,016.08	7,872.00	5.00	7,877.00
Investments in India	11,011.08	5.00	11,016.08	7,872.00	5.00	7,877.00
Investments outside India	-	-	-	-	-	-
Gross investment	11,011.08	5.00	11,016.08	7,872.00	5.00	7,877.00
Less: Impairment allowance (#)	(2,000.00)	-	(2,000.00)	-	-	-
Net investment	9,011.08	5.00	9,016.08	7,872.00	5.00	7,877.00

(#) Impairment allowance represents management overlay of 2,000.00 lakhs as on March 31, 2024 (March 31, 2023 : Nil).

Note: The security receipts are rated "IND RR2" and "IND RR3" on a recovery rating scale issued by India Ratings & Research with report dated February 28, 2024 and December 22, 2023 respectively.



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 9: Other financial assets	As at 31 March 2024	As at 31 March 2023
<i>Unsecured, considered good</i>		
Security deposits	306.27	261.81
Receivable on assigned loans (*)	2,680.61	2,259.72
Insurance receivables	90.36	85.13
Unbilled receivables	1,226.47	87.04
Others	403.00	148.75
	4,706.71	2,842.45
Less: Impairment allowance on insurance receivables	(90.36)	(85.13)
Total	4,616.35	2,757.32

(*) includes receivable on assigned loans with related party of ₹ 17.48 lakhs (March 31, 2023 : ₹ 216.02 Lakhs) [refer note 45]

Note 10: Current tax assets (net)	As at 31 March 2024	As at 31 March 2023
Advance tax and TDS (net of provisions)	1,198.48	4,268.74
Total	1,198.48	4,268.74

Note 11: Deferred tax assets (net)	As at 31 March 2024	As at 31 March 2023
Deferred tax assets for deductible temporary differences on:		
Impairment loss allowance on loan assets	3,552.03	6,586.17
Impairment loss allowance on security receipts	503.36	-
Provision for employee benefits	676.40	621.20
Financial assets measured at amortised cost	818.90	539.78
Provision for expense allowed for tax purpose on payment basis	357.65	27.15
Difference in written down value as per books and as per income tax act	35.97	32.19
Other adjustments	16.81	4,341.63
	5,961.12	12,148.12
Deferred tax liabilities for taxable temporary differences on:		
Income for tax purpose on receipt basis	371.70	301.21
	371.70	301.21
Deferred tax assets (net)	5,589.42	11,846.91



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Movement in deferred tax assets for the year ended March 31, 2024

Particulars	As at 01 April 2023	Statement of profit and loss	Other comprehensive income	As at 31 March 2024
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	6,586.17	(3,034.14)	-	3,552.03
Impairment loss allowance on security receipts	-	503.36	-	503.36
Provision for employee benefits	621.20	(69.29)	124.49	676.40
Financial assets measured at amortised cost	539.78	279.12	-	818.90
Provision for expense allowed for tax purpose on payment basis	27.15	330.50	-	357.65
Difference in written down value as per books and as per income tax act	32.19	3.78	-	35.97
Other adjustments	4,341.63	(4,324.82)	-	16.81
	12,148.12	(6,311.49)	124.49	5,961.12
Deferred tax liabilities for taxable temporary differences on:				
Income for tax purpose on receipt basis	301.21	70.49	-	371.70
	301.21	70.49	-	371.70
Deferred tax assets (net)	11,846.91	(6,381.98)	124.49	5,589.42

Movement in deferred tax assets for the year ended March 31, 2023

Particulars	As at 01 April 2022	Statement of profit and loss	Other comprehensive income	As at 31 March 2023
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	10,217.96	(3,631.79)	-	6,586.17
Provision for employee benefits	528.43	4.43	88.34	621.20
Financial assets measured at amortised cost	384.38	155.40	-	539.78
Fair valuation of financial instruments through other comprehensive income	0.17	(0.17)	-	-
Provision for expense allowed for tax purpose on payment basis	27.15	-	-	27.15
Difference in written down value as per books and as per income tax act	26.97	5.22	-	32.19
Other adjustments	2,588.46	1,753.17	-	4,341.63
	13,773.52	(1,713.74)	88.34	12,148.12
Deferred tax liabilities for taxable temporary differences on:				
Income for tax purpose on receipt basis	-	301.21	-	301.21
	-	301.21	-	301.21
Deferred tax assets (net)	13,773.52	(2,014.95)	88.34	11,846.91

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 12: Property, plant and equipment	Motor Vehicle	Furniture and fixtures	Computer and accessories	Office equipment	Total
Gross carrying value					
Balance as at March 31, 2022	-	337.97	726.10	254.08	1,318.15
Additions for the year	-	55.40	189.90	56.39	301.69
Disposals for the year	-	-	10.20	2.86	13.06
Balance as at March 31, 2023	-	393.37	905.80	307.61	1,606.78
Additions for the year	21.45	83.12	242.29	132.16	479.02
Disposals for the year	-	1.06	27.39	12.07	40.52
Balance as at March 31, 2024	21.45	475.43	1,120.70	427.70	2,045.28
Accumulated depreciation					
Up to March 31, 2022	-	133.28	620.98	163.18	917.44
Depreciation charge for the year	-	37.45	85.27	48.44	171.16
Adjustment on account of disposal	-	-	10.21	2.41	12.62
Up to March 31, 2023	-	170.73	696.04	209.21	1,075.98
Depreciation charge for the year	2.66	46.45	136.36	69.62	255.09
Adjustment on account of disposal	-	1.00	26.04	11.23	38.27
Up to March 31, 2024	2.66	216.18	806.36	267.60	1,292.80
Net carrying value					
Balance as at March 31, 2023	-	222.64	209.76	98.39	530.80
Balance as at March 31, 2024	18.79	259.25	314.34	160.10	752.48

Refer note 60 on contractual commitments for the acquisition of property, plant and equipment.

Note 13 : Other intangible assets	Intangible assets	
	Under development	Others*
Gross carrying value		
Balance as at March 31, 2022	45.04	1,010.04
Additions for the year	46.30	81.69
Disposals for the year	47.28	-
Balance as at March 31, 2023	44.06	1,091.73
Additions for the year	33.27	308.44
Disposals for the year	22.21	-
Balance as at March 31, 2024	55.12	1,400.17
Accumulated amortisation		
Up to March 31, 2022	-	740.57
Amortisation charge for the year	-	136.11
Adjustment on account of disposal	-	-
Up to March 31, 2023	-	876.68
Amortisation charge for the year	-	109.18
Adjustment on account of disposal	-	-
Up to March 31, 2024	-	985.86
Net carrying value		
Balance as at March 31, 2023	44.06	215.05
Balance as at March 31, 2024	55.12	414.31

Refer note 60 on contractual commitments for the acquisition of intangible asset

* Others represents computer software



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 13 : Other intangible assets (cont'd)

Ageing schedule of intangible assets under development

As at March 31, 2024

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	55.12	-	-	-	55.12
Projects temporarily suspended	-	-	-	-	-
Total	55.12	-	-	-	55.12

As at March 31, 2023

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	44.06	-	-	-	44.06
Projects temporarily suspended	-	-	-	-	-
Total	44.06	-	-	-	44.06

There are no continuing projects where completion date are overdue or cost of project exceeds as compared to original plan

Note 14 : Right of use assets	Right of use assets
Gross carrying value	
Balance as at March 31, 2022	826.15
Additions for the year	269.38
Disposals for the year	7.06
Balance as at March, 31 2023	1,088.47
Additions for the year	461.72
Disposals for the year	30.63
Balance as at March, 31 2024	1,519.56
Accumulated depreciation	
Up to March 31, 2022	432.72
Depreciation for the year	168.97
Adjustment on account of disposal	3.27
Up to March 31, 2023	598.42
Depreciation for the year	204.07
Adjustment on account of disposal	19.57
Up to March 31, 2024	782.92
Net carrying value	
Balance as at March 31, 2023	490.05
Balance as at March 31, 2024	736.64

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 15: Other non-financial assets	As at 31 March 2024	As at 31 March 2023
<i>(Measured at amortised cost)</i>		
Prepaid expenses	348.38	263.24
Advances to employees	109.40	189.93
Balances with government authorities	48.58	19.97
Advance against expenses	55.60	69.14
Others	42.39	28.84
Total	604.35	571.12

Note 16: Debt securities	As at 31 March 2024	As at 31 March 2023
<i>(Measured at amortised cost)</i>		
Secured listed non convertible debentures	19,686.13	30,084.77
Secured unlisted non convertible debentures from related party [refer note 45]	21,217.68	-
Total	40,903.81	30,084.77
Debt securities in India	40,903.81	30,084.77
Debt securities outside India	-	-
Total	40,903.81	30,084.77

Refer note 20 for terms of repayment.

Non convertible debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on identified receivables arising out of its business operations and cash collateral to the extent of at least 100% of outstanding secured NCDs and pursuant to the terms of respective information memorandum.

Other terms and conditions:

Particulars	Repayment Schedule	As at 31 March 2024	As at 31 March 2023
11.86% Blue Orchard Microfinance Fund (Face Value ₹ 10 lakhs) - no. of units - 1,150 (March 31, 2023 - 1,150 units).	Bullet repayment in June 2027	11,846.74	11,843.91
12.06% Japanese ASEAN Women Empowerment Fund (Face Value ₹ 10 lakhs) - no. of units - 650 (March 31, 2023 - 650 units).	Repayment in three instalments on June 2023, December 2023 and June 2024.	3,360.39	6,717.22
10.09% British International Investment Plc (Face Value ₹ 10 lakhs) - no. of units - 600 (March 31, 2023 - 600 units).	Redeemed on a pro rata basis and shall be fully redeemed by March 2025.	4,479.00	5,250.62
10.71% Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (Face Value ₹ 1 lakh) - no. of units - 20,800 (March 31, 2023 - Nil).	Repayment in four equal instalments on June 2025, December 2026, June 2027 and December 2027.	21,217.68	-
11.00% Bank of India (Face Value ₹ 10 lakhs) - no. of units 250 (March 31, 2023 - 250 units).	Bullet repayment in June, 2023	-	2,713.11
11.50% Indian Bank (Face Value ₹ 10 lakhs) - no. of units 250 (March 31, 2023 - 250 units).	Bullet Repayment in July 2023	-	2,705.70
11.00% Bank of Baroda (Face Value ₹ 10 lakhs) - no. of units 250 (March 31, 2023 - 250 units).	Three annual instalment on July 2021, July 2022 and July 2023.	-	854.21
Total		40,903.81	30,084.77



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 17: Borrowings (other than debt securities)	As at 31 March 2024	As at 31 March 2023
(Measured at amortised cost)		
(Secured)		
(a) Term loans [refer note (i) below]		
Term loan from banks	3,77,239.47	2,16,074.41
Term loan from financial institutions	1,02,149.93	91,648.82
Term Loan from related party (from banks) [refer note 45]	408.38	892.80
(b) Loans repayable on demand		
Cash credit from banks [refer note (ii) below]	-	90.42
(c) Liability against securitisation [refer note (iii) below]		
from banks	39,601.27	67,301.78
from related party [refer note 45]	1,397.11	4,928.10
Total	5,20,796.16	3,80,936.33
Borrowings in India	5,20,796.16	3,80,936.33
Borrowings outside India	-	-
Total (a+b+c)	5,20,796.16	3,80,936.33

Refer note 20 for terms of repayment.

Nature of Security:

- All term loans from banks and financial institutions are secured by way of first and exclusive charge, both present & future, over the eligible designated current assets, eligible designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company.
- Cash credit facilities and working capital demand loans from banks are secured by way of first and exclusive charge, both present & future, over the eligible designated current assets, eligible designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company.
- Liabilities against securitisation represents amounts received in respect of securitisation transactions (net of repayments & investment therein) as these transactions do not meet the de-recognition criteria specified under Ind AS 109. These are secured by way of hypothecation of designated assets on finance receivables.

Note 18: Subordinated liabilities	As at 31 March 2024	As at 31 March 2023
(Measured at amortised cost)		
(Unsecured)		
Non-convertible debentures	32,317.73	32,242.61
Term loans from banks	5,057.33	7,580.47
Term loans from financial institution	2,509.23	2,504.75
Total	39,884.29	42,327.83
Subordinated liabilities in India	39,884.29	42,327.83
Subordinated liabilities outside India	-	-
Total	39,884.29	42,327.83

Refer note 20 for terms of repayment.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 18: Subordinated liabilities (cont'd)

Details of subordinated liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
(a) Term loans from banks and financial institutions (unsecured)		
Term loan from banks	5,057.33	7,580.47
Term Loan from financial institutions	2,509.23	2,504.75
Subtotal	7,566.56	10,085.22
(b) Non-convertible debentures (unsecured)		
13.50% Northern Arc Capital Limited (Face Value ₹ 10 lakhs) 650 debentures; maturing in April 2025 (March 31, 2022 - 650 units)	6,500.98	6,492.38
12.85% Karvy Capital Limited (Face Value ₹ 10 each) 2,50,00,000 debentures, maturing in October 2026 (March 31, 2022 - 2,50,00,000 units)	2,472.20	2,459.40
13.50% Northern Arc Capital Limited (Face Value ₹ 10 each) 3,50,00,000 debentures; maturing in September 2025 (March 31, 2022 - 3,50,00,000 units)	3,491.82	3,483.54
13.65% Piramal Structured Credit Opportunity Fund (Face Value ₹ 100 lakhs) 200 debentures; maturing in June 2027 (March 31, 2022 - 200 units)	19,852.74	19,807.29
Subtotal	32,317.74	32,242.61
Total (a+b)	39,884.30	42,327.83

Note 19: Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Total
As on March 31, 2022	28,338.42	3,41,078.35	43,309.37	4,12,726.14
<i>Cash flows:</i>				
Proceeds	11,462.43	6,44,169.00	-	6,55,631.43
Repayment	(9,940.00)	(6,05,544.46)	(1,000.00)	(6,16,484.46)
<i>Non cash:</i>				
Amortisation of upfront fees and interest accrual	223.92	1,233.44	18.46	1,475.82
As on March 31, 2023	30,084.77	3,80,936.33	42,327.83	4,53,348.93
<i>Cash flows:</i>				
Proceeds	20,538.02	9,14,425.52	-	9,34,963.54
Repayment	(9,870.00)	(7,86,139.12)	(2,500.00)	(7,98,509.12)
<i>Non cash:</i>				
Amortisation of upfront fees and interest accrual	151.02	11,573.43	56.46	11,780.91
As on March 31, 2024	40,903.81	5,20,796.16	39,884.29	6,01,584.26

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 20: Terms of repayment of debt securities, other borrowings and subordinated liabilities

As on March 31, 2024:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	48	11,816.09	11	1,833.34	-	-	-	-	-	-	13,649.43
	9% to 12%	693	1,92,475.58	453	1,27,695.14	122	27,024.12	-	-	-	-	3,47,194.84
	12% to 15%	55	14,748.00	6	539.19	-	-	-	-	-	-	15,287.19
Bi-monthly Quarterly	9% to 12%	6	4,500.00	-	-	-	-	-	-	-	-	4,500.00
	9% to 12%	81	55,324.01	43	25,135.97	3	1,101.66	-	-	-	-	81,561.64
	12% to 15%	17	8,529.14	-	-	-	-	-	-	-	-	8,529.14
Semi-annually	9% to 12%	5	7,762.50	5	12,212.42	1	5,200.00	2	10,400.00	-	-	35,574.92
	12% to 15%	1	3,250.00	-	-	-	-	-	-	-	-	3,250.00
Bullet	12% to 15%	-	-	3	15,000.00	1	2,500.00	2	22,500.00	-	-	40,000.00
Monthly (*)	Above 15%	-	-	-	-	-	-	1	11,500.00	-	-	11,500.00
	9% to 13%	61	39,567.41	3	1,436.14	-	-	-	-	-	-	41,003.55
Total			3,37,972.73		1,83,852.20		35,825.78		44,400.00		-	6,02,050.71

(*) Represents securitised liability.

As on March 31, 2023:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	40	6,697.03	24	3,818.07	-	-	-	-	-	-	10,515.10
	9% to 12%	311	75,053.21	204	59,144.77	51	20,536.23	-	-	-	-	1,54,734.21
	12% to 15%	24	11,034.59	17	8,283.80	-	-	-	-	-	-	19,318.39
Bi-monthly Quarterly	9% to 12%	-	-	6	4,500.00	-	-	-	-	-	-	4,500.00
	9% to 12%	91	49,839.32	51	37,830.01	12	5,493.18	-	-	-	-	93,162.51
	12% to 15%	16	17,798.67	4	666.64	-	-	-	-	-	-	18,465.31
Semi-annually	9% to 12%	5	2,780.00	1	750.00	-	-	-	-	-	-	3,530.00
	12% to 15%	2	3,250.00	1	3,250.00	-	-	-	-	-	-	6,500.00
Annually	9% to 12%	1	840.00	-	-	-	-	-	-	-	-	840.00
Bullet	9% to 12%	3	14,900.00	-	-	-	-	-	-	-	-	14,900.00
On demand Monthly (*)	12% to 15%	1	2,500.00	-	-	3	15,000.00	1	2,500.00	3	34,000.00	54,000.00
	Variable rates	-	95.46	-	-	-	-	-	-	-	-	95.46
Monthly (*)	8% to 14%	135	72,116.94	1	23.04	-	-	-	-	-	-	72,139.98
Total			2,56,905.22		1,18,266.33		41,029.41		2,500.00		34,000.00	4,52,700.96

(*) Represents securitised liability.

Notes:

All the above repayments disclosed as per the contractual maturities of debt securities, borrowings other than debts securities and subordinate liabilities at gross carrying value. There have been no defaults in repayment of debentures or any instalments of term loan taken from banks and others.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 21: Other financial liabilities	As at 31 March 2024	As at 31 March 2023
<i>(Measured at amortised cost)</i>		
Payable towards assignment transactions (*)	6,575.07	5,567.49
Employees dues	2,923.74	2,368.26
Lease liabilities	803.40	545.33
Liability for expenses	105.22	140.05
Other payables	1,035.68	1,325.01
Total	11,443.11	9,946.14

(*) includes payable towards assignment transactions with related party of ₹ 103.48 lakhs (March 31, 2023 : ₹ 810.61 Lakhs)
[refer note 45]

Note 22: Provisions (*)	As at 31 March 2024	As at 31 March 2023
Provision for gratuity	1,416.96	1,368.70
Provision for pension fund	28.21	35.31
Provision for compensated absences	1,242.43	1,064.28
Total	2,687.60	2,468.29

(*) Refer note 37 on employee benefits

Note 23: Other non-financial liabilities	As at 31 March 2024	As at 31 March 2023
Statutory dues	1,002.84	797.39
Expenses payable	2,608.13	1,181.29
Advance from customers	546.09	90.35
Others	196.34	181.89
Total	4,353.40	2,250.92

Note 24: Share capital	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised share capital (*)				
Equity shares of ₹ 10 each	19,50,00,000	19,500.00	18,00,00,000	18,000.00
Compulsorily convertible preference shares of ₹ 10 each	8,00,00,000	8,000.00	4,50,00,000	4,500.00
Balance at the end of the year	27,50,00,000	27,500.00	22,50,00,000	22,500.00

(*) Further, the shareholders of the Company at their extraordinary general meeting held on March 19, 2024, had approved the addition in authorised share capital of the Company to 19,50,00,000 equity shares and 8,00,00,000 compulsorily convertible preference shares, thus increasing the authorised equity shares by 5,00,00,000.

The Company has done all necessary filing with the Ministry of Corporate Affairs (MCA).



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 24: Share capital (cont'd)

(A) Equity share capital

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Issued, subscribed and fully paid up equity shares				
Equity shares of ₹ 10 each				
At the beginning of the year	12,11,77,303	12,117.73	12,01,77,303	12,017.73
Additions during the year (*)	3,62,35,017	3,623.50	10,00,000	100.00
Balance at the end of the year	15,74,12,320	15,741.23	12,11,77,303	12,117.73

(*) Additions made in equity shares during the year	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
1. Arohan ESOP Trust	7,00,000	70.00	10,00,000	100.00
2. On account of conversion of compulsorily convertible preference shares into equity shares (#)				
Teachers Insurance and Annuity Association of America (TIAA)	1,11,10,966	1,111.10	-	-
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	1,09,42,420	1,094.24	-	-
Danish Sustainable Development Goals Investment Fund K/S (IFU)	1,34,81,631	1,348.16	-	-
Total additions during the year	3,62,35,017	3,623.50	10,00,000	100.00

(#) The company has filed corporate action for conversion of compulsorily convertible preference shares into equity shares with the depositories on March 29, 2024; which got approved subsequent to the reporting date.

(a) Reconciliation of number of equity shares issued to ESOP Trust outstanding at the beginning and at the end of the year

Reconciliation of equity share capital	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Balance at the beginning of the year	42,98,115	1,875.20	33,15,395	341.45
Add: Equity shares issued to ESOP trust (*)	7,00,000	868.00	10,00,000	1,539.40
Less: Equity shares allotted to employees during the year (**)	30,003	9.81	17,280	5.65
Outstanding at the end of the year	49,68,112	2,733.39	42,98,115	1,875.20

(*) During the year ended March 31, 2024, the Company has issued 7,00,000 (March 31, 2023 : 10,00,000) equity shares of 10.00 each under the Arohan ESOP plan 2021 (grant 2023) aggregating to ₹ 868.00 Lakhs (March 31, 2023 : ₹ 1,539.40 lakhs) including premium.

(**) During the year ended March 31, 2024, Arohan ESOP Trust has transferred 30,000 equity shares at ₹ 32.69/- to Mr. Prashant Rai under ESOP 2017 schemes of Arohan Financial Services Limited and 3 equity shares to Mr. Ketan Agrawal at ₹ 162.80/- under ESOP 2018 (grant 2019) schemes of Arohan Financial Services Limited (March 31, 2023: 17,280 equity shares at ₹ 32.69/- to Mr. Harshvardhan Patnaik under ESOP 2017 schemes of Arohan Financial Services Limited).

(b) Terms and rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 24: Share capital (cont'd)

of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the financial year the Company has not proposed/ declared any dividend on equity shares.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) No additional shares were allotted as fully paid-up by way of bonus shares or pursuant to contract without payment being received in cash during the financial year. Further, none of the shares were bought back by the Company during the financial year.

(d) Shareholding of promoters

Shares held by promoters at the end of the year		As at 31 March 2024		As at 31 March 2023		% change during the year
Promoter name		No. of shares	% of total shares	No. of shares	% of total shares	
1. Aavishkaar Venture Management Services Private Limited		2,34,26,590	14.88%	2,40,95,182	19.88%	(5.00%)
2. Intellectual Capital Advisory Services Private Limited		1,64,72,146	10.46%	1,64,72,146	13.59%	(3.13%)

(e) Details of shareholders holding more than 5% shares

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	percentage (%)	Number	percentage (%)
Equity shares of ₹ 10 each				
Aavishkaar Venture Management Services Private Limited	2,34,26,590	14.88%	2,40,95,182	19.88%
Aavishkaar Goodwell India Microfinance Development Company II Limited	1,85,39,529	11.78%	1,85,39,529	15.30%
Tano India Private Equity Fund II	1,66,87,029	10.60%	1,66,87,029	13.77%
Intellectual Capital Advisory Services Private Limited	1,64,72,146	10.46%	1,64,72,146	13.59%
Maj Invest Financial Inclusion Fund II	1,54,01,267	9.78%	1,54,01,267	12.71%
Danish Sustainable Development Goals Investment Fund K/S (IFU)	1,34,81,631	8.56%	-	-
Teachers Insurance And Annuity Association Of America (TIAA)	1,17,79,558	7.48%	-	-
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	1,16,11,012	7.38%	-	-
TR Capital III Mauritius	97,18,722	6.17%	97,18,722	8.02%



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 24: Share capital (cont'd)

(B) Compulsorily convertible preference shares

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Issued, subscribed and fully paid up compulsorily convertible preference shares				
<i>Compulsorily convertible preference shares of ₹ 10 each</i>				
At the beginning of the year	2,92,11,177	2,921.12	-	-
Additions during the year (**)	3,13,19,059	3,131.91	2,92,11,177	2,921.12
Conversion of compulsorily convertible preference shares into equity shares (***)	(6,05,30,236)	(6,053.03)	-	-
Balance at the end of the year	-	-	2,92,11,177	2,921.12

(**) Additions made in compulsorily convertible preference shares during the year	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Teachers Insurance and Annuity Association of America (TIAA)	-	-	1,85,00,412	1,850.04
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	77,89,648	778.96	1,07,10,765	1,071.08
Danish Sustainable Development Goals Investment Fund K/S (IFU)	2,35,29,411	2,352.94	-	-
Total additions during the year	3,13,19,059	3,131.90	2,92,11,177	2,921.12

(***) In pursuant to the provisions of the Companies Act, 2013, the Company as per the circular resolution passed by the Board of Directors on March 22, 2024, converted all the Compulsorily Convertible Preference Shares ("CCPS") having face value of ₹ 6,053.02 lakhs were allotted to the CCPS holder for an aggregate amount of ₹ 51,450.70 lakhs, into equity shares (face value of ₹ 10 each) as per the Share Subscription Agreements (SSA) and as per the approval of the shareholders ranking pari-passu with the existing equity shares of the Company. During the year ended March 31, 2024, the Company has allotted 3,55,35,017 equity shares (face value of ₹ 10 each) pursuant to the compulsory conversion of these CCPS.

The Company also declared a dividend at 0.001% per annum on such conversion of CCPS into equity shares.

Terms and rights attached to compulsorily convertible preference shares:

The Company has only one class of compulsorily convertible preference shares (CCPS) which shall rank pari-passu with other preference shares. The CCPS shall carry a dividend of 0.001% per annum. The Company declares and pays dividend in Indian rupees (₹). The holder of CCPS shall not be entitled to any voting rights in the Company. The conversion of the CCPS into equity shares of the Company shall be triggered and the CCPS shall be converted into equity shares, in case of (i) Scenario 1, in no event later than 7 (seven) days from the date on which the applicable conditions set out in Scenario 1 below are satisfied ("Scenario 1 trigger date"); (ii) Scenario 2, within 30 (thirty) days from the date on which the applicable conditions set out in Scenario 2 below are satisfied; and (iii) Scenario 3, within 7 (seven) days from March 31, 2024, at such conversion price and on such terms as set out below:

- Scenario 1:** Occurrence of the full equity infusion that includes a qualified investment raise (as defined below) at a priced round/ pre-determined valuation for the Company, by March 31, 2024;
- Scenario 2:** Occurrence of the full equity infusion without the qualified investment raise (as defined below) by March 31, 2024; and
- Scenario 3:** Full equity infusion not having occurred by March 31, 2024.

"Qualified investment raise" shall mean a single external investment (that could include a secondary purchase of securities of the Company from its existing shareholders) from not more than 1 (one) external institutional investor (along with its affiliates) of an aggregate amount that is the ₹ equivalent of USD 25 million (calculated at the exchange rate) or more into the Company at a priced round/ pre-determined valuation for the Company, by March 31, 2024.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 24: Share capital (cont'd)

Conversion Terms:

1. Upon occurrence of Scenario 1, the CCPS shall be compulsorily converted into such number of equity shares of the Company so as to provide an extended internal rate of return (XIRR) of 25% per annum (twenty five percent per annum) calculated in ₹ from the date of the infusion of the investment amount and until the Scenario 1 trigger date ("Scenario 1 Conversion Price"). Provided that, the conversion of the CCPS shall be subject to a minimum pre-money valuation floor of ₹ 1,500 crores and a maximum pre-money valuation cap of ₹ 2,000 crores.
2. Upon occurrence of Scenario 2, the CCPS shall be compulsorily converted into equity shares at the higher of: (i) pre-money valuation of ₹ 1,500 crores; or (ii) 1.8 times of the book value of the Company as of March 31, 2023 (which shall be calculated by excluding any equity raise undertaken by the Company during financial year 2022-23, but including the impact from proceeds received pursuant to 'Assam write-back until September 30, 2023, tax affected' minus adjustments required pursuant to 'Deloitte's analysis' as of March 31, 2023), subject to a maximum pre-money valuation cap of ₹ 2,000 crores ("Scenario 2 conversion price").
3. Upon occurrence of Scenario 3, subject to applicable law, the CCPS shall be compulsorily converted into equity shares of the Company at the floor price of 1 time of the book value of the Company as of September 30, 2022, as certified by the statutory auditor of the Company (including a confirmation on the ECL amount by the statutory auditor) ("Scenario 3 conversion price").

Note 25: Other equity	As at 31 March 2024	As at 31 March 2023
Securities premium	1,20,226.78	93,917.23
Statutory reserves	15,715.55	9,439.12
Retained earnings	45,670.93	20,935.40
General reserves	80.27	80.27
Share option outstanding account	1,940.55	1,433.07
Treasury shares	(7,899.62)	(7,041.43)
Total	1,75,734.46	1,18,763.66

Nature and purpose of reserves:

Securities premium

The securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provision of the Companies Act, 2013.

Statutory reserves

This reserve is created as per the provision of section 45(IC) of the Reserve Bank of India ('RBI') Act, 1934. An amount equal to 20% of profits after tax is transferred to this reserve every year. This is a restricted reserve and any appropriation from this reserve can only be made after prior approval from Reserve Bank of India (RBI).

Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety. Retained earnings is a free reserve, retained from company's profits to meet future obligations.

General reserves

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

Share option outstanding account

The reserve is used to recognised the fair value of the options issued to the employees of the Company under its stock option plan.

Treasury shares

The Company has created ESOP trust for providing ESOP to its employees. The Company treats ESOP trust as its extension and share held by ESOP trust are treated as treasury shares. Own equity instrument that are re-acquired (treasury shares) are recognised at cost and deducted from equity.



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 26: Employee stock option scheme ('ESOP Scheme')

Arohan ESOP Trust ('ESOP Trust') was formed on March 19, 2010 to promote participation of the eligible employees of the Company in the ownership and growth of the Company and to confer on them certain welfare benefits through the implementation of the welfare schemes. Pursuant to the shareholders' approval in the meeting held on March 15, 2010 and April 27, 2018 (empowering the Board and Nomination and Remuneration Committee (NRC) to take any further decisions with regard to the ESOP schemes), the Board and Nomination and Remuneration Committee (NRC) has been authorized to issue employee stock options, that are exercisable into not more than 60,00,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme.

Presently, stock options have been granted or shares have been issued under the following scheme:

- A. ESOP 2017
- B. ESOP 2018 (grant 2018)
- C. ESOP 2018 (grant 2019)
- D. ESOP 2018 (grant 2020)
- E. ESOP 2021 (grant 2021)
- F. ESOP 2021 (grant 2022)
- G. ESOP 2021 (grant 2023)

(i) Employee stock option schemes:

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 21)	ESOP 2021 (grant 22)	ESOP 2021 (grant 23)
Date of Grant	August 29, 2017	May 16, 2018	May 16, 2019	August 04, 2020	June 05, 2021	August 19, 2022	August 30, 2023
Date of Board approval	May 19, 2017	April 27, 2018	May 15, 2019	June 26, 2020	June 04, 2021	May 11, 2022	May 12, 2023
Date of committee meeting where grant of options were approved	May 19, 2017	April 27, 2018	February 18, 2019	June 26, 2020	June 04, 2021	May 11, 2022	May 12, 2023
Date of shareholders' approval	August 29, 2017	May 15, 2018	March 18, 2019	August 03, 2020	February 08, 2021	August 11, 2022	August 07, 2023
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867	9,97,942	13,91,143
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting conditions	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria
Vesting period	12 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option
Exercise period	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 26: Employee stock option scheme ('ESOP Scheme') (Cont'd)

(ii) Details of grant and exercise of such options are as follows:

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)	ESOP 2021 (grant 2023)
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867	9,97,942	13,91,143
Outstanding number of options as on March 31, 2024	98,000	3,88,824	5,08,705	5,60,349	7,24,391	8,17,675	13,52,293

(iii) The weighted average exercise price and remaining contractual life of the ESOP Scheme are as follows:

Employee stock option scheme ('ESOP Scheme')	As at 31 March 2024	As at 31 March 2023
ESOP 2017		
Exercise price	84.70	84.70
Weighted average remaining contractual life (in years)	-	-
ESOP 2018 (grant 2018)		
Exercise price	130.00	130.00
Weighted average remaining contractual life (in years)	-	-
ESOP 2018 (grant 2019)		
Exercise price	162.80	162.80
Weighted average remaining contractual life (in years)	-	-
ESOP 2018 (grant 2020)		
Exercise price	170.00	170.00
Weighted average remaining contractual life (in years)	-	0.35
ESOP 2021 (grant 2021)		
Exercise price	210.00	210.00
Weighted average remaining contractual life (in years)	0.18	1.18
ESOP 2021 (grant 2022)		
Exercise price	153.94	153.94
Weighted average remaining contractual life (in years)	1.38	2.38
ESOP 2021 (grant 2023)		
Exercise price	124.00	-
Weighted average remaining contractual life (in years)	2.41	-

(iv) Reconciliation of stock options:

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)	ESOP 2021 (grant 2023)
Outstanding as at March 31, 2022	1,45,280	4,47,384	5,95,748	6,97,909	9,27,123	-	-
Stock option issued during the year	-	-	-	-	-	9,97,942	-
Exercised and vested	17,280	-	-	-	-	-	-
Forfeited/ lapsed	-	34,560	51,840	91,560	1,40,532	1,22,292	-
Outstanding as at March 31, 2023	1,28,000	4,12,824	5,43,908	6,06,349	7,86,591	8,75,650	-
Stock option issued during the year	-	-	-	-	-	-	13,91,143
Exercised and vested	30,000	-	3	-	-	-	-
Forfeited/ lapsed	-	24,000	35,200	46,000	62,200	57,975	38,850
Outstanding as at March 31, 2024	98,000	3,88,824	5,08,705	5,60,349	7,24,391	8,17,675	13,52,293

(v) The Company has recognized share based payment expense of ₹ 515.76 Lakhs (March 31, 2023: ₹ 282.76 lakhs) during the year as proportionate cost.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 26: Employee stock option scheme ('ESOP Scheme') (Cont'd)

(vi) Following employees have received a grant in the reporting period of option amounting to 5% or more of total option granted against ESOP 2021 (grant 2023):

Name of Employee	Designation	Number of Options granted
Manoj Kumar N Nambiar	Managing Director	2,00,000
Milind R Nare	Chief Financial Officer	93,500
Arvind Murarka	Chief Information Officer	77,500
Ranjan Das	Chief Risk Officer	76,500

Note: There are no identified employees who were granted options, during any particular year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

(vii) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer.

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)	ESOP 2021 (grant 2023)
(A) Date of grant of options	August 29, 2017	May 16, 2018	May 16, 2019	August 04, 2020	June 05, 2021	August 19, 2022	August 30, 2023
(B) Fair market value of option on the date of grant	14.71	37.61	49.53	56.83	75.94	47.26	76.30
(C) Exercise price	84.70	130.00	162.80	170.00	210.00	153.94	124.00
(D) Expected volatility (%)	35.95	34.25	39.02	47.60	46.31	51.08	50.43
(E) Expected forfeiture percentage on each vesting date	-	-	-	-	-	-	-
(F) Expected option life (weighted average)	1.04	2.50	2.50	2.57	3.00	2.50	7.01
(G) Expected dividends yield	-	-	-	-	-	-	-
(H) Risk free interest rate (%)	6.07%	7.51%	6.75%	4.39%	4.95%	6.57%	7.07%

Note: The expected volatility was determined based on historical volatility data of the other comparable Company's shares listed on the Stock Exchange.

Note 27: Interest Income	Year ended 31 March 2024		
	On Financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Interest on loans	-	1,35,286.53	1,35,286.53
Interest on deposits with banks [refer note (a) below]	-	1,768.98	1,768.98
Interest income on unwinding of assigned portfolio	-	948.38	948.38
Other interest Income	-	12.59	12.59
Total	-	1,38,016.48	1,38,016.48

Note 27: Interest Income (cont'd)	Year ended 31 March 2023		
	On Financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Interest on loans	-	91,059.35	91,059.35
Interest on deposits with banks [refer note (a) below]	-	1,719.11	1,719.11
Interest income on unwinding of assigned portfolio	-	294.45	294.45
Other interest Income	-	23.99	23.99
Total	-	93,096.90	93,096.90

(a) Represents interest on margin money deposits placed to avail term loans from banks and financial Institutions, overdraft facilities, bank guarantee, assets securitised, and secured non convertible debenture etc.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 28: Fees and commission income	Year ended 31 March 2024	Year ended 31 March 2023
Income from cross sale business	15,912.22	10,209.69
Insurance commission	973.69	-
Total	16,885.91	10,209.69

Note 29: Net gain on derecognition of financial instruments	Year ended 31 March 2024	Year ended 31 March 2023
Gain on sale of loan portfolio through assignment	4,132.58	3,586.49
Total	4,132.58	3,586.49

Note 30: Other operating income	Year ended 31 March 2024	Year ended 31 March 2023
Other operating income	82.16	52.30
Total	82.16	52.30

Note 31: Other income	Year ended 31 March 2024	Year ended 31 March 2023
Interest income on deposits with banks	3,752.10	1,807.90
Miscellaneous income	594.09	346.24
Total	4,346.19	2,154.14

Note 32: Finance costs	Year ended 31 March 2024	Year ended 31 March 2023
<i>(Measured at amortised cost)</i>		
Interest on debt securities	3,791.37	3,339.47
Interest on borrowings (other than debt securities)	48,144.32	34,750.83
Interest on subordinated liabilities	5,763.59	7,305.37
Interest on leasing arrangements	70.61	59.70
Other interest expenses	1,453.37	1,409.05
Total	59,223.26	46,864.42

Note 33: Impairment on financial instruments	Year ended 31 March 2024		
	On Financial assets measured at fair value through profit & Loss	On financial assets measured at amortised cost	Total
<i>(Measured at amortised cost)</i>			
Impairment loss allowance on loans	-	(11,908.10)	(11,908.10)
Impairment loss allowance on security receipts	4,118.10	-	4,118.10
Impairment loss allowance on trade receivables	-	(147.44)	(147.44)
Bad debt written off (net of recoveries) (*)	-	25,813.41	25,813.41
Total	4,118.10	13,757.87	17,875.97



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 33: Impairment on financial instruments (cont'd)	Year ended 31 March 2023		
	On Financial assets measured at fair value through profit & Loss	On Financial instruments measured at Amortised Cost	Total
(Measured at amortised cost)			
Impairment loss allowance on loans	-	(14,577.65)	(14,577.65)
Impairment loss allowance on trade receivables	-	147.44	147.44
Bad debt written off (net of recoveries) (*)	-	33,746.81	33,746.81
Total	-	19,316.60	19,316.60

(*) ₹ 9,794.27 lakhs (March 31, 2023: ₹ 4,418.61 lakhs) of recoveries netted off with bad debt written off which also includes ARC recovery.

Note 34: Employee benefits expenses	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages	28,465.65	21,585.98
Contribution to provident and other funds	2,862.67	2,170.43
Share based payments to employees [Refer note 26]	515.76	282.76
Staff welfare expenses	627.87	575.63
Total	32,471.95	24,614.80

Note 35: Depreciation and amortization	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation on property, plant and equipment	255.09	171.16
Depreciation on right of use assets	204.07	168.97
Amortisation of intangible assets	109.18	136.11
Total	568.34	476.24

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 36: Other expenses	Year ended 31 March 2024	Year ended 31 March 2023
Rent [Refer note 59]	1,558.83	1,286.03
Repairs and maintenance	1,185.75	1,230.65
Insurance	666.40	472.28
Power and fuel	193.14	159.73
Rates and taxes	1,353.28	68.23
Office expenses	282.60	202.62
Membership and subscription	74.88	77.05
Office maintenance	460.94	346.83
Printing and stationery	284.46	238.82
Legal and professional expenses	1,787.35	1,453.13
Director's commission [Refer note 45]	223.45	68.13
Recruitment and induction expenses	300.34	171.02
Communication expenses	139.36	105.71
Travelling and conveyance	3,366.45	2,765.24
Payment to auditors [Refer note (a) below]	117.43	83.20
Corporate social responsibility expenses [Refer note 57]	-	21.83
Miscellaneous expenses	85.84	81.60
Total	12,080.50	8,832.10
Note (a) Payments to auditors (excluding applicable taxes)		
Statutory audit including limited reviews	85.00	70.00
Tax audit (other than statutory auditors)	1.76	1.50
In other capacity		
Other services	27.13	10.03
Reimbursement of expenses	3.54	1.67
Total	117.43	83.20

Note 37: Employee benefits

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

A) Defined contribution plans

Provident and other funds

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Employers contribution to provident and other fund	2,862.67	2,170.43



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (Cont'd)

B) Defined benefit plans

(a) Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the scheme is managed by Life Insurance Corporation of India ('LIC'). The liability of gratuity is recognized on the basis of actuarial valuation.

Risks associated with plan provisions

Salary increases	Actual salary increases will result in increase in the Plan's liability. Increase in salary rate assumption in future valuations will also increase the liability.
Investment risk	As plan is funded, assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2024	As at 31 March 2023
Present value of obligation	2,935.46	2,334.71
Fair value of plan assets	1,518.50	966.01
Net obligation recognised in balance sheet as provision	1,416.96	1,368.70

(ii) Amount recognised in the statement of profit and loss is as under:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current service cost	350.90	297.21
Net interest cost on defined benefit obligation	67.42	56.80
Net impact on profit (before tax)	418.32	354.01

Amount recognised in the other comprehensive income:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Actuarial losses recognized in OCI	494.64	350.99

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (Cont'd)

B) Defined benefit plans (Cont'd)

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Particulars	As at 31 March 2024	As at 31 March 2023
Present value of defined benefit obligation as at the beginning of the year	2,334.71	1,803.19
Current service cost	350.90	297.21
Interest cost	155.26	118.01
Benefits paid	(356.65)	(234.69)
Actuarial (gain)/ loss on obligation		
Actuarial (gain)/ loss on arising from change in financial assumption	85.82	(71.00)
Actuarial (gain)/ loss on demographic assumptions	19.27	-
Actuarial (gain)/ loss on arising from experience adjustment	346.15	421.99
Present value of defined benefit obligation as at the end of the year	2,935.46	2,334.71

(iv) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at 31 March 2024	As at 31 March 2023
Funds managed by LIC of India	100%	100%

(v) Movement in the plan assets recognised in the balance sheet is as under:

Particulars	As at 31 March 2024	As at 31 March 2023
Fair value of plan assets at beginning of the year	966.01	843.94
Interest income on plan assets	87.84	61.21
Employer's contribution	864.69	295.55
Benefits paid	(356.65)	(234.69)
Expected return on plan assets	(43.39)	-
Fair value of plan assets at the end of the year	1,518.50	966.01

(vi) Actuarial assumptions

Particulars	As at 31 March 2024	As at 31 March 2023
Discounting rate	7.00%	7.20%
Future salary increase	8.00%	8.00%
Retirement age (in years)	60	60
Withdrawal rate		
upto 5 years of service	50%	52%
More than 5 years of service	1%	1%
Weighted average duration (in years)	12	11

Mortality rates as per Indian Assured Life Mortality (2006-08) ultimate

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (Cont'd)

B) Defined benefit plans (Cont'd)

(vii) Sensitivity analysis for gratuity liability

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at 31 March 2024	As at 31 March 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(394.08)	(311.08)
- Impact due to decrease of 1%	491.18	389.71
Impact of the change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	481.24	382.68
- Impact due to decrease of 1%	(394.15)	(311.72)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated.

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable

(viii) Maturity profile of defined benefit obligation (discounted)

Particulars	As at 31 March 2024	As at 31 March 2023
Year		
0 to 1 year	227.95	286.70
1 to 2 year	219.42	131.69
2 to 3 year	68.62	209.50
3 to 4 year	80.82	85.50
4 to 5 year	67.23	116.51
5 year onwards	649.68	846.18
Total	1,313.72	1,676.08

(b) Pension Fund

The Company has a defined benefit pension plan. Family members of eligible deceased employee is entitled to pension as per the provisions of the Pension scheme. The liability of pension is recognized on the basis of actuarial valuation.

Risks associated with plan provisions

Salary increases	Actual salary increases will result in increase in the Plan's liability. Increase in salary rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (Cont'd)

B) Defined benefit plans (Cont'd)

(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2024	As at 31 March 2023
Present value of obligation	28.21	35.31
Net obligation recognised in balance sheet as provision	28.21	35.31

(ii) Amount recognised in the statement of profit and loss is as under:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current service cost	-	-
Past service cost	-	-
Settlement credit	-	(99.79)
Net interest on net defined benefit liability/ (asset)	1.32	2.92
Immediate recognition of (gains)/ losses	(0.03)	(0.95)
Payment made during the year	(8.39)	(35.60)
Net impact on profit (before tax)	(7.10)	(133.42)

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Particulars	As at 31 March 2024	As at 31 March 2023
Present value of defined benefit obligation as at the beginning of the year	35.31	168.73
Current service cost	-	(99.79)
Interest cost	1.32	2.92
Benefits paid	(8.39)	(35.60)
Actuarial loss/ (gain) on obligation		
Actuarial (gain)/ loss on arising from change in financial assumption	-	(0.02)
Actuarial loss on arising from experience adjustment	(0.03)	(0.93)
Present value of defined benefit obligation as at the end of the year	28.21	35.31

(iv) Actuarial assumptions

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Discounting rate	7.00%	7.20%
Future salary increase	Not applicable	Not applicable
Retirement age (in years)	-	-
Withdrawal rate		
upto 5 years of service	Not applicable	Not applicable
More than 5 years of service	Not applicable	Not applicable
Weighted average duration (in years)	1	1



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (Cont'd)

B) Defined benefit plans (Cont'd)

(v) Sensitivity analysis for pension fund

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(0.01)	(0.14)
- Impact due to decrease of 1%	0.02	0.14

(vii) Maturity profile of defined benefit obligation (discounted)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Year		
0 to 1 year	28.33	29.88
1 to 2 year	-	6.51
2 to 3 year	-	-
3 to 4 year	-	-
4 to 5 year	-	-
5 to 6 year	-	-
Total	28.33	36.39

(C) Compensated absences

The Company has a defined compensated absence plan. Every employee are entitled to compensated absences as per the provisions of the scheme. The liability of compensated absences is recognized on the basis of actuarial valuation.

(i) Amount recognised in the balance sheet is as under:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Present value of obligation	1,242.43	1,064.28
Fair value of plan assets	-	-
Net obligation recognised in balance sheet as provision	1,242.43	1,064.28

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (Cont'd)

C) Compensated absences (Cont'd)

(ii) Amount recognised in the statement of profit and loss is as under:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current service cost	239.97	192.04
Past service cost	-	-
Net interest on net defined benefit liability/ (asset)	57.11	52.63
Immediate recognition of (gains)/ losses		
Actuarial (gain)/ loss due to DBO experience	84.87	24.12
Actuarial (gain)/ loss due to DBO assumption change	20.16	(16.18)
Payment made during the year	(223.96)	(160.05)
Net impact on profit (before tax)	178.15	92.56

Note 38: Tax expense

(a) Income tax recognised in the Statement of Profit and Loss:	Year ended 31 March 2024	Year ended 31 March 2023
Current tax	3,412.65	1.96
Deferred tax expense	6,381.98	2,014.95
Tax expense/ (credit) for earlier year	66.50	(93.18)
Total tax expenses	9,861.13	1,923.73

(b) Reconciliation of income tax expense and the accounting profit for the year:	Year ended 31 March 2024	Year ended 31 March 2023
Profit before tax	41,243.30	8,995.36
Enacted tax rates (%)	25.17%	25.17%
Income tax expense calculated at corporate tax rate	10,380.11	2,263.95
Reconciliation items		
Impact of tax relating to earlier years	66.50	(93.18)
Impact due to different tax rate	0.91	(0.49)
Tax impact of expenses not deductible	1.17	8.97
Impact on account of deductions claimed under Income Tax Act	(790.03)	(118.91)
Others	202.47	(136.61)
Total tax expenses	9,861.13	1,923.73



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 39: Earning per equity share (EPS)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Net profit attributable to equity shareholders	31,382.17	7,071.63
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares for basic earning per share	11,78,75,174	11,68,61,908
Add : Diluting effect of potential equity shares issued as employee stock options	2,38,523	1,21,773
Add : Diluting effect of potential equity shares on conversion of compulsorily convertible preference shares	-	41,82,379
Weighted average number of equity shares for diluted earning per share	11,81,13,697	12,11,66,060
Earnings per share		
- Basic earnings per share (₹)	26.62	6.05
- Diluted earnings per share (₹)	26.57	5.84

Note 40: Financial Instruments - fair value measurements

(A) Financial assets and liabilities

The following tables shows the carrying amount of the financial assets and financial liabilities

As at March 31, 2024

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets:					
Cash and cash equivalents	4	-	-	93,896.05	93,896.05
Other bank balances	5	-	-	32,865.07	32,865.07
Trade receivables	6	-	-	225.91	225.91
Loans	7	-	-	6,61,573.79	6,61,573.79
Investments	8	9,011.08	5.00	-	9,016.08
Other financial assets	9	-	-	4,616.35	4,616.35
Total		9,011.08	5.00	7,93,177.17	8,02,193.25
Financial liabilities:					
Debt securities	16	-	-	40,903.81	40,903.81
Borrowings (other than debt securities)	17	-	-	5,20,796.16	5,20,796.16
Subordinated liabilities	18	-	-	39,884.29	39,884.29
Others financial liabilities	21	-	-	11,443.11	11,443.11
Total		-	-	6,13,027.37	6,13,027.37

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 40: Financial Instruments - fair value measurements (Cont'd)

(A) Financial assets and liabilities (Cont'd)

As at March 31, 2023

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets:					
Cash and cash equivalents	4	-	-	55,656.06	55,656.06
Other bank balances	5	-	-	37,800.09	37,800.09
Trade receivables	6	-	-	1,537.64	1,537.64
Loans	7	-	-	4,78,221.95	4,78,221.95
Investments	8	7,872.00	5.00	-	7,877.00
Other financial assets	9	-	-	2,757.32	2,757.32
Total		7,872.00	5.00	5,75,973.06	5,83,850.06
Financial liabilities:					
Debt securities	16	-	-	30,084.77	30,084.77
Borrowings (other than debt securities)	17	-	-	3,80,936.33	3,80,936.33
Subordinated liabilities	18	-	-	42,327.83	42,327.83
Others financial liabilities	21	-	-	9,946.14	9,946.14
Total		-	-	4,63,295.07	4,63,295.07

(B) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 input; and

Level 3: inputs that are not based on observable market data (unobservable inputs).

(C) Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2024	Level 1	Level 2	Level 3
Financial assets:			
Investments	-	9,016.08	-
Total	-	9,016.08	-

As at March 31, 2023	Level 1	Level 2	Level 3
Financial assets:			
Investments	-	7,877.00	-
Total	-	7,877.00	-

There are no such financial liabilities measured at fair value.



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 40: Financial Instruments - fair value measurements (Cont'd)

(C) Financial assets and liabilities measured at fair value - recurring fair value measurements (Cont'd)

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Eligible portfolio loans valued by discounting the aggregate future cash flows (both principal and interest cash flows) with risk-adjusted discounting rate for the remaining portfolio tenor. The Company considers the average valuation impact arrived using average lending rate of last quarter.
- For unquoted equity instruments, the Company has used earning capitalisation method (fair value approach) discounted at a rate to reflect the risk involved in the business.
- For mutual funds and security receipts, the Company has used the net asset value (NAV) on the basis of the statement received from the investee party.

D) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 2 inputs.

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	93,896.05	93,896.05	55,656.06	55,656.06
Other bank balance	32,865.07	32,865.07	37,800.09	37,800.09
Trade receivables	225.91	225.91	1,537.64	1,537.64
Loans	6,61,573.79	6,62,101.05	4,78,221.95	4,75,004.70
Other financial assets	4,616.35	4,616.35	2,757.32	2,757.32
Total	7,93,177.17	7,93,704.43	5,75,973.06	5,72,755.81
Financial liabilities				
Debt securities	40,903.81	42,261.53	30,084.77	30,788.48
Borrowings (other than debt securities)	5,20,796.16	5,18,902.83	3,80,936.33	3,79,860.23
Subordinated liabilities	39,884.29	42,250.92	42,327.83	43,041.20
Other financial liabilities	11,443.11	11,443.11	9,946.14	9,946.14
Total	6,13,027.37	6,14,858.39	4,63,295.07	4,63,636.05

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash on hand, balances with banks, receivables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management

Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company manages the risk basis policies approved by the board of directors. The board of directors provides written principles for overall risk management. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets.	Credit limit and ageing analysis	Highly rated bank deposits and diversification of asset base.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities.	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities.	Sensitivity analysis	Review of cost of funds and pricing disbursement.
Market risk - security price	Investments in equity securities, mutual funds, security receipts and certificate of deposits and commercial papers.	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments.

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(A) Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents excluding cash in hand, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on risk monitoring and measurement metrics and well defined loan appraisal process. Internal credit rating and monitoring is performed for each class of financial instruments with different characteristics. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

a) Credit risk management (cont'd)

The Company provides for expected credit loss based on the following:

Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans	Life time expected credit loss or fully provided for

Financial assets that expose the entity to credit risk

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Low credit risk		
Cash and cash equivalents (*) (#)	93,871.21	55,620.01
Other bank balances (*)	32,865.07	37,800.09
Trade receivables (*)	225.91	1,685.08
Investments (*)	11,016.08	7,877.00
Loans (*)	6,63,360.22	4,65,644.48
Other financial assets (*)	4,706.71	2,842.45
(ii) Moderate credit risk		
Loans (*)	4,101.46	27,320.45
(iii) High credit risk		
Loans (*)	11,157.78	13,721.19

(*) Represent gross carrying values of financial assets, without netting off impairment loss allowance.

(#) Exclude cash in hand balance since there is no credit risk.

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents (excluding cash on hand) and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Trade receivables

Trade receivables measured at amortised cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

Other financial assets

Other financial assets measured at amortized cost includes security deposits, receivable on assignment, insurance claim receivables and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

a) Credit risk management (cont'd)

Loans

The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

The major guidelines for selection of the client includes:

1. The client's income and fixed obligation to income ratio levels must be within the prescribed guidelines of Reserve Bank of India;
2. The client must possess the required KYC documents;
3. The client's household must be engaged in some form of economic activity which ensures regular and assured income;
4. Client must agree to follow the rules and regulations of the organisation and
5. Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organisation undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organisation in identifying clients with poor repayment histories and multiple loans.

b) Credit risk exposure

i) Expected credit losses for financial assets other than loans

The Company has made expected credit losses for financial assets other than loans.

Particulars	Cash and cash equivalents (*)	Other bank balances	Trade receivables	Investments	Other financial assets
Year ended March 31, 2024					
Estimated gross carrying amount	93,871.21	32,865.07	225.91	11,016.08	4,706.71
Less: Expected credit losses	-	-	-	2,000.00	90.36
Carrying amount net of impairment allowance	93,871.21	32,865.07	225.91	9,016.08	4,616.35
Year ended March 31, 2023					
Estimated gross carrying amount	55,620.01	37,800.09	1,685.08	7,877.00	2,842.45
Less: Expected credit losses	-	-	147.44	-	85.13
Carrying amount net of impairment allowance	55,620.01	37,800.09	1,537.64	7,877.00	2,757.32

(*) Exclude cash in hand balance since there is no credit risk.

ii) Movement of carrying amount and expected credit loss for loans

Definition of default: The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

b) Credit risk exposure (cont'd)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at March 31, 2022	3,47,813.23	48,322.90	18,700.69
Assets originated (*)	4,07,593.98	20,714.72	-
Net transfer between stages			
Transfer to stage 1	792.44	(773.69)	(18.75)
Transfer to stage 2	(7,541.50)	7,550.97	(9.47)
Transfer to stage 3	(22,762.68)	(18,271.05)	41,033.73
Assets derecognised or collected (excluding write offs)	(2,60,250.99)	(24,928.81)	(13,636.29)
Write - offs (including death cases & settlements)	-	(5,294.60)	(32,348.71)
Gross carrying amount as at March 31, 2023	4,65,644.48	27,320.44	13,721.20
Assets originated (*)	5,48,819.92	-	-
Net transfer between stages			
Transfer to stage 1	7.84	(6.34)	(1.50)
Transfer to stage 2	(10,525.71)	10,540.22	(14.51)
Transfer to stage 3	(15,023.42)	(6,961.52)	21,984.94
Assets derecognised or collected (excluding write offs)	(3,25,222.96)	(2,671.02)	(1,870.45)
Write - offs (including death cases & settlements)	(339.93)	(24,120.33)	(22,661.89)
Gross carrying amount as at March 31, 2024	6,63,360.22	4,101.46	11,157.78

(*) Assets originated during the year has been presented on net basis i.e. the collections towards fresh loans has been netted off.

Reconciliation of loss allowance from beginning to end of reporting period:

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2022	11,022.15	19,610.67	13,184.07
Increase of provision due to assets originated during the year	4,010.02	8,252.25	-
Net transfer between stages			
Transfer to stage 1	7.77	(309.63)	(17.52)
Transfer to stage 2	(73.73)	3,012.51	(8.82)
Transfer to stage 3	(222.34)	(7,281.00)	38,241.56
Assets derecognised or collected	(2,595.05)	(9,856.47)	(12,279.04)
Impact of ECL on exposures transferred between stages during the year	(7,555.62)	2,938.90	6,026.79
Write - offs (including death cases & settlements)	-	(5,294.60)	(32,348.70)
Loss allowance on March 31, 2023 (#)	4,593.20	11,072.63	12,798.34
Increase of provision due to assets originated during the year	3,415.64	-	-
Net transfer between stages			
Transfer to stage 1	0.05	(2.18)	(1.49)
Transfer to stage 2	(65.05)	3,628.04	(14.49)
Transfer to stage 3	(92.82)	(2,392.28)	21,964.94
Assets derecognised or collected	(2,029.29)	(923.11)	(1,884.38)
Impact of ECL on exposures transferred between stages during the year	(1,352.45)	14,495.77	956.75
Write - offs (including death cases & settlements)	(339.93)	(24,120.33)	(22,661.89)
Loss allowance on March 31, 2024 (#)	4,129.35	1,758.54	11,157.78

(#) If the probability of default increases or decreases by 10 basis point the expected credit loss will increase or decrease by ₹ 436.98 lakhs respectively. Similarly, if the loss given default increases or decreases by 100 basis point the expected credit loss will increase or decrease by ₹ 73.27 lakhs respectively.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

(c) Concentration of loans

Particulars	As at 31 March 2024	As at 31 March 2023
Micro finance loans	6,58,912.70	5,05,831.33
Secured term loans to corporates (#)	19,706.76	854.79
Total	6,78,619.46	5,06,686.12

(#) The secured term loans disbursed to corporates are all secured by book debts.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company also takes into account liquidity of the market in which the entity operates.

(i) Financing arrangements

The Company has access to the following funding facilities:

As at 31 March 2024	Total facility	Drawn	Undrawn
- Expiring within one year	2,03,000.00	99,200.00	1,03,800.00
- Expiring beyond one year	-	-	-
Total	2,03,000.00	99,200.00	1,03,800.00

As at 31 March 2023	Total facility	Drawn	Undrawn
- Expiring within one year	70,000.00	33,500.00	36,500.00
- Expiring beyond one year	-	-	-
Total	70,000.00	33,500.00	36,500.00



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

(B) Liquidity risk (cont'd)

(ii) Maturities of financial assets and liabilities

The tables below analyse the Company financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows:

As at March 31, 2024	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Cash and cash equivalents	94,032.61	-	-	-	94,032.61
Other bank balances	16,753.76	11,002.15	3,131.84	4,681.16	35,568.91
Trade receivables	225.91	-	-	-	225.91
Loans	5,51,362.66	2,41,662.88	10,519.03	9,934.77	8,13,479.34
Investments (#)	-	-	-	11,016.08	11,016.08
Other financial assets	4,487.52	22.72	1.05	105.06	4,616.35
Total undiscounted financial assets	6,66,862.46	2,52,687.75	13,651.92	25,737.07	9,58,939.20
Financial liabilities					
Debt Securities	12,129.85	8,732.42	8,460.83	22,853.80	52,176.90
Borrowings other than debt securities	3,66,458.87	1,74,016.40	29,132.92	-	5,69,608.19
Subordinated liabilities	5,459.41	18,717.88	5,769.32	23,244.07	53,190.68
Other financial liabilities	10,908.71	185.43	131.29	502.35	11,727.78
Total undiscounted financial liabilities	3,94,956.84	2,01,652.13	43,494.36	46,600.22	6,86,703.55
Net undiscounted financial assets/ (liabilities)	2,71,905.62	51,035.62	(29,842.44)	(20,863.15)	2,72,235.65

As at March 31, 2023	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Cash and cash equivalents	55,766.91	-	-	-	55,766.91
Other bank balances	19,858.92	9,206.73	10,207.14	1,551.15	40,823.94
Trade receivables	1,685.08	-	-	-	1,685.08
Loans	4,00,025.26	1,84,643.44	4,846.22	12,734.87	6,02,249.79
Investments (#)	-	-	-	7,877.00	7,877.00
Other financial assets	2,671.20	12.73	4.26	69.13	2,757.32
Total undiscounted financial assets	4,80,007.37	1,93,862.90	15,057.62	22,232.15	7,11,160.04
Financial liabilities					
Debt Securities	12,579.20	9,555.47	1,443.23	13,299.11	36,877.01
Borrowings other than debt securities	2,69,478.00	1,19,008.88	27,008.60	-	4,15,495.48
Subordinated liabilities	8,153.58	5,459.41	18,717.88	29,013.39	61,344.26
Other financial liabilities	9,624.08	177.98	89.61	182.81	10,074.48
Total undiscounted financial liabilities	2,99,834.86	1,34,201.74	47,259.32	42,495.31	5,23,791.23
Net undiscounted financial assets/ (liabilities)	1,80,172.51	59,661.16	(32,201.70)	(20,263.16)	1,87,368.81

(#) Investment includes Security Receipts, the cash flow of which is difficult to estimate hence classified as per the residual maturity allowed by RBI.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

(C) Market risk

a) Interest rate risk

(i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2024, the Company is exposed to changes in market interest rates through debt securities, other borrowings and subordinated liabilities at variable interest rates.

Interest rate risk exposure

Below is the overall exposure (*) of the Company to interest rate risk:

Particulars	As at 31 March 2024	As at 31 March 2023
Variable rate liabilities		
Debt securities	-	-
Borrowings (other than debt securities)	4,37,343.51	2,49,645.59
Subordinated liabilities	-	2,500.00
Fixed rate liabilities		
Debt securities	40,050.00	29,120.00
Borrowings (other than debt securities)	43,653.65	59,295.40
Subordinated liabilities	40,000.00	40,000.00
Liability against securitisation	41,003.55	72,139.97
Total	6,02,050.71	4,52,700.96

(*) Figures are presented at principal carrying value.

Sensitivity

The sensitivity of the statement of profit and loss is the effect of the changes in market interest rates on debt securities, other borrowings and subordinated liabilities. Below is the sensitivity of profit and loss in interest rates.

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest sensitivity*		
Interest rates – increase by 0.50%	2,530.71	2,016.23
Interest rates – decrease by 0.50%	(2,530.71)	(2,016.23)

* Holding all other variables constant

(ii) Assets

The Company's fixed deposits are carried at amortised cost bearing fixed rate of interest, hence sensitivity analysis is not been presented.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Financial risk management (Cont'd)

(C) Market risk (cont'd)

(b) Price risk

Exposure

The Company's price risk exposure arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets. As on balance sheet date there is no material investment in their balance sheet.

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. As at 31 March 2024, there are no material legal cases pending against the Company. Based on the opinion of the Company's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

Operational risk

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes. The framework, at its core, has the following elements:

1. Documented Operational Risk Management Policy.
2. Well defined Governance Structure.
3. Use of identification and monitoring tools such as Loss Data Capture, Key Risk Indicators, BRisk Operation Grading of branches every quarter.
4. Standardised reporting templates, reporting structure and frequency.

The Company has adopted the internationally accepted 3-lines of defence approach to operational risk management.

First line – Field Operations, Central Operation & Product function and Credit vertical exercise & also evaluate internal compliance and thereby lay down/ calibrates processes & policies for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.

Second line – Independent risk management vertical supports the first line in providing deep analytics insights, influencing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.

Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 42: Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at 31 March 2024	As at 31 March 2023
Net debt (*)	6,01,584.26	4,53,348.93
Total equity	1,91,475.69	1,33,802.51
Net debt to equity ratio	3.14	3.39

(*) Net debt includes debt securities, borrowings other than debt securities, subordinated liabilities, interest accrued and net off loan processing cost.

Note 43: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31 March 2024		As at 31 March 2023	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial assets				
Cash and cash equivalents	93,896.05	-	55,656.06	-
Other bank balance	16,242.17	16,622.90	19,185.18	18,614.91
Trade receivables	225.91	-	1,537.64	-
Loans	4,41,774.84	2,19,798.95	3,14,019.96	1,64,201.99
Investments (#)	-	9,016.08	-	7,877.00
Other financial assets	4,487.52	128.83	2,671.20	86.12
	5,56,626.49	2,45,566.76	3,93,070.04	1,90,780.02
Non-financial assets				
Current tax assets (Net)	1,198.48	-	4,268.74	-
Deferred tax assets (Net)	-	5,589.42	4,328.05	7,518.86
Property, Plant and Equipment	248.46	504.02	167.46	363.34
Intangible assets under development	55.13	-	44.06	-
Other Intangible assets	120.56	293.75	94.70	120.35
Right to use asset	201.14	535.50	168.97	321.08
Other non-financial assets	451.62	152.73	571.12	-
	2,275.39	7,075.42	9,643.10	8,323.63
Total assets	5,58,901.88	2,52,642.18	4,02,713.14	1,99,103.65



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 43: Maturity analysis of assets and liabilities (Cont'd)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Within 12 months	After 12 months	Within 12 months	After 12 months
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
Debt securities	8,728.54	32,175.27	10,839.01	19,245.76
Borrowings (other than debt securities)	3,29,485.66	1,91,310.50	2,44,787.11	1,36,149.22
Subordinated liabilities	96.11	39,788.18	2,545.50	39,782.33
Others financial liabilities	10,833.44	609.67	9,575.30	370.84
	3,49,143.75	2,63,883.62	2,67,746.92	1,95,548.15
Non-financial liabilities				
Provisions	387.14	2,300.46	473.17	1,995.12
Other non-financial liabilities	3,938.25	415.15	2,250.92	-
	4,325.39	2,715.61	2,724.09	1,995.12
TOTAL LIABILITIES	3,53,469.14	2,66,599.23	2,70,471.01	1,97,543.27
Net Equity	2,05,432.74	(13,957.05)	1,32,242.13	1,560.38

(#) Investment includes Security Receipts, the cash flow of which is difficult to estimate hence classified as per the residual maturity allowed by RBI.

Note 44: Transferred financial assets

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitised its loan assets to an unrelated, related and other entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee ranging from 17% to 20% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisation	As at 31 March 2024	As at 31 March 2023
Gross carrying amount of securitised assets	41,673.59	79,717.95
Gross carrying amount of associated liabilities	41,003.55	72,139.97
Carrying value and fair value of securitised assets	41,673.59	79,717.95
Carrying value and fair value of associated liabilities	41,003.55	72,139.97
Net position	670.04	7,577.98

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 45: Related party disclosure

A. Names of the related party and nature of relationship:

Description of relationship	Name
Key Managerial Personnel (KMP)	Manoj Kumar N Nambiar (Managing Director)
	Milind R Nare (Chief Financial Officer)
	Anirudh Singh G Thakur (Company Secretary)
Nominee Director	Nitish Chawla (Non Executive Nominee Director from May 31, 2023)
	Rupa Vora (Non Executive Nominee Director from August 08, 2023)
	Vineet Chandra Rai (Promoter Nominee Director)
	Anurag Agrawal (Promoter Nominee Director)
	Aditya Mohan (Non Executive Nominee Director till August 08, 2023)
	Wilhelmus Marthinus Maria Van Der Beek (Non Executive Nominee Director)
Independent Director	Piyush Goenka (Non Executive Nominee Director)
	Dinesh Kumar Mittal (Non Executive Independent Director)
	Matangi Gowrishankar (Non Executive Independent Director till January 14, 2024)
	Rajat Mohan Nag (Non Executive Independent Director)
	Sumantra Banerjee (Non Executive Independent Director)
	John Arunkumar Diaz (Non Executive Independent Director from January 03, 2024)
Entities exercising significant influence over the company	Ulhas Sharadkumar Deshpande (Non Executive Independent Director from January 15, 2024)
	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)
Entities having common director	Ashv Finance Limited
	Bharti Airtel Limited (till March 12, 2024)
	Aavishkaar Venture Management Services Private Limited
	Shivalik Small Finance Bank
	Aavishkaar Foundation
	Intellectcap Advisory Services Private Limited

B. Summary of related party transactions during the year

Name of party with nature of transaction	Year ended 31 March 2024	Year ended 31 March 2023
Reimbursement of expenses received (expense reimbursement)		
Ashv Finance Limited	8.04	7.92
Communication expenses		
Bharti Airtel Limited	41.11	45.54
Business Support fees		
Aavishkaar Venture Management Services Private Limited	82.82	43.31
Intellectcap Advisory Services Private Limited	-	13.30
Ashv Finance Limited	1.04	0.47
Loan availed		
Shivalik Small Finance Bank	-	1,000.00
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	20,800.00	-



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 45: Related party disclosure (Cont'd)

B. Summary of related party transactions during the year (cont'd)

Name of party with nature of transaction	Year ended 31 March 2024	Year ended 31 March 2023
Loan repaid (Including interest)		
Shivalik Small Finance Bank	565.23	141.31
Accrued finance cost on loan availed (gross)		
Shivalik Small Finance Bank	4.04	8.38
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	633.22	-
Loan processing charges on loan availed (gross)		
Shivalik Small Finance Bank	2.73	2.73
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	243.09	-
Fixed deposit created (principal)		
Shivalik Small Finance Bank	-	283.15
Fixed deposit matured (principal)		
Shivalik Small Finance Bank	1,607.98	-
Interest on fixed deposit (gross and including accrued interest)		
Shivalik Small Finance Bank	200.81	70.65
Remittance under business transfer agreement		
Ashv Finance Limited	-	3.20
Corporate social responsibility		
Aavishkaar Foundation (#)	46.42	47.20
(#) Includes CSR contribution by Arohan employees of ₹ 46.42 Lakhs (March 31, 2023 : ₹ 40.04 Lakhs)		
Consideration received against assignment transactions		
Shivalik Small Finance Bank	-	8,496.26
Interest income on transfer of portfolio		
Shivalik Small Finance Bank	42.15	394.91
Principal and interest paid towards assignment transactions		
Shivalik Small Finance Bank	5,756.74	3,004.54
Assignor's share received on account assignment transactions		
Shivalik Small Finance Bank	1,266.34	829.00
Received towards securitisation transaction		
Shivalik Small Finance Bank	-	4,926.78
Paid towards securitisation transaction (including accrued interest)		
Shivalik Small Finance Bank	3,862.21	-

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 45: Related party disclosure (Cont'd)

B. Summary of related party transactions during the year (cont'd)

Name of party with nature of transaction	Year ended 31 March 2024	Year ended 31 March 2023
Director's commission (*)		
Dinesh Kumar Mittal	40.00	25.00
Matangi Gowrishankar	20.00	12.50
Rajat Mohan Nag	25.00	12.50
Sumantra Banerjee	20.00	12.50
Nitish Chawla	7.50	-
Rupa Vora	12.50	-
Vineet Chandra Rai	30.00	-
Anurag Agrawal	20.00	-
Wilhelmus Marthinus Maria Van Der Beek	10.00	-
Piyush Goenka	10.00	-
John Arunkumar Diaz	5.00	-
Ulhas Sharadkumar Deshpande	5.00	-
Remuneration		
Manoj Kumar N Nambiar	275.84	230.62
Milind R Nare	159.56	123.54
Anirudh Singh G Thakur	112.03	88.75
Sitting Fees (*)		
Dinesh Kumar Mittal	7.15	4.60
Matangi Gowrishankar	6.65	7.00
Rajat Mohan Nag	9.40	5.80
Sumantra Banerjee	7.50	5.20
Ulhas Sharadkumar Deshpande	1.25	-
John Arunkumar Diaz	2.00	-
Rupa Vora	2.50	-

(*) The above amounts are excluding taxes

Note: All transactions with the related parties are priced on an arm's length basis and at normal commercial terms.

C. Short-term employee benefits for key management personnel

Name of party with nature of transaction	Year ended 31 March 2024	Year ended 31 March 2023
Short-term employee benefits (including remunerations)	522.30	422.19
Post-employment benefits (*)	25.13	20.72

(*) As provisions for gratuity and leave benefits are made for the Company as a whole, the amount pertaining to key management personnel are not specifically identified and hence are not included above



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 45: Related party disclosure (Cont'd)

D. Outstanding balances with related parties:

Name of the party with nature of balances	As at 31 March 2024	As at 31 March 2023
Other receivable		
Ashv Finance Limited (net of taxes)	6.92	1.39
Bharti Airtel Limited	-	0.01
Fixed Deposit (including accrued Interest)		
Shivalik Small Finance Bank	301.13	353.79
Payable towards securitisation transaction		
Shivalik Small Finance Bank	1,397.11	4,928.10
Receivable on assigned loans		
Shivalik Small Finance Bank	17.48	216.02
Payable towards assignment transactions (*)		
Shivalik Small Finance Bank	103.48	810.61
(*) includes both principal and interest		
Other payables (net of receivable)		
Ashv Finance Limited (remittance under business transfer agreement)	-	1.33
Aavishkaar Venture Management Services Private Limited (net of taxes)	41.04	17.75
Intellectcap Advisory Services Private Limited	-	0.77
Bharti Airtel Limited	0.01	-
Payable to Directors (*)		
Dinesh Kumar Mittal	40.00	25.00
Matangi Gowrishankar	20.00	12.50
Rajat Mohan Nag	25.00	12.50
Sumantra Banerjee	20.00	12.50
Vineet Chandra Rai	30.00	-
Anurag Agrawal	20.00	-
Nitish Chawla	7.50	-
Rupa Vora	12.50	-
Wilhelmus Marthinus Maria Van Der Beek	10.00	-
Piyush Goenka	10.00	-
John Arunkumar Diaz	5.00	-
Ulhas Sharadkumar Deshpande	5.00	-
(*) The above amounts are excluding taxes		
Loan availed		
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	21,217.68	-
Shivalik Small Finance Bank	408.38	892.80

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24

i) Capital to risk asset ratio (CRAR)	As at 31 March 2024	As at 31 March 2023
Capital to risk weighted assets ratio (CRAR) (%)	29.01%	28.74%
CRAR - Tier I Capital (%)	26.85%	25.46%
CRAR - Tier II Capital (%)	2.16%	3.28%
Amount of subordinated debt raised as Tier-II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

ii) Investments	As at 31 March 2024	As at 31 March 2023
A. Value of Investments		
Gross value of investments:		
a) In India	11,016.08	7,877.00
b) Outside India	-	-
Provisions for depreciation:		
a) In India	2,000.00	-
b) Outside India	-	-
Net Value of Investments:		
a) In India	9,016.08	7,877.00
b) Outside India	-	-
B. Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add: Provisions made during the year	2,000.00	-
Less: Write-off /Write-back of excess provisions during the year	-	-
Closing balance	2,000.00	-

iii) Derivatives

The Company does not have any derivatives exposure in the current and previous year.

iv) Disclosures relating to Securitisation

A) Securitisation	As at 31 March 2024	As at 31 March 2023
1) No of SPEs holding assets for securitisation transactions originated by the originator	7	16
2) Total amount of securitised assets as per books of the SPEs (*)	49,372.03	87,917.97
3) Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
A) Off-balance sheet exposures		
(i) First loss	-	-
(ii) Others	-	-



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

iv) Disclosures relating to Securitisation (Cont'd)

A) Securitisation	As at 31 March 2024	As at 31 March 2023
B) On-balance sheet exposures		
(a) First loss in the form of	14,557.96	29,486.76
(i) Fixed deposits	6,189.48	13,708.76
(ii) Over collateral	8,368.48	15,778.00
(b) Others		
4) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
5. Sale consideration received for the securitised assets and gain/ loss on sale on account of securitisation (#)	94,561.61	1,55,827.81
6. Outstanding value of services provided by way of, liquidity support, post-securitisation asset servicing, etc. (*)	49,372.03	87,917.97
7. Performance of facility provided viz. credit enhancement, liquidity support, servicing agent etc.		
Credit enhancement:		
(a) Amount paid	19,599.99 (18.15%)	34,320.73 (19.45%)
(b) Repayment received	5,042.03 (4.67%)	4,833.97 (2.74%)
(c) Outstanding amount	14,557.96 (13.48%)	29,486.76 (16.71%)
Servicing agent:		
(a) Amount paid	2.50	1.60
(b) Repayment received	-	-
(c) Outstanding amount	-	-
8. Average default rate of portfolios observed in the past in respect of microfinance loans	Nil	Nil
9. Amount and number of additional/ top up loan given on same underlying asset.	Nil	Nil
10. Investor complaints		
(a) Directly/Indirectly received and;	Nil	Nil
(b) Complaints outstanding	Nil	Nil

(*) The total amount of securitised assets includes over collateral of ₹ 8,368.48 lakhs (March 31, 2023: ₹ 15,778.00 lakhs)

(#) There are no gain/ loss on account of securitisation.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

iv) Disclosures relating to Securitisation (Cont'd)

B) Details of financial assets sold to securitisation/ reconstruction company for asset reconstruction

Refer point number D below on details of non-performing financial assets purchased/ sold

C) Details of assignment transactions undertaken by the Company

Details of loan transferred/ acquired during the year ended March 31, 2024 vide RBI circular RBI/DOR/2021-22/86 DOR.STR. REC.51/21.04.048/2021-22 on transfer of loan exposures dated September 24, 2021 are given below:

(i) Details of loan transfer through direct assignment transaction in respect of loans not in default for the year ended March 31, 2024:

Particulars	To Banks/ NBFC's
Number of loans	1,74,615
Aggregate amount of loans transferred (₹ in lakhs)	48,867.56
Sale Consideration (₹ in lakhs)	48,867.56
Weighted average residual maturity (in months) (*)	16.65
Weighted average holding period by the originator (in months)	5.97
Retention of beneficial economic interest by the originator	9.96% to 15.75%
Tangible security coverage	-
Rating-wise distribution of rated loans	-
Number of instances where it has agreed to replace loans transferred to transferee(s)	-
Number of instances where it has agreed to pay damages arising out of any representation or warranty	-

(*) residual maturity from the time of transfer

(ii) The Company has not acquired any stressed loans during the financial year ended March 31, 2024.

(iii) The Company has acquired loans not in default during the financial year ended March 31, 2024.

Particulars	Amount
Aggregate principal outstanding of loans acquired	15,849.63
Aggregate consideration paid	15,849.63
Weighted average residual tenor of loans acquired (in months)	16.23

D) Details of non-performing financial assets purchased/ sold

- The Company has not purchased any financial assets during the current and previous financial year
- During the current year, the Company has entered into an agreement with Phoenix ARC Private Limited on June 28, 2023 to sell a portfolio of ₹ 15,384.18 Lakhs (March 31, 2023: ₹ 10,033.36 Lakhs) (net book value), for an aggregate purchase consideration of ₹ 12,000 Lakhs (March 31, 2023: ₹ 9,200 lakhs) out of which the company has invested in 10,43,400 security receipts (March 31, 2023: 800,000 security receipts) at a face value of ₹ 1000/- each.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

D) Details of non-performing financial assets purchased/ sold (Cont'd)

(a) The company has transferred certain NPA & SMA loans during the year ended March 31, 2024, details of which are given below:

Particulars	To ARC's		To permitted transferees
	NPA	SMA	
(i) Total number of loan assets assigned	69,070	78,009	Nil
(ii) Aggregate principal outstanding of loans transferred (₹ in lakhs) (*)	15,267.65	23,394.04	Nil
(iii) Weighted average residual tenor of loans transferred (in months)	11.18	25.10	Nil
(iv) Net book value of loan assets transferred (at the time of transfer) (₹ in lakhs)	Nil	15,384.18	Nil
(v) Aggregate consideration (₹ in lakhs)	12,000.00		Nil
(vi) Addition consideration realised in respect of account transferred in earlier years	Nil		Nil

(*) NPA Includes written off loans of ₹ 6,764.99 lakhs

(b) Security Receipt's (SR's) held and recovery ratings assigned to such SR's by the credit rating agency.

Particulars	Category of recovery ratings	As at March 31, 2024 (₹ in lakhs)
Security Receipts under trust floated by ARC's (FY 23-16)	IND RR2 (75%-100%)	5,648.00
Security Receipts under trust floated by ARC's (FY 23-36)	IND RR3 (50%-75%)	5,363.08

v) Asset Liability Management

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 52.

vii) Exposures

A) Exposure to Real Estate Sector

The Company did not have any exposure to real estate sector during the current and previous year.

B) Exposure to Capital Market

The Company did not have any exposure to capital market during the current and previous year.

C) Details of financing of parent company products

The Company does not have a parent company and accordingly disclosures is not required.

D) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC

There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year.

E) Unsecured Advances - Refer Note 7.

viii) Miscellaneous

A) Registration obtained from other financial sector regulators

The Company has obtained a certificate of registration under registration number CA0891 dated January 04, 2024 to act as Corporate Agent (Composite) under Insurance Regulatory and Development Authority of India (IRDA) and having Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

B) Disclosure of penalties imposed by RBI and other regulators

No penalties (March 31, 2023: ₹ 0.16 lakhs) has been paid to Reserve Bank of India.

C) Disclosure of intra-group exposures

The Company has no intra-group exposures for the current and previous year.

D) Disclosure of unhedged foreign currency exposure

The Company has no unhedged foreign currency exposure for the current and previous year.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (Cont'd)

vii) Miscellaneous (Contd.)

E) Related party transactions

Related Party/items	Key Management Personnel		Directors Other than KMP (**)		Entities exercising significant influence over the Company		Entities having common director		Others		Total		Closing balance		Maximum during the year	
	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	As on March 31, 2024	As on March 31, 2023	FY 23-24	FY 22-23
Borrowings (*) (#)	-	-	-	-	20,800.00	-	-	1,000.00	-	-	20,800.00	1,000.00	(21,626.06)	(892.80)	20,800.00	1,000.00
Repayment of borrowings	-	-	-	-	-	-	565.23	141.31	-	-	565.23	141.31	-	-	-	-
Loan processing fees	-	-	-	-	243.09	-	2.73	2.73	-	-	245.82	2.73	-	-	-	-
Placement of deposits (***) (#)	-	-	-	-	-	-	-	283.15	-	-	-	283.15	301.13	353.79	-	283.15
Deposits matured	-	-	-	-	-	-	1,607.98	-	-	-	1,607.98	-	-	-	-	-
Advances (#)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments (#)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	633.22	-	4.04	8.38	-	-	637.26	8.38	-	-	-	-
Interest received	-	-	-	-	-	-	242.96	465.56	-	-	242.96	465.56	-	-	-	-
Remuneration	547.43	442.91	-	-	-	-	-	-	-	-	547.43	442.91	-	-	-	-
Consideration received against assignment transactions	-	-	-	-	-	-	-	8,496.26	-	-	-	8,496.26	(86.00)	(594.59)	-	-
Principal and interest paid towards assignment transactions (*)	-	-	-	-	-	-	5,756.74	3,004.54	-	-	5,756.74	3,004.54	-	-	-	-
Borrowed towards securitisation transaction	-	-	-	-	-	-	-	4,926.78	-	-	-	4,926.78	(1,397.11)	(4,928.10)	-	-
Amount paid towards securitisation transaction (*)	-	-	-	-	-	-	3,862.21	-	-	-	3,862.21	-	-	-	-	-
Others	-	-	241.45	85.10	-	-	1,445.77	989.94	-	-	1,687.22	1,075.04	(239.13)	(80.96)	-	-

(#) The outstanding balances and the maximum amount during the year are disclosed.

(*) Represents material items separately disclosed in pursuant to the guidelines

(**) Directors other than KMP includes director commission and sitting fees (excluding taxes) payable/ paid to both independent & Nominee Directors.

(***) Placement of deposits are on account of lien marked on securitisation [refer note 5]

Note: For details refer note 45 on related party disclosure

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

F) Ratings assigned by credit rating agencies and migration of ratings during the year

The details of ratings assigned by Credit Analysis & Research Limited (CARE) dated January 29, 2024 and ICRA Limited vide report dated January 10, 2024 and February 20, 2024 during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	ICRA A (Stable outlook)/ CARE A (Stable outlook)	Upgraded
Non-Convertible Debentures	ICRA A (Stable outlook)/ CARE A (Stable outlook)	Upgraded
Unsecured Subordinated Tier II Debt	ICRA A (Stable outlook)/ CARE A (Stable outlook)	Upgraded

G) Remuneration including sitting fees of Directors (other than Managing Director) [Refer note 45]

Name of Directors	As at 31 March 2024	As at 31 March 2023
A. Director's commission:		
Dinesh Kumar Mittal	40.00	25.00
Matangi Gowrishankar	20.00	12.50
Rajat Mohan Nag	25.00	12.50
Sumantra Banerjee	20.00	12.50
Nitish Chawla	7.50	-
Rupa Vora	12.50	-
Vineet Chandra Rai	30.00	-
Anurag Agrawal	20.00	-
Wilhelmus Marthinus Maria Van Der Beek	10.00	-
Piyush Goenka	10.00	-
John Arunkumar Diaz	5.00	-
Ulhas Sharadkumar Deshpande	5.00	-
B. Sitting fees:		
Dinesh Kumar Mittal	7.15	4.60
Matangi Gowrishankar	6.65	7.00
Rajat Mohan Nag	9.40	5.80
Sumantra Banerjee	7.50	5.20
Ulhas Sharadkumar Deshpande	1.25	-
John Arunkumar Diaz	2.00	-
Rupa Vora	2.50	-

viii) Additional Disclosures

A) Provisions and Contingencies

Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss	As at 31 March 2024	As at 31 March 2023
Provision towards standard assets	(9,473.13)	(15,668.18)
Provision towards non performing assets (*)	(2,440.21)	1,081.92
Provision made towards Income tax (including for earlier years and deferred tax)	9,861.13	1,923.73
Other provisions and contingencies (employee benefits)	219.31	368.59

(*) Does not include provision on accrued NPA interest as the same is netted off in income.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

viii) Additional Disclosures (Cont'd)

B) Draw Down from Reserves

There have been no instances of draw down from reserves by the Company during the current and previous year.

C) Concentration of Advances, Exposures and NPAs

Particulars	As at 31 March 2024	As at 31 March 2023
a) Concentration of Advances		
Total Advances to twenty largest borrowers	19,863.44	865.87
Percentage of advances to twenty largest borrowers to total advances	2.90%	0.17%
b) Concentration of Exposures		
Total exposure to twenty largest borrowers/ customers	21,363.44	865.87
Percentage of exposures to twenty largest borrowers/ customers to total exposure	3.12%	0.17%
c) Concentration of NPAs		
Total exposure to top four NPA accounts	31.88	29.46

D) Sectoral exposure

Sectors	As at 31 March 2024			As at 31 March 2023		
	Total exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and allied activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services						
i. Secured term loan	19,706.76	29.29	0.15%	854.79	26.06	3.05%
ii. Others	-	-	-	-	-	-
Total of services (i+ii)	19,706.76	29.29	0.15%	854.79	26.06	3.05%
4. Personal loans						
i. Retail loans	1,844.09	152.62	8.28%	4,695.96	824.50	17.56%
ii. Others	-	-	-	-	-	-
Total of personal loans (i+ii)	1,844.09	152.62	8.28%	4,695.96	824.50	17.56%
5. Others (Microfinance loan)	6,57,068.61	11,180.35	1.70%	5,01,135.37	13,662.95	2.73%
Total	6,78,619.46	11,362.26	1.67%	5,06,686.12	14,513.51	2.86%



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

viii) Additional Disclosures (Cont'd)

E) Sector-wise NPAs - Percentage of NPAs to total advances in that sector

Particulars	As at 31 March 2024	As at 31 March 2023
Agriculture & allied activities	Nil	Nil
MSME	Nil	Nil
Corporate borrowers (*)	Nil	Nil
Services	0.15%	3.05%
Unsecured personal loans	8.28%	17.56%
Microfinance Loan	1.70%	2.73%
Auto loans	Nil	Nil
Other personal loans	Nil	Nil

(*) Corporate borrowers are included in the respective sector.

F) Movement of NPAs

Particulars	As at 31 March 2024	As at 31 March 2023
i) Net NPAs to net advances (%)	0.00%	0.21%
ii) Movement of gross NPA's		
a) Opening balance	14,513.51	18,700.69
b) Additions during the year	22,440.57	50,050.58
c) Reductions during the year	(25,591.82)	(54,237.76)
d) Closing balance	11,362.26	14,513.51
iii) Movement of net NPA's		
a) Opening balance	1,045.49	16,975.86
b) Additions during the year	-	-
c) Reductions during the year	(1,045.49)	(11,459.24)
d) Closing balance	-	1,045.49
iv) Movement of provisions for NPA's (excluding provisions on standard assets)		
a) Opening balance	13,468.02	13,184.07
b) Provisions made during the year	22,440.57	48,853.02
c) Write-off/ write-back of excess provision	(24,546.33)	(48,569.07)
d) Closing balance	11,362.26	13,468.02

G) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company did not have any overseas assets during the current and previous year.

H) Off-balance sheet SPVs sponsored

The Company did not sponsor any SPVs during the current and previous year.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

ix) Disclosure of customer complaints	As at 31 March 2024	As at 31 March 2023
a) Complaints received by the NBFC from its customers		
1. Number of complaints pending at beginning of the year	21	71
2. Number of complaints received during the year	2,414	1,360
3. Number of complaints disposed during the year	2,407	1,410
3.1 Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	28	21
b) Maintainable complaints received by the NBFC from Office of Ombudsman		
5. Number of maintainable complaints received by the NBFC from office of ombudsman	34	19
5.1 Of 5, number of complaints resolved in favour of the NBFC by office of ombudsman	33	19
5.2 Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by office of ombudsman	1	-
5.3 Of 5, number of complaints resolved after passing of awards by office of ombudsman against the NBFC	-	-
6. Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

c) Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Year ended March 31, 2024					
Non-observance of fair practices code	6	384	10.66%	16	4
Loans and advances	3	405	72.34%	4	-
Staff behaviour	1	202	100.00%	1	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	23	35.29%	-	-
Mis-selling	-	16	45.45%	-	-
Others	11	1,384	113.25%	7	-
	21	2,414		28	4
Year ended March 31, 2023					
Non-observance of fair practices code	61	347	(11.25%)	6	1
Loans and advances	3	235	167.05%	3	-
Staff behaviour	-	101	-	1	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	1	17	54.54%	-	-
Mis-selling	1	11	22.22%	-	-
Others	5	649	138.60%	11	-
	71	1,360		21	1



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

x) Information on instances of fraud identified during the year	As at 31 March 2024	As at 31 March 2023
Nature of fraud		
A. Cash embezzlement		
No. of cases	1,925	594
Amount of fraud	231.60	114.07
Recovery	31.49	33.47
Amount provided for	200.11	80.60
B. Loans given against fictitious documents		
No. of cases	49	5
Amount of fraud	169.38	8.63
Recovery	5.17	3.11
Amount provided for	164.21	5.52
C. Others (Snatching etc.)		
No. of cases	31	25
Amount of fraud	28.54	15.18
Recovery	4.36	3.05
Amount provided for	24.18	12.13

Liabilities side :

(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid (*):	As at 31 March 2024		As at 31 March 2023	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) Debentures				
Secured	41,141.52	-	30,121.39	-
Unsecured	32,515.12	-	32,513.31	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
Secured	4,81,785.75	-	3,09,894.37	-
Unsecured	7,580.98	-	10,108.44	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (working capital loan and securitisation liability)	41,100.04	-	72,404.42	-

(*) The above figure excludes adjustments of loan processing charges

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

Liabilities side : (Cont'd)

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	As at 31 March 2024		As at 31 March 2023	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(C) Other public deposits	-	-	-	-

Assets side :

(3) Break up of loans and advances:	As at 31 March 2024	As at 31 March 2023
a) Secured, gross	19,706.76	854.79
b) Unsecured, gross	6,58,912.70	5,05,831.33
Total	6,78,619.46	5,06,686.12

Figures of loans and advances also includes accrued interest, unamortised loan processing fees, unamortised acquisition costs and are based on Ind AS numbers.

(4) Break up of leased assets	As at 31 March 2024	As at 31 March 2023
(i) Lease assets including lease rentals under sundry debtors:		
(a) Finance lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed asset	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

Assets side : (Cont'd)

(5) Breakup of investments	As at 31 March 2024	As at 31 March 2023
Current Investments :		
1. Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Long Term investments :		
1. Quoted		
(i) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares:		
(a) Equity	5.00	5.00
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Security Receipts)	11,011.08	7,872.00

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

(6) Borrower group-wise classification of assets financed as in (2) and (3)		Net of provision as at 31 March 2024		
Category		Secured	Unsecured	Total
1. Related parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) other related parties		-	-	-
2. Other than related parties		19,567.91	6,42,005.88	6,61,573.79
Total		19,567.91	6,42,005.88	6,61,573.79

(6) Borrower group-wise classification of assets financed as in (2) and (3) (cont'd)		Net of provision as at 31 March 2023		
Category		Secured	Unsecured	Total
1. Related parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties		-	-	-
2. Other than related parties		823.67	4,77,398.28	4,78,221.95
Total		823.67	4,77,398.28	4,78,221.95

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	As at 31 March 2024		As at 31 March 2023	
	Market value / Breakup or fair value or NAV	Book value (net of provisions)	Market value / Breakup or fair value or NAV	Book value (net of provisions)
Category				
1. Related parties	-	-	-	-
2. Other than related parties	11,016.08	9,016.08	7,877.00	7,877.00
Total	11,016.08	9,016.08	7,877.00	7,877.00

(8) Other information	As at 31 March 2024	As at 31 March 2023
(i) Gross non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	11,362.26	14,513.51
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	Nil	1,045.49
(iii) Assets acquired on satisfaction of debt	-	-

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 47: Disclosures on restructured assets pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24

Type of Restructuring		As on 31 March 2024						As on 31 March 2023					
Asset Classification		Others						Others					
SL. No.	Details	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total		
1	Restructured accounts at the beginning of the period (*)	No. of borrowers	93,034	-	-	93,034	-	31,479	-	-	31,479		
		Amount outstanding	27,267.60	-	-	27,267.60	-	7,555.27	-	-	7,555.27		
		Provision thereon	8,028.68	-	-	8,028.68	-	5,724.03	-	-	5,724.03		
2	Fresh restructuring during the period	No. of borrowers	-	-	-	-	96,108	-	-	-	96,108		
		Amount outstanding	-	-	-	-	28,237.24	-	-	-	28,237.24		
		Provision thereon	-	-	-	-	7,712.43	-	-	-	7,712.43		
3	Upgradations to restructured standard category during the period	No. of borrowers	-	-	-	-	-	-	-	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-		
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	
5	Downgradations of restructured accounts during the period	No. of borrowers	-	15,321	-	-	15,321	-	-	-	-	-	
		Amount outstanding	-	3,769.21	-	-	3,769.21	-	-	-	-	-	
		Provision thereon	-	3,769.21	-	-	3,769.21	-	-	-	-	-	
6	Write-offs of restructured accounts during the period	No. of borrowers	75,366	15,321	-	90,687	1,440	28,612	-	-	30,052		
		Amount outstanding	22,948.53	3,769.21	-	-	26,717.74	2940	6,926.28	-	-	6,955.68	
		Provision thereon	22,948.53	3,769.21	-	-	26,717.74	2940	6,926.28	-	-	6,955.68	
7	Restructured accounts at the end of the period (*)	No. of borrowers	-	-	-	-	93,034	-	-	-	93,034		
		Amount outstanding	-	-	-	-	-	27,267.60	-	-	-	27,267.60	
		Provision thereon	-	-	-	-	-	8,028.68	-	-	-	8,028.68	

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

1. The outstanding amount and number of borrowers are after considering recoveries made during the year
2. CDR and SME debt restructuring segments are nil.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 48: Disclosures on difference between Ind AS 109 provisions and IRACP norms pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

Asset Classification as per RBI Norms

As on March 31, 2024

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS (**)	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
Performing Assets						
Standard	Stage 1	6,63,353.91	4,123.04	6,59,230.87	6,084.88	(1,961.84)
	Stage 2	3,903.30	1,560.38	2,342.92	34.25	1,526.13
Subtotal (A)		6,67,257.21	5,683.42	6,61,573.79	6,119.13	(435.71)
Non-Performing Assets (NPA) (#)						
Substandard	Stage 1 (*)	6.31	6.31	-	129.41	11,232.76
	Stage 2 (*)	198.16	198.16	-		
	Stage 3	11,157.78	11,157.78	-		
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (B)		11,362.25	11,362.25	-	129.49	11,232.76
Total (A+B)	Stage 1	6,63,360.22	4,129.35	6,59,230.87	6,084.88	(1,961.84)
	Stage 2	4,101.46	1,758.54	2,342.92	34.25	1,526.13
	Stage 3	11,157.78	11,157.78	-	129.49	11,232.76
	Total	6,78,619.46	17,045.67	6,61,573.79	6,248.62	10,797.05

As on March 31, 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS (**)	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms (*)	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
Performing Assets						
Standard	Stage 1	4,65,621.12	4,589.72	4,61,031.40	4,889.80	(300.08)
	Stage 2	26,551.48	10,406.42	16,145.07	1,499.72	8,906.70
Subtotal (A)		4,92,172.60	14,996.14	4,77,176.47	6,389.52	8,606.62
Non-Performing Assets (NPA) (#)						
Substandard	Stage 1 (*)	23.36	3.48	19.88	1,927.35	11,540.68
	Stage 2 (*)	768.96	666.21	102.75		
	Stage 3	13,721.20	12,798.34	922.85		
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (B)		14,513.52	13,468.03	1,045.48	1,927.35	11,540.68
Total (A+B)	Stage 1	4,65,644.48	4,593.20	4,61,051.28	4,889.80	(300.08)
	Stage 2	27,320.44	11,072.63	16,247.82	1,499.72	8,906.70
	Stage 3	13,721.20	12,798.34	922.85	1,927.35	11,540.68
	Total	5,06,686.12	28,464.17	4,78,221.95	8,316.87	20,147.30

(*) The gross carrying amount of stage 1 and 2 in non performing assets section are classified in respective stages as per Ind AS.

(**) Gross carrying amount as per Ind AS represents gross carrying amount, accrued interest, loan processing fees and securitised assets.

(#) Includes 75,865 accounts having principal overdue of ₹ 4,581.82 lakhs and interest overdue of ₹ 1,335.64 lakhs as at March 31, 2024 (March 31, 2023: Includes 94,542 accounts having principal overdue of ₹ 5,807.53 lakhs and interest overdue of ₹ 983.57 lakhs)



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 49 : Disclosures pursuant to RBI's notification no. RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048/2020-21 dated August 6, 2020 Resolution Framework 1.0 and RBI/2021-22/31/ DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 Resolution Framework 2.0

Format B

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. September 30, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as standard consequent to implementation of resolution plan – position as at the end of this half-year i.e. March 31, 2024
Personal Loans	-	-	-	-	-
Corporate persons (*)	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	2,623.43	-	1,740.17	883.26	-
Total	2,623.43	-	1,740.17	883.26	-

(*) As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(**) represents microfinance loans to customer

Under Covid Resolution 1.0 and 2.0, 6,48,491 and 5,42,934 number of borrower accounts respectively were sanctioned for modification and implemented whose aggregate exposure as on March 31, 2024 is ₹ Nil and ₹ Nil respectively.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24

(a) The Company is a debt-listed NBFC and the corporate governance disclosures are as below:

1a) Composition of the Board

Sl. No.	Name of Director (*)	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Director identification number (DIN)	Number of Board Meetings		Number of other Directorships	Remuneration			Number of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation (₹)	Sitting Fee (₹)	Commission (₹)	
1	Mr. Manoj Kumar N Nambiar	October 3, 2012	Executive - Managing Director	03172919	9	9	2	275.84	Nil	Nil	Nil
2	Mr. Anurag Agrawal	October 3, 2012	Promoter Nominee Director	02385780	9	7	6	Nil	Nil	20.00	Nil
3	Mr. Vineet Chandra Rai	October 24, 2013	Promoter Nominee Director	00606290	9	7	9	Nil	Nil	30.00	Nil
4	Mr. Dinesh Kumar Mittal (3)	May 15, 2018	Non Executive - Independent Director (Chairman)	00040000	9	9	9	Nil	7.15	40.00	Nil
5	Mr. Sumantra Banerjee	April 29, 2014	Non Executive - Independent Director	00075243	9	6	4	Nil	7.50	20.00	10,000
6	Mr. Rajat Mohan Nag	January 31, 2015	Non Executive - Independent Director	07083831	9	9	1	Nil	9.40	25.00	Nil
7	Ms. Matangi Gowrishankar (9)	August 22, 2016	Non Executive - Independent Director	01518137	7	7	10	Nil	6.65	20.00	Nil
8	Mr. Piyush Goenka	March 31, 2015	Non Executive - Nominee Director	02117859	9	5	5	Nil	Nil	10.00	Nil
9	Mr. Wilhelmus Martinus Maria Van Der Beek	December 5, 2016	Non Executive - Nominee Director	02142559	9	6	Nil	Nil	Nil	10.00	Nil
10	Mr. Paul Gratien Robine (1)	March 18, 2019	Non Executive - Nominee Director	07828525	2	Nil	Nil	Nil	Nil	Nil	Nil
11	Mr. Shri Ram Meena (1)	May 15, 2019	Non Executive - Nominee Director	08452187	2	Nil	Nil	Nil	Nil	Nil	Nil
12	Mr. David Arturo Paradiso (8)	May 11, 2022	Non Executive - Nominee Director	08181832	5	1	2	Nil	Nil	Nil	Nil
13	Mr. Stephen Dongwon Lee (5)	December 1, 2022	Non Executive - Nominee Director	08640160	9	6	4	Nil	Nil	Nil	Nil
14	Mr. Aditya Mohan (2) (5) (6)	May 12, 2023	Non Executive - Nominee Director	08299455	2	2	2	Nil	Nil	Nil	Nil
15	Mr. Vemuru Chandramouli (2)	May 12, 2023	Non Executive - Nominee Director	07019218	7	3	Nil	Nil	Nil	Nil	Nil
16	Mr. Nitish Chawla (4)	May 31, 2023	Non Executive - Nominee Director	07676758	6	5	Nil	Nil	Nil	7.50	Nil
17	Ms. Rupa Rajul Vora (7)	August 08, 2023	Non Executive - Nominee Director	01831916	5	5	8	Nil	2.50	12.50	Nil
18	Ms. Karina Isabel Alva Alfaro (8)	November 10, 2023	Non Executive - Nominee Director	10377372	4	4	1	Nil	Nil	Nil	Nil
19	Mr. John Arunkumar Diaz (10)	January 03, 2024	Non Executive - Independent Director	00493304	2	2	9	Nil	2.00	5.00	57,345
20	Mr. Ulhas Sharadkumar Deshpande (10)	January 15, 2024	Non Executive - Independent Director	00017235	2	1	Nil	Nil	1.25	5.00	Nil

(*)

(1) Mr. Paul Gratien Robine and Mr. Shri Ram Meena had resigned from their directorship w.e.f May 12, 2023.

(2) Mr. Vemuru Chandramouli and Mr. Aditya Mohan were appointed as Nominee Director and Additional Director respectively w.e.f May 12, 2023.

(3) Mr. Dinesh Kumar Mittal was re-appointed as Non-Executive Independent Director w.e.f May 15, 2023 for a further period of 5 (five) years.

(4) Mr. Nitish Chawla was appointed as an Additional Director w.e.f May 31, 2023 and thereafter was appointed as a Nominee Director w.e.f August 07, 2023.

(5) Mr. Stephen Lee and Mr. Aditya Mohan were appointed as a Nominee Director w.e.f August 07, 2023.

(6) Mr. Aditya Mohan had resigned from his directorship w.e.f August 08, 2023.

(7) Ms. Rupa Rajul Vora was appointed as a Nominee Director w.e.f August 08, 2023.

(8) Mr. David Arturo Paradiso has resigned from his directorship w.e.f November 10, 2023 and Ms. Karina Isabel Alva Alfaro was appointed as Nominee Director w.e.f November 10, 2023

(9) Ms. Matangi Gowrishankar had resigned from her directorship w.e.f January 14, 2024.

(10) Mr. John Arunkumar Diaz and Mr. Ulhas Sharadkumar Deshpande has been appointed as Additional Director under the category of Independent Directors w.e.f January 03, 2024 and January 15, 2024 respectively thereafter appointed as Independent Directors w.e.f February 13, 2024.

Note: The above amount of commission and sitting fee payable/ paid to directors are excluding taxes.

The number of other Directorship in the above table has been provided till the date the directors were associated with the Company (for the Directors who has resigned) and for others till March 31, 2024.



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

1b) Details of change in composition of the Board during the current and previous financial year:

Sl. No.	Name of the Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of Change (appointment/ resignation)	Effective Date
1	Mr. Kasper Svarrer	Non-Executive-Nominee Director	Vacation	May 11, 2022
2	Mr. David Arturo Paradiso	Non-Executive-Nominee Director	Appointment & Resignation	May 11, 2022: Additional Director August 11, 2022: Nominee Director November 10, 2023: Resigned
3	Mr. Stephen Dongwon Lee	Non-Executive-Nominee Director	Appointment	December 01, 2022: Additional Director August 07, 2023: Nominee Director
4	Mr. Paul Gratien Robine	Non-Executive-Nominee Director	Resignation	May 12, 2023
5	Mr. Shri Ram Meena	Non-Executive-Nominee Director	Resignation	May 12, 2023
6	Mr. Vemuru Chandramouli	Non-Executive-Nominee Director	Appointment	May 12, 2023
7	Mr. Aditya Mohan	Non-Executive-Nominee Director	Appointment & Resignation	May 12, 2023: Additional Director August 07, 2023: Nominee Director August 08, 2023: Resigned
8	Mr. Nitish Chawla	Non-Executive-Nominee Director	Appointment	May 31, 2023: Additional Director August 07, 2023: Nominee Director
9	Mr. Dinesh Kumar Mittal	Non-Executive-Independent Director	Re-appointment	May 15, 2023
10	Ms. Rupa Rajul Vora	Non-Executive-Nominee Director	Appointment	August 08, 2023
11	Ms. Karina Isabel Alva Alfaro	Non-Executive-Nominee Director	Appointment	November 10, 2023
12	Mr. John Arunkumar Diaz	Non-Executive-Independent Director	Appointment	January 03, 2024: Additional Director February 13, 2024: Independent Director
13	Ms. Matangi Gowrishankar	Non-Executive-Independent Director	Resignation	January 14, 2024
14	Mr. Ulhas Sharadkumar Deshpande	Non-Executive-Independent Director	Appointment	January 15, 2024: Additional Director February 13, 2024: Independent Director

The Board placed on record its appreciation for the valuable services rendered by all outgoing Directors.

Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/ him shall be disclosed:

Ms. Matangi Gowrishankar, Non-Executive Independent Director of the Company has tendered her resignation w.e.f January 14, 2024 in order to avoid conflict of interest of her appointment in a leading private sector bank being a key lender to the Company.

Details of any relationship amongst the directors inter-se shall be disclosed: - Nil

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

2) Committees of the Board and their composition

(a) Audit Committee

Audit Committee has been constituted under Section 177 of the Companies Act, 2013 and under Regulation 18 and Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee has been charged with the principal oversight of financial reporting process and to ensure accurate and timely disclosure with the highest levels of transparency, integrity and aims to enhance the confidence in the quality of the Company's financial reporting, to review of internal audit reports and action taken reports and assessment of the efficacy of the internal control systems. The Audit Committee also looks after the compliance with the legal and statutory requirements, related party transactions and recommends the appointment of statutory auditor to the Board.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Rajat Mohan Nag	April 27, 2018	Non Executive - Independent Director	5	5	Nil
2	Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	5	4	10,000
3	Ms. Matangi Gowrishankar (*)	April 27, 2018	Non Executive - Independent Director	4	4	Nil
4	Mr. Dinesh Kumar Mittal	November 10, 2022	Non Executive - Independent Director	5	5	Nil
5	Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	5	3	Nil
6	Mr. John Arunkumar Diaz (**)	January 15, 2024	Non-Executive-Independent Director	1	1	57,345
7	Mr. Ulhas Sharadkumar Deshpande (**)	January 15, 2024	Non-Executive-Independent Director	1	1	Nil

(*) Owing to the resignation w.e.f January 14, 2024, Ms. Matangi Gowrishankar ceased to be a member of the committee.

(**) Mr. John Arunkumar Diaz and Mr. Ulhas Sharadkumar Deshpande were appointed as a member of the committee w.e.f January 15, 2024.

(b) Nomination and Remuneration Committee

Nomination and Remuneration Committee has been constituted under Section 178 of the Companies Act, 2013 and under Regulation 19 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee has been responsible to oversee that the Company's nomination process including succession planning for the senior management and the Board and specifically to assist the Board by identifying, screening and reviewing individuals qualified to serve as directors so that the directors appointed would have appropriate skills to support the functioning of the Company and also to advise Board on Remuneration policy for Directors, Key Managerial Personnel and other employees.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

2) Committees of the Board and their composition (Cont'd)

(b) Nomination and Remuneration Committee (Cont'd)

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Dinesh Kumar Mittal (*)	May 12, 2023	Non Executive - Independent Director	6	6	Nil
2	Ms. Matangi Gowrishankar (**)	April 27, 2018	Non Executive - Independent Director	6	6	Nil
3	Mr. Ulhas Sharadkumar Deshpande (***)	January 15, 2024	Non-Executive- Independent Director	1	1	Nil
4	Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	7	6	10,000
5	Mr. Rajat Mohan Nag	April 27, 2018	Non Executive - Independent Director	7	7	Nil
6	Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	7	4	Nil
7	Mr. Vineet Chandra Rai	April 27, 2018	Promoter Nominee Director	7	5	Nil

(*) Mr. Dinesh Kumar Mittal was appointed as a Member of the committee w.e.f May 12, 2023.

(**) Owing to the resignation w.e.f January 14, 2024, Ms. Matangi Gowrishankar ceased to be a member of the committee.

(***) Mr. Ulhas Sharadkumar Deshpande was appointed as a Chairperson of the Committee w.e.f January 15, 2024.

(c) Risk Management Committee

Risk Management Committee has been constituted under Regulation 21 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with the RBI Master Direction. The Committee has overall responsibility to the identification, evaluation and mitigation of strategic, operational, and external environment risks; for monitoring and approving the risk policies and associated actionable. The Committee has been also responsible for reviewing and approving risk disclosure statements for dissemination.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Rajat Mohan Nag	April 27, 2018	Non Executive - Independent Director	4	4	Nil
2	Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	4	3	10,000
3	Ms. Matangi Gowrishankar (*)	April 27, 2018	Non Executive - Independent Director	3	3	Nil
4	Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	4	3	Nil
5	Mr. Wilhelmus Marthinus Maria Van Der Beek	April 27, 2018	Non Executive - Nominee Director	4	Nil	Nil
6	Mr. Ulhas Sharadkumar Deshpande (**)	January 15, 2024	Non-Executive- Independent Director	1	1	Nil
7	Mr. John Arunkumar Diaz (**)	January 15, 2024	Non-Executive- Independent Director	1	1	57,345

(*) Owing to the resignation w.e.f January 14, 2024, Ms. Matangi Gowrishankar ceased to be a member of the committee.

(**) Mr. John Arunkumar Diaz and Mr. Ulhas Sharadkumar Deshpande were appointed as a member of the committee w.e.f January 15, 2024.

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

2) Committees of the Board and their composition (Cont'd)

(d) Stakeholders Relationship Committee

Stakeholders Relationship Committee has been constituted under Section 178 of the Companies Act, 2013 and under Regulation 20 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee has been responsible for redressal of grievances of interest of investors, shareholders, debenture holders and other security holders including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends and performing such other functions as may be delegated by the Board.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Ms. Matangi Gowrishankar (*)	April 27, 2018	Non Executive - Independent Director	Nil	Nil	Nil
2	Mr. Anurag Agrawal	April 27, 2018	Promoter Nominee Director	1	1	Nil
3	Mr. Manoj Kumar N Nambiar	April 27, 2018	Executive - Managing Director	1	1	Nil
4	Mr. John Arunkumar Diaz (**)	January 15, 2024	Non-Executive- Independent Director	1	1	57,345

(*) Owing to the resignation w.e.f January 14, 2024, Ms. Matangi Gowrishankar ceased to be a member of the committee.

(**) Mr. John Arunkumar Diaz was appointed as a Chairperson of the committee w.e.f January 15, 2024.

(e) Corporate Social Responsibility Committee

Corporate Social Responsibility Committee has been constituted under Section 135 of the Companies Act, 2013. Primary objective of the Committee has been assisting the Board in fulfilling its corporate social responsibility. The Committee has overall responsibility for identifying the areas of corporate social responsibility (CSR) activities and implementing and monitoring the CSR Policy and also recommends the amount of expenditure to be incurred on the identified CSR activities.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	2	2	10,000
2	Mr. Anurag Agrawal	April 27, 2018	Promoter Nominee Director	2	2	Nil
3	Mr. Manoj Kumar N Nambiar	April 27, 2018	Executive - Managing Director	2	2	Nil
4	Mr. Wilhelmus Marthinus Maria Van Der Beek	April 27, 2018	Non Executive - Nominee Director	2	1	Nil



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

2) Committees of the Board and their composition (Cont'd)

(f) Share Transfer and Securities Allotment Committee

The Share Transfer and Securities Allotment Committee of the Board is responsible for ensuring that the shares allotment and transfer of the company should be fit and proper as per the guidelines of Companies Act, 2013

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Manoj Kumar N Nambiar	February 16, 2018	Executive - Managing Director	4	3	Nil
2	Mr. Anurag Agrawal	February 16, 2018	Promoter Nominee Director	4	3	Nil
3	Mr. Vineet Chandra Rai	February 16, 2018	Promoter Nominee Director	4	4	Nil
4	Mr. Piyush Goenka	February 16, 2018	Non-Executive - Nominee Director	4	2	Nil

(g) IT Strategy Committee

NBFCs has been mandated to form an IT Strategy Committee as per RBI Master Directions. The committee carries out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. It may look after the present and future need of the induction of Information Technology and also takes care of need of providing the training to the existing as well new incumbents.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Sumantra Banerjee	February 16, 2018	Non Executive - Independent Director	4	3	10,000
2	Mr. Rajat Mohan Nag	November 10, 2022	Non Executive - Independent Director	4	4	Nil
3	Mr. Piyush Goenka	February 16, 2018	Non-Executive - Nominee Director	4	1	Nil
4	Mr. Manoj Kumar N Nambiar	February 16, 2018	Executive - Managing Director	4	4	Nil
5	Mr. Arvind Murarka	February 16, 2018	Chief Information Officer	4	4	Nil
6	Mr. John Arunkumar Diaz (*)	January 15, 2024	Non-Executive- Independent Director	1	1	57,345

(*) Mr. John Arunkumar Diaz was appointed as a member of the committee w.e.f. January 15, 2024.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

3) General Body Meetings

Details of the date, place and special resolutions passed at the General Body Meetings are mentioned below:

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and place	Special Resolutions passed
1	Annual General Meeting (AGM)	August 07, 2023 Through video conferencing/ other audio visual means	1. Increase in borrowing power of the Company; 2. Creation of charge and to provide security; 3. To issue non convertible debentures; 4. Payment of commission to the Independent Directors of the Company; and 5. Issue of shares w.r.t Arohan Employee Stock Option Plan 2021.
2	Extra Ordinary General Meeting (EGM)	April 28, 2023 Through video conferencing/ other audio visual means	Issue cumulative compulsory convertible preference shares on a preferential basis through private placement.
3	Extra Ordinary General Meeting (EGM)	May 27, 2023 Through video conferencing/ other audio visual means	Adoption of new/ revised Articles of Association of the Company in order to align the same, pursuant to SEBI (Issue and Listing of Non-convertible Securities) (Amendment) Regulations and change in the Amended and restated Shareholding agreement in respect of issuance of CCPS to Danish Sustainable Development Goals Investment Fund K/S (IFU) and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO).
4	Extra Ordinary General Meeting (EGM)	September 28, 2023 Through video conferencing/ other audio visual means	No Special Resolution passed in the EGM.
5	Extra Ordinary General Meeting (EGM)	December 11, 2023 Through video conferencing/ other audio visual means	Approval for continuation of Directorship of Mr. Rajat Mohan Nag as an Independent Director of the Company on completion of 75 years of age.
6	Extra Ordinary General Meeting (EGM)	February 13, 2024 Through video conferencing/ other audio visual means	1. Appointment of Mr. John Arunkumar Diaz (DIN: 00493304), as an Independent Director of the Company; and 2. Appointment of Mr. Ulhas Sharadkumar Deshpande (DIN: 00017235), as an Independent Director of the Company.
7	Extra Ordinary General Meeting (EGM)	March 19, 2024 Through video conferencing/ other audio visual means	No Special Resolution passed in the EGM.



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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 50: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (Cont'd)

4) Details of non-compliance with requirements of Companies Act, 2013:

There are no default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

5) Details of penalties and strictures:

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or Securities and Exchange Board of India (SEBI) or Reserve Bank of India (RBI) or any statutory authority on any matter related to the activities of the Company.

(b) There are no modified opinion expressed by the auditors.

(c) There are no items of income and expenditure of exceptional nature.

(d) Breach of financial covenant:

During the current financial year there are no breach of financial covenant of all the borrowing facilities.

(e) Divergence in asset classification and provisioning

There has been no instance of additional provisioning requirement assessed by Reserve Bank of India (RBI) exceeding five percent of the reported profit before tax and impairment loss on financial instruments, neither there has been any instance of additional gross NPAs identified by RBI exceeding five percent of the reported gross NPAs for the pervious financial year.

Note 51: Disclosures on loans to Directors, senior officers and relatives of Directors pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

Loans to Directors, senior officers and relatives of Directors	As at 31 March 2024	As at 31 March 2023
Directors and their relatives	Nil	Nil
Entities associated with directors and their relatives	Nil	Nil
Senior officers and their relatives (*)	8.51	Nil

(*) The loan to the senior officer is as per the staff loan policy of the Company

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Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 52: Disclosures related to asset liability management (ALM) pursuant to the RBI Master direction RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

The company has adopted the liquidity risk framework as required under RBI regulation. The Board of Directors have delegated responsibility of balance sheet liquidity risk management to the asset liability committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. Liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the company.

Maturity pattern of assets and liability as on March 31, 2024

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits (with banks)	16,491.68	12,756.61	27,811.25	5,461.48	364.07	2,215.80	8,645.42	12,777.49	3,819.61	25.80	90,369.21
Advances (Micro Finance Portfolio)	11,522.43	18,435.89	16,131.40	37,945.41	37,321.58	1,09,843.61	1,98,792.68	2,10,683.91	-	-	6,40,676.91
Advances (Other than Micro Finance)	279.02	446.43	390.62	1,002.08	1,010.61	2,973.06	5,680.02	9,115.04	-	-	20,896.88
Investments	-	-	-	-	-	-	-	-	9,011.08	5.00	9,016.08
Borrowings	1,968.68	3,605.55	22,143.37	30,400.36	35,022.44	93,607.12	1,51,562.78	2,18,891.36	44,382.60	-	6,01,584.26
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of assets and liability as on March 31, 2023

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits (with banks)	12,616.74	18,506.46	24,450.05	2,540.26	468.62	5,119.42	9,554.01	17,363.70	1,251.17	-	91,870.43
Advances (Micro Finance Portfolio)	8,543.53	13,669.64	11,960.94	27,232.06	26,591.30	78,489.74	1,43,978.36	1,62,447.29	1,077.05	-	4,73,989.91
Advances (Other than Micro Finance)	118.93	190.28	166.50	383.09	375.81	954.76	1,365.02	606.89	70.76	-	4,232.04
Investments	-	-	-	-	-	-	-	-	-	7,877.00	7,877.00
Borrowings	1,631.27	1,120.95	26,379.71	18,180.89	27,912.66	60,894.74	1,22,051.41	1,58,751.09	36,426.21	-	4,53,348.93
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Notes:

- The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.
- The Company is capable of meeting its liabilities existing as on March 2024 as and when they fall due within the period of one year from March 31, 2024.
- Investment includes Security Receipts, the cash flow of which is difficult to estimate hence classified as per the residual maturity allowed by RBI.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 53: Disclosures related to significant counterparty pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

(i) Funding concentration based on significant counterparty on borrowings	As at 31 March 2024	As at 31 March 2023
Number of significant counterparties (*)	20	23
Amount of borrowed funds from significant counterparties (*) (#)	5,05,108.99	4,16,377.37
Percentage (%) of total deposits	Not applicable	Not applicable
Percentage of total liabilities	81.46%	88.97%

(*) During the current financial year there is one significant counterparty represents related party and the transaction are at arm's length price.

(#) Accrued interest on borrowings have been considered in above calculation.

Notes:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total Liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.
- Top 20 large deposits (amount in ₹ lakhs and % of total deposits)** - The Company does not accept deposit hence not applicable.

(iii) Top ten borrowings	As at 31 March 2024	As at 31 March 2023
Amount of borrowed funds from top ten significant counterparties (*) (#1)	3,60,245.66	3,10,553.84
Percentage (%) of total borrowings (#2)	59.84%	68.60%

(*) During the current financial year there is one significant counterparty represents related party and the transaction are at arm's length price.

Note:

(#1) Accrued interest on borrowings have not been considered in above calculation.

(#2) Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines which includes securitisation transactions.

(iv) Funding concentration based on significant instrument/ product

Name of the instrument/ product	As at 31 March 2024		As at 31 March 2023	
	Amount (**)	Percentage of total liabilities	Amount (**)	Percentage of total liabilities
Debt securities	40,050.00	6.46%	29,120.00	6.22%
Borrowings (other than debt securities)	5,22,000.71	84.18%	3,81,080.96	81.43%
Subordinated liabilities	40,000.00	6.45%	42,500.00	9.08%

Note:

- A "significant instrument/ product" is defined as a single instrument/ product of group of similar instruments/ products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.
- (**) Figures are based on gross borrowing outstanding and does not includes accrued interest and other Ind AS adjustments.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 53: Disclosures related to significant counterparty pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (contd.)

(V) Stock ratios in percentage	As at 31 March 2024	As at 31 March 2023
1. Commercial papers as a percentage (%) of total liabilities	Not Applicable	Not Applicable
2. Commercial papers as a percentage (%) of total assets	Not Applicable	Not Applicable
3. Commercial papers as a percentage (%) of public fund	Not Applicable	Not Applicable
4. Non-convertible debentures (original maturity of less than one year) as a percentage (%) of total liabilities	Nil	Nil
5. Non-convertible debentures (original maturity of less than one year) as a percentage (%) of total assets	Nil	Nil
6. Non-convertible debentures (original maturity of less than one year) as a percentage (%) of public fund	Nil	Nil
7. Other short-term liabilities as a percentage (%) of total liabilities	57.00%	57.79%
8. Other short-term liabilities as a percentage (%) of total assets	43.56%	44.94%
9. Other short-term liabilities as a percentage (%) of public fund	58.76%	59.66%

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/ approval/ ratification.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 54: Disclosures related to Liquidity coverage Ratio (LCR) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

Liquidity coverage Ratio (LCR) is a tool for measuring and promoting short term resilience of the company to potential liquidity disruptions by ensuring maintenance of sufficient unencumbered high quality liquid assets (HQLA's) to survive at severe stress scenario lasting for 30 calendar days. Reserve Bank of India (RBI) introduced the LCR requirement for all non-deposit taking NBFC's with an asset size of ₹ 5,000 crore and above.

The ratio comprises of HQLA's as numerator and net cash outflows in next 30 calendar days as denominator.

HQLA computation consist of two parts i.e. (i) assets to be included as HQLA without any haircut i.e. cash, government securities, etc. and (ii) assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments which are considered at prescribed haircuts.

In order to determine net cash outflows, the company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows or 75% of stressed outflow. accordingly, LCR would be computed by dividing company's stock of HQLA by its total net cash outflow.

The LCR requirement has been inducted in a phased manner with company required to maintain minimum LCR of 30% from December, 1, 2020 eventually increasing to 100% by December 31, 2024. the company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold for all the quarters during the current financial year. The company has maintained an average LCR of 843% for the quarter ended March 31, 2024 (for the quarter ended March 31, 2023 : 415%) as against minimum regulatory requirement of 85% (March 31, 2023 : 60%). the company has maintained average HQLA as of ₹ 96,513.16 lakhs for the quarter ended March 31, 2024 (for the quarter ended March 31, 2023 : ₹ 60,909.66 lakhs).

The company has adopted the liquidity risk framework as required under RBI regulation. The Board of Directors have delegated responsibility of balance sheet liquidity Risk management to the asset liability committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the company.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 54: Disclosures related to Liquidity coverage Ratio (LCR) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

For financial year: 2023-2024

Sl No.	Particulars	As on 30 June 2023			As on 31 September 2023			As on 31 December 2023			As on 31 March 2024		
		Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)
	High Quality Liquid Assets (#)												
1	High quality liquid assets (HQLA)												
(i)	Cash balance	88.01	88.01	142.49	142.49	211.04	211.04	24.84	24.84				24.84
(ii)	Cash on bank	1,561.81	1,561.81	1,122.26	1,122.26	2,080.53	2,080.53	36,021.63	36,021.63				36,021.63
(iii)	Un-encumbered demand deposits with scheduled commercial bank	74,402.75	74,402.75	82,799.17	82,799.17	87,144.27	87,144.27	60,466.69	60,466.69				60,466.69
	Total High Quality Liquid Assets (HQLA)	76,052.57	76,052.57	84,063.92	84,063.92	89,435.84	89,435.84	96,513.16	96,513.16				96,513.16
	Cash Outflows:												
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-				-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-				-
4	Secured wholesale funding	-	-	-	-	-	-	-	-				-
5	Additional requirements, of which												
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-				-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-				-
(iii)	Credit and liquidity facilities	34,334.96	39,485.20	37,321.79	42,920.06	27,741.13	31,902.30	27,717.60	31,875.24				31,875.24
6	Other contractual funding obligations	7,573.34	8,709.34	10,742.04	12,353.35	8,267.61	9,507.75	10,587.20	12,175.28				12,175.28
7	Other contingent funding obligations	-	-	-	-	450.00	517.50	1,500.00	1,725.00				1,725.00
8	Total cash outflows	41,908.30	48,194.54	48,063.83	55,273.41	36,458.74	41,927.55	39,804.80	45,775.52				
	Cash Inflows:												
9	Secured lending	-	-	-	-	-	-	-	-				-
10	Inflows from fully performing exposures	36,448.66	27,336.50	38,557.88	28,918.41	42,317.52	31,738.14	47,205.79	35,404.34				35,404.34
11	Other cash inflows	1,457.56	1,093.17	4,237.08	3,177.81	2,079.93	1,559.95	1,851.33	1,388.50				1,388.50
12	Total cash inflows	37,906.22	28,429.67	42,794.96	32,096.22	44,397.45	33,298.09	49,057.12	36,792.84				
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value				Total Adjusted Value
13	Total High Quality Liquid Assets (HQLA)		76,052.57		84,063.92		89,435.84		96,513.16				96,513.16
14	Total net outflows		19,764.87		23,177.19		10,481.89		11,443.88				11,443.88
15	Liquidity coverage ratio (%)		385%		363%		853%		843%				843%

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 54: Disclosures related to Liquidity coverage Ratio (LCR) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (Cont'd)

For financial year: 2022-2023

Sl No.	Particulars	As on 30 June 2022		As on 30 September 2022		As on 31 December 2022		As on 31 March 2023	
		Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)	Total Unweighted Value (average) (*)	Total Weighted Value (average) (**)
	High Quality Liquid Assets (#)								
1	High Quality Liquid Assets (HQLA)								
(i)	Cash Balance	111.94	111.94	136.20	136.20	59.93	59.93	36.05	36.05
(ii)	Cash on Bank	3,654.64	3,654.64	3,559.95	3,559.95	3,515.34	3,515.34	1,549.67	1,549.67
(iii)	Un encumbered demand deposits with scheduled commercial Bank	53,925.35	53,925.35	33,477.41	33,477.41	29,287.74	29,287.74	59,323.94	59,323.94
	Total High Quality Liquid Assets (HQLA)	57,691.93	57,691.93	37,173.56	37,173.56	32,863.01	32,863.01	60,909.66	60,909.66
	Cash Outflows:								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	27,427.31	31,541.41	22,662.03	26,061.33	33,939.18	39,030.06	29,131.93	33,501.72
6	Other contractual funding obligations	1,856.47	2,134.94	5,082.79	5,845.21	5,524.93	6,353.67	7,116.54	8,184.02
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	Total cash outflows	29,283.78	33,676.35	27,744.82	31,906.54	39,464.11	45,383.73	36,248.47	41,685.74
	Cash Inflows:								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	27,571.48	20,678.61	30,509.57	22,882.18	32,702.06	24,526.55	34,649.82	25,987.37
11	Other cash inflows	398.09	298.57	2,652.17	1,989.13	1,038.30	778.73	1,354.53	1,015.90
12	Total cash inflows	27,969.57	20,977.18	33,161.74	24,871.31	33,740.36	25,305.28	36,004.35	27,003.27
			Total	Total	Total	Total	Total	Total	Total
13	Total High Quality Liquid Assets (HQLA)		Adjusted Value		Adjusted Value		Adjusted Value		Adjusted Value
14	Total net outflows		57,691.93		37,173.56		32,863.01		60,909.66
15	Liquidity coverage ratio (%)		12,699.17		7,976.63		20,078.45		14,682.47
			454%		466%		164%		415%

(*) Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

(**) Weighted values calculated after the application of respective stress factors on inflow and outflow.

(#) HQLA includes cash on hand, callable demand deposit and callable fixed deposits with scheduled commercial banks.

Qualitative disclosure

(a) Intra-period changes as well as changes over time: The details of all four quarter are disclosed above.

(b) Composition of HQLAs: The composition of HQLA are disclosed above.

(c) Derivative exposures and potential collateral calls: The company has no derivative exposure.

(d) Currency mismatch in the LCR: The company has no foreign currency borrowings, hence the currency mismatch in the LCR are not applicable.

(e) Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considered to be relevant for liquidity profile: All inflows/ outflows considered relevant are considered in LCR calculation.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 55: Disclosures related to dividend declaration pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

Accounting period (*)	Net profit for the accounting period (**)	Rate of dividend (%)	Amount of dividend (₹)	Dividend pay out ratio (%) (**)
Financial year 2022-2023 and 2023-2024	Not applicable	0.001% on face value of compulsorily convertible preference shares (CCPS)	0.06	Not applicable

Note:

(*) Dividend has been paid on compulsorily convertible preference shares from the date of allotment to the date of conversion of compulsorily convertible preference shares to equity shares.

(**) Since dividend is only related to compulsorily convertible preference shares on cumulative basis, hence disclosure of net profit and dividend payout ratio are not applicable.

Note 56: Foreign Currency Disclosure

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) Earnings in foreign currency		
Miscellaneous income (Sale of accumulated carbon credit)	-	6.19
Other operating income (reimbursement income)	74.12	-
	74.12	6.19
(b) Expenditure in foreign currency		
Interest on debt securities (Loan processing charges)	243.09	-
Other finance charges	8.31	-
Legal and professional expenses	15.99	50.66
Miscellaneous expenses (Directors sitting fees)	2.73	-
Repairs and maintenance	-	2.98
	270.12	53.64



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 57: Disclosure in respect of Corporate Social Responsibility under section 135 of the Act and Rules thereon

A CSR committee has been formed by the Company as prescribed under section 135 as per Company Act 2013. Corporate social responsibility (CSR) expense is nil during the financial year as the average net profit over the preceding three years was inadequate.

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) Gross amount required to be spent during the year	-	21.83
(b) Amount of expenditure incurred during the year	-	21.83
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	-	-
(f) Nature of CSR activities (*)	-	-
(g) Details of related party transactions	-	7.16
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately		
At the beginning of the year	5.93	9.88
Fresh provision made during the year	-	1.50
Payment made during the year	5.78	5.45
At the closing of the year	0.15	5.93

(*) CSR activities includes environmental and social initiatives. In environmental initiatives there are certain projects like disaster relief, safe drinking water & sanitation and water conservation whereas social initiatives includes activities as women empowerment & education, livelihood trainings, menstrual hygiene and health and well being.

Note 58: Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India. Further, the Company is operating in India which is considered as a single geographical segment.

Note 59: Lease related disclosures

(a) Company as a lessee

In the Statement of Profit and Loss for the current and previous year, operating lease expenses which were recognised as rental expenses is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. De-recognition of rental expenses and recognition of depreciation and finance cost have positively impacted EBITDA by ₹ 261.49 lakhs (March 31, 2023 : ₹ 216.85 lakhs) and negatively impacted the PBT by ₹ 13.19 lakhs (March 31, 2023 : ₹ 11.82 lakhs).

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 59: Lease related disclosures (Cont'd)

(b) The table below describes the nature of Company's leasing activities by type of right-of-assets recognised on balance sheet:

As on March 31, 2024

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	12	2 months to 104 months	25 months	12	-	-
Furniture	4	63 months to 100 months	73 months	4	-	-

As on March 31, 2023

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	10	8 months to 35 months	24 months	10	-	-
Furniture	3	75 months	75 months	3	-	-

(c) Lease payments, not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Short-term leases	1,558.83	1,286.03



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 59: Lease related disclosures (Cont'd)

(d) Total future lease payments relating to underlying leases are as follows:

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at 31 March 2024
Lease payments	269.00	185.43	131.29	123.90	123.90	254.55	1,088.07
Less: Finance cost	75.27	57.07	46.24	37.44	27.93	40.72	284.67
Net present values	193.73	128.36	85.05	86.46	95.97	213.83	803.40

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at 31 March 2023
Lease payments	223.27	177.98	89.61	56.25	56.25	70.31	673.67
Less: Finance cost	48.78	31.74	19.33	14.22	9.58	4.69	128.34
Net present values	174.49	146.24	70.28	42.03	46.67	65.62	545.33

(e) Total cash outflow for leases for the year ended March 31, 2024 was ₹ 261.50 lakhs (March 31, 2023: ₹ 216.86 lakhs).

(f) The Company has leases for office building and furnitures. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

(g) As per Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised was 11%.

Note 60: Contingent liabilities and commitments

Particulars	As at 31 March 2024	As at 31 March 2023
(a) Demand for income tax received from income tax authorities in respect of which the Company has gone for appeal. Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.	17.12	16.57
(b) Sanctioned loan undisbursed.	1,500.00	-
(c) Capital commitment for purchase/ development of tangible and intangible asset (net of advances).	62.68	78.08

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 61: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021:

A. Title deeds of Immovable Property

The Company does not own any immovable property in the form of land and building

B. Loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties

The Company has not granted any loans to promoters, directors, KMPs and the related parties

C. Details of Benami Property held

There have been no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

D. Borrowings from banks or financial institutions on the basis of security of current assets

The Company has availed borrowings from banks or financial institutions on the basis of security of current assets and the returns or statements of current assets filed by the Company with banks or financial institutions as at March 31, 2024, are in agreement with the books of accounts.

E. Wilful Defaulter

The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

F. Relationship with Struck off Companies

The Company has not entered into any transactions with the companies struck off under section 248 of the Act or section 560 of the Companies Act, 1956.

G. Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period as at March 31, 2024 except the following where no dues certificate has not been received from the lenders and pending for charge satisfaction

Lenders*	Charge ID	Sanction Date	Amount	Closure Date
Canara Bank	100340806	November 20, 2019	1,500.00	June 20, 2023
Hinduja Leyland Finance Limited	100563244	March 31, 2022	2,500.00	March 31, 2024
Bandhan Bank	100546986	March 07, 2022	30,000.00	March 31, 2024
Hong Kong and Shanghai Banking Corporation (HSBC)	100550384	March 15, 2022	5,250.00	March 24, 2024
Maanaveeya Development & Finance Private Limited	100552081	March 21, 2022	3,000.00	March 30, 2024

*All the charge satisfactions are filed subsequent to the reporting date

H. Compliance with number of layers of companies

The Company has no subsidiaries or investments in other companies, accordingly compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, are not applicable.



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 61: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (Contd.)

I. Ratios

Particulars	As at 31 March 2024	As at 31 March 2023	Percentage change in ratio	Explanation
(a) Debt equity ⁽²⁾ [refer note 42]	3.14	3.39	(7.00%)	Reduction in debt equity ratio is due to infusion and conversion of compulsorily convertible preference shares into equity shares.
(b) Return on equity ratio ⁽³⁾	19.30%	5.99%	222.00%	Improvement in ratios are due to increase in business volume as compared to the last year
(c) Net profit ratio ⁽⁴⁾	25.92%	8.41%	208.00%	
(d) Return on capital employed ⁽⁵⁾	19.30%	5.99%	222.00%	
(e) Current ratio ⁽¹⁾	Not applicable		-	
(f) Debt service coverage ratio ⁽¹⁾	Not applicable		-	
(g) Inventory turnover ratio ⁽¹⁾	Not applicable		-	
(h) Trade receivables turnover ratio ⁽¹⁾	Not applicable		-	
(i) Trade payables turnover ratio ⁽¹⁾	Not applicable		-	
(j) Net capital turnover ratio ⁽¹⁾	Not applicable		-	
(k) Return on investment ⁽¹⁾	Not applicable		-	

Notes:

- (1) The Company is a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, hence these ratios are not applicable
- (2) Debt equity ratio = (debt securities + borrowings-other than debt securities + subordinated liabilities) / net worth, where net worth is aggregate of equity share capital and other equity.
- (3) Return on equity ratio = profit after tax / average net worth
- (4) Net profit ratio = profit before tax/ total revenue from operation
- (5) Return on capital employed = profit after tax / average networkth

J. Compliance with approved Scheme(s) of Arrangements

There are no Scheme of Arrangements approved by the Competent Authority in terms of section 230 to 237 of the Act.

K. Utilisation of borrowed funds and share premium

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2024 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 61: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (Contd.)

L. Undisclosed income

There are no transactions recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.

M. Corporate Social Responsibility (CSR)

Refer note 57

N. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

Note 62: The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 63: Previous year ended figures have been regrouped/ rearranged wherever necessary, to conform with the current year.

This is the summary of significant accounting policies and other explanatory information referred in our report of even date

For **M S K A & Associates**
 Chartered Accountants
 Firm Registration No. 105047W

Tushar Kurani
 Partner
 Membership No. 118580

Place: Kolkata
 Date: May 24, 2024

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

Manoj Kumar N Nambiar
 Managing Director
 (DIN: 03172919)
 Place: Kolkata

Anirudh Singh G Thakur
 Company Secretary
 Place: Kolkata
 Date: May 24, 2024

Anurag Agrawal
 Director
 (DIN: 02385780)
 Place: Kolkata

Milind R Nare
 Chief Financial Officer
 Place: Kolkata





Arohan Financial Services Limited

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