



# ELEMENTS OF THE FUTURE

 **AROHAN**  
AAVISHKAAR GROUP





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**ARE WE CREATING LASTING VALUE PROPOSITIONS FOR OUR KEY STAKEHOLDERS WITH SCALABILITY?**

**ARE WE EFFICIENT AND OPTIMIZED IN THE WAY WE OPERATE IN THE BEST INTERESTS OF OUR CUSTOMERS?**

**ARE WE CONTINUOUSLY UNLOCKING INNOVATION AND MAKING OUR BUSINESS FUTURE-READY?**

These are the questions that have led Arohan to be agile and adopt processes and operational transitions to be future-ready. Over the last two years, humanity across the globe has experienced unprecedented challenges. Closer home, the industry of financial inclusion, too, has undergone a paradigm shift in how it envisions the future of microfinance.

As a part of the Aavishkaar Group, Arohan is guided by the very elements of its being as it continues to evolve through time, assessing the shifts in customer experience goalposts and proactively catering to their needs of the future. The Company has used this opportunity to unlock potentialities for innovation that drives growth and enables value creation worthy of the future – the next normal.

Through this edition of Arohan's Annual Report, we bring to you the '**Elements of the Future**' that affirms our foundation for growth. With the industry, regulators, and the Government enabling us with the Space to grow, our robust business and operational process giving us a platform as solid as the Earth, our robust financials and scalable technology solutions being the Wind behind our wings, our quality functions as impactful as Fire, safeguarding us from deviations and aligning us to quality portfolio, and our various Human Resources and ESG initiatives that provide life not just to our employees, the internal stakeholders but also the communities we operate in, just as Water does.

Turn the leaves of this report to know more.







## KEY HIGHLIGHTS OF FY21-22

### AROHAN LAUNCHES THE 'APNA AROHAN' CUSTOMER APP

In a significant development in its digital journey, Arohan launched the 'ApnaArohan' Customer App, a 360° mobile app for millions of our customers. Equipped with regional language capabilities for our customers' comfort, the app allows our customers to get information on their existing loans, including eligibility checks for future loans, information about various cross-sale products, including insurance, and even allows our customers to pay their EMIs online directly through the app.

The app also provides our customers with an additional platform for customer service and connect directly to our field officers.

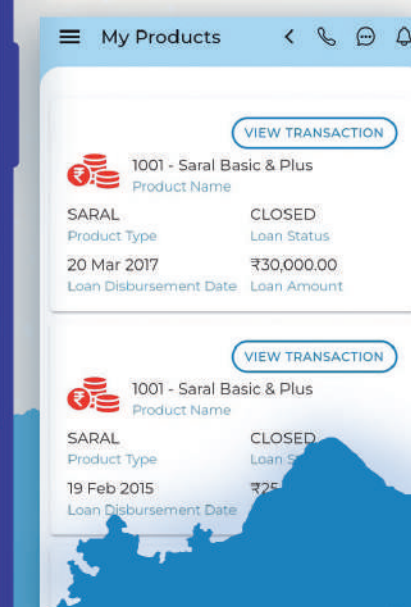
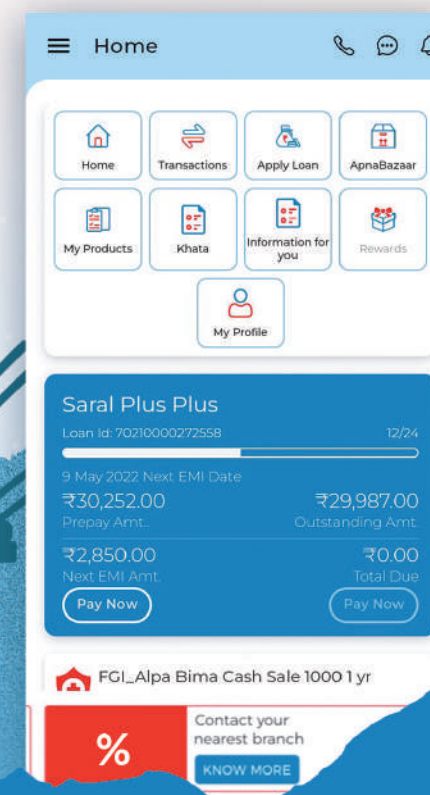
Arohan has been conferred with the '**Microfinance Company of the Year**' Award at the 3<sup>rd</sup> Annual BFSI Technology Excellence Awards programme, 2022 organised by Quantic for a successful track record of leading the transformation programmes that have significantly influenced the BFSI industry growth, especially during these trying times.



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## AROHAN RECOGNIZED AMONG THE 'TOP 25 SAFEST WORKPLACES IN INDIA'

In a notable achievement, Arohan Financial Services Limited has been recognized as one of the Top 25 Safest Workplaces in India by the KelpHR PoSH Awards®.

Arohan, with its robust HR practices and policies, along with strong employee grievance redressal platforms, aims to provide a psychologically and physically safe working environment for all its employees. This award is a special recognition for Arohan's efforts towards Prevention of Sexual Harassment, led by a robust POSH Internal Committee.

Arohan's Management is committed to providing a safe, inclusive and diverse work environment for all of its associates.







## AWARDS & CERTIFICATIONS

### ACCOLADES

- ▲ Top 25 Safest Workplaces in India by KelpHR
- ▲ “Microfinance Company of the Year” at the 3rd Annual BFSI Technology Excellence Awards programme 2022
- ▲ New Code of Work Awards 2021 in the Large Enterprise Category by PeopleStrong
- ▲ India's Best Workplaces in BFSI 2022 - by Great Place to Work® Institute
- ▲ 2021 Modern Governance 100 recipients in the Audit Excellence, Risk & Compliance Visionary and ESG & Diversity Trailblazer categories by Diligent

### CERTIFICATIONS

- ▲ Great Place to Work-Certified™ thrice in a row, by the Great Place To Work® Institute
- ▲ CARE MFI 1 Grading, highest on an 8-point scale, the fifth year in a row (2017/2018/2019/2020/2021)
- ▲ COCA Assessment score of C1, highest on a 5-point scale, the fourth year in a row (2018/2019/2020/2021)
- ▲ Credit Rating A-from ICRA and CARE (2016/2017/2018/2019/2020/2021)
- ▲ SMART Campaign Certification to award our client protection principle (2015, Recertified 2019 with a four-year validity)







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## CHAIRMAN'S ADDRESS



### Dear Friends and Shareholders,

The financial year 2021-22 has been another extraordinary year of opportunities and learnings for the Indian financial sector, amidst ensuing challenges arising from the pandemic. The interlinked nature of India's political and environmental fabric, along with the nation's growth appetite and macro-economic capacity have led to green shoots of an economic rebound.

The Government of India, along with the Reserve Bank of India, continue to provide opportunities to restore normalcy for millions of customers served by the Indian financial inclusion industry. As the impact of the global pandemic gradually becomes milder, the industry, with the support of the Regulators and the Government, scales its efforts on sustainable and inclusive growth in India. Arohan, as a leading financial inclusion player, has proactively reimaged and upgraded its operational processes, aided by efficient use of technology, in response to the evolving new normal. The post COVID-19 market opens the industry to untapped possibilities, and Arohan continues to remain focused on growth, turning challenges into opportunities, as always.

Access to credit and the role of microfinance institutions therein for strengthening the foundation of the socio-economic pyramid of India, the financially underserved segment, has been reinstated stronger than ever with the RBI's new guidelines on harmonization. The Reserve Bank of India, in March 2022, released a revised Regulatory Framework for Microfinance Loans, putting an end to regulated interest rates in the segment and harmonising micro-lending norms across banks and non-bank lenders. This signals a significant moment of arrival for the Indian microfinance industry, since the RBI, through this Master Direction, recognizes the maturity of the microfinance industry. This now shifts the onus of responsible lending to the players in the industry and Arohan, with its sharp focus on quality through robust Credit and Risk verticals, has gained a pole position in implementing the changes in credit and pricing norms, in the best interests of serving our customer base.

Arohan continues to steadfastly tread on its roadmap to digitalisation. We have now transitioned onto an e-documentation process to eliminate dependency on physical documentation. Our customer app, ApnaArohan, was launched over the previous

year to provide customers with a one-stop interface for loan applications, information retrieval & customer service - all in the comfort of her local language. Our in-house app for field agents, meraArohan, continues to be updated in order to empower and enable our staff serve our customers better. At Arohan, we believe that better customer experience means greater customer retention. We will continue to strengthen our state-of-the-art technology landscape, which has proven its merit time and again in establishing business growth and continuity.

While being 100% cashless in its disbursement process since 2018, Arohan is also steadily tuning its customers onto a cashless repayment structure. This enables customers to repay their EMIs through various digital payment gateways and cash-drop partner points in the vicinity of her home, her center or her workplace. We are committed towards furthering cashless repayment for our customers, and we will continue to pave the way towards 100% cashless repayments for all our customers in the near future.

Arohan has always considered its employees as one of the key stakeholders of its success and consequently invested in the development and overall well-being of its employees. I congratulate the Company on being Great Place to Work Certified™ thrice in a row. It indeed is a significant achievement and bears testimony of the Company's focus on enriched employee value propositions. It is also the focus of the Company, as a part of the Aavishkaar Group, to attain a natural state of gender equity

by the year 2030, and in that effort, Arohan has achieved a significant gender diversity ratio of 17% at the end of March 2022, among its employee base.

Over the last financial year, our Company decided not to go ahead with the proposed Initial Public Offering (IPO) in view of adverse external market sentiments. But we continued our fund raise efforts and successfully onboarded Piramal Alternatives as a Tier 2 investor with an INR 200 Cr infusion in March 2022. We will continue to drive our capital raise exercise, given the positive market sentiments today.

I appreciate and congratulate our Management for timely decisions and strong steering of the ship out of the storm, despite a challenging FY 2021-22. All the hard work truly adds value to the Company's Vision of impacting 20 million lives by 2025. In the present economic situation, future-proofing and future-readiness is significant to growth and sustainability and the management of Arohan has demonstrated strong leadership, making us one of the leading NBFC-MFIs in India today.

I continue to count on your support as I wish the team of Arohan the very best in their journey of empowering the socio-economic foundation of the country in the years ahead.

### WARM REGARDS,

**Dinesh Kumar Mittal**  
Chairman  
Board of Directors





## PROMOTER'S ADDRESS



**Dear Shareholders, Colleagues and Friends,**

We are delighted to share the Annual Report of Arohan Financial Services Limited, Non-Banking Finance Company – Micro Finance Institution, for FY2021-22. Post COVID-19, the world remains tumultuous and the dangerous clouds of war are queering the situation further. Amidst the challenging global macro-environment, we continue to move forward, trying to build an innovative and impactful business that would encourage our women borrowers to be powerful agents of change, not only for themselves and their families but also for the society at large.

As I had mentioned in my last year's address, our long term vision for Arohan is to evolve into a new-age technology-enabled digital financial inclusion platform that will enable millions of customers to participate in the economy of the future. I am extremely proud to share that Arohan is among the first Microfinance Institutions to receive approval from the Government of India to conduct Aadhaar-enabled eKYC in order to deliver a seamless verification process to millions of our customers, which is a real boost to our tech-stack capabilities. The support from the ecosystem and the government allows us to

deliver exceptional results for our borrowers and we are grateful to the authorities and delighted by the progress that has been made.

Our experience over the last two years has convinced us that we need to carefully study the implications of various external disruptions on the livelihood of our clients. While the impact of COVID-19 and the ensuing lockdowns were a stunning blow to our perfectly crafted world of micro-lending, its debilitating impact on the micro-ecosystems of livelihoods of the poor was an eye opener. A good microfinance ecosystem cannot exist without a significant understanding of potential disruptions that the livelihood of our clients may face, and designing products that mitigate those vulnerabilities.

As a part of senior management engagement, I had the privilege of spending some time with the best and the brightest at Arohan, where we collectively tried to reimagine our role as solution providers to the existing and potential challenges that our customers may be dealing with. We have identified climate change as one of the biggest challenges for mankind, and more importantly our customers, and have also decided to agree to pilot a Green Loan Product that would allow our borrowers to transition to a more sustainable livelihood

process, for example: a product that would shun firewood and help our customers move to either clean cook stoves or LPGs. The product design would allow our customers to benefit from the carbon credits being generated, reducing their obligation of interest on their loan, while also potentially generating residual value for her. Products like these, along with several other brilliant ideas, were the outcome of the deliberation, and that gives me the confidence that Arohan is deeply engaged in building a deep moat around its customer's livelihood, safeguarding them from the impacts of challenging externalities, which additionally and hopefully would be the best risk management strategy any institution can adopt.

Our hard work across various segments continue to result in awards and acknowledgement, and Arohan, having been recognized as the 'Microfinance Company of the Year' at the 3rd Annual BFSI Technology Excellence Awards Programme was a pleasant

conclusion to the year. Our leadership, under Mr. Manoj Nambiar, continue to keep us proud while steering us towards an impactful, technologically forward-looking and responsible institution of the future.

We can never close any address without being grateful to our investors, each one of whom have played an important role in shaping Arohan as the tall institution it is. I would conclude by thanking our borrowers, each one of the nearly 19 Lakh of these women who are the foundation of the socio-economic pyramid of the country, who inspire us with their commitment and dedication and whose strong shoulders support over 7,000 of our employees year after year - protecting their interest remains at the centre of our motto.

**WITH WARM REGARDS,**

**Vineet Rai**  
**Founder and Chairman,**  
**Aavishkaar Group**







## MANAGING DIRECTOR'S ADDRESS



### Greetings,

I am delighted to connect with you again through the Arohan Annual Report for the Financial Year 2021-22 and sincerely hope that you and your loved ones are doing well as we exit the pandemic and get back to normalcy. I will discuss the key developments of last year and how we look forward to the new financial year with a comprehensive update to all of you.

Our DRHP application to SEBI, which was filed in February 2021, was approved with a ticket for an Initial Public Offering (IPO) valid for a year till April 2022. Just as we thought that the COVID-19 pandemic was behind us, we were struck by Wave II in the middle of April 2021 - with localised lockdowns based on state-specific restrictions. The Reserve Bank of India, our regulator, did not announce any moratorium like in the year 2020 but responded with the Resolution Package 2.0 to help standard borrowers avoid becoming a Non Performing Asset (NPA) by lowering of their monthly repayment obligations to lenders. Our IPO road show presentations were received well with an anchor investor and two bancassurance partners confirming their participation. Unfortunately, the aftermath of the second wave of the pandemic and the

differences in accounting and provisioning methodology across banks and non-banks made potential investors put their decisions on hold for most part of the last year.

Assam, which was one of the best states in the country for microfinance business till the year 2019, had experienced local activism in 2020, leading to demands of a loan waiver during the state elections in early 2021. Under the inspirational leadership of the new Chief Minister, the first cabinet decision was to address the microfinance issue in the state. The sector, led by Microfinance Institutions Network (MFIN), our industry Self-Regulatory Organization, was able to work with the state MFI Committee, the Reserve Bank of India, and all the lenders to detail out an incentive and relief package for the government to announce as the Assam Microfinance Incentive and Relief Scheme (AMFIRS) 2021. This is the first ever microfinance package across India and has been rolled out across three categories with incentives for regular borrowers and support for overdue and NPA customers as of March 2021. Once the scheme is fully implemented over the period 2021-2023, it is widely expected to get the state back to normalcy in operations with regards to microfinance. I am honoured to be the Lead of the Steering



Committee of the 39 Microfinance Institution lenders in Assam, working with the honourable Chief Minister and his dedicated team to make this a success.

With the aim to get feedback from all stakeholders and make microfinance operations better, the Reserve Bank of India released a Consultative Document on regulation of Microfinance in June 2021. Following this, the central bank announced the new MFI Regulations in March 2022, heralding a paradigm shift in the norms, especially for NBFC-MFIs like us. In my opinion, this is the dawn of MFI Version 3.0, starting April 2022. Widely seen as the Reserve Bank of India's move to support the Government of India's (GoI) focus on Financial Inclusion, the new regulation lays out a level-playing field on credit guidelines, as well as on pricing for risk and costs across entities. Industry observers and practitioners see this as a hugely positive move that will go a long way in the sector trebling from the current INR 2,50,000 Cr portfolio outstanding across 60 million end clients over the next 3 to 5 years with the support of the credit bureaus, Jan Dhan-Aadhaar-Mobile (JAM) trinity, IT-enablement, and the leading efforts of lenders and investors.

Although, Arohan took a conservative approach to business last year with a focus on collections, we ensured that our regular borrowers were provided with the credit they needed and deserved. We continued with our focus on adding to the management

bench strength and successfully onboarded a new Chief Business Officer to steer our organization towards the next phase of growth. Our field teams deserve recognition for handling the difficult external conditions of the pandemic, cyclones, elections, local restrictions and lockdowns amongst others, in which they had to meet customers and manage customer relationships.

Our unique 3 pillar quality approach with Branch Operations & Quality, Internal Audit and Risk Management based on the foundation of a strong Credit Underwriting vertical, have kept us in good stead as we navigated through the pandemic, while preparing for normalcy. With new initiatives and fine-tuned processes, our quality functions will always be the steel frame when we scale up and grow. Our five-year Vision plan of 20 by 2025 will need an additional year to make up for lost time during the pandemic.

We feel proud that Arohan is the first FinTech MFI in India with the implementation of a full IT road map - paperless origination, a first-in-the-sector credit scoring model under beta testing, the Core Banking System on which we onboard loans, our comprehensive MeraArohan app for the field staff, the Sanjaya field tracking portal, the ApnaBazaar Cross Sell app and the newly launched ApnaArohan app for the customers - from where one can review her loan account, raise a service request and also make a cashless payments through the inbuilt gateway. The final icing on the cake has been Arohan becoming one





of the first NBFC-MFIs to receive approval from the Reserve Bank of India, UIDAI & the Government of India to use Aadhaar for eKYC verification for our borrowers, vide a gazette notification released in April 2022. With this foundation, we now look forward to launching the first virtual branch in the microfinance industry space soon.

Our Funding vertical managed to ensure strong relationships with our lenders in a difficult time, including enhancing our lines of credit, while our Accounts vertical efficiently managed cash flows and finances and the audit process. Our Compliance and Legal verticals not only played a key role, especially in ensuring alignment to regulatory requirements in line with our IPO road map, but also helped manage the new and unique Recovery vertical set up with a 3C approach of Connect, Collect & Correct. Our Product, Process and Alliances vertical enlarges the scope of our business through Cross Sell, Inorganic channel, and innovative offerings, such as, the 'Sahbhaagi' programme – a first in the industry programme for our borrowers to recognise centre discipline, and the proposed "Khaas" programme – which aims to bring a differentiated low touch model for used-to-credit regular borrowers.

Our Human Resource, Administration & Training verticals continue to successfully manage a diverse and growing employee base of over 7,000 employees across 14 states and 740 branches, ensuring a strong support to help business happen. Our Corporate Social Responsibility activities have always strived to add value while supporting the communities in which we operate on the ground.

In FY2021-22, Arohan got recognized as the 'Microfinance Company of the Year' at the 3rd Annual BFSI Technology Excellence Awards programme, 2022 organised by Quantic. Additionally, our Internal Audit unit completed surveillance audit under the ISO 9001:2015 by the British Standard Institute. In our focused efforts on creating a natural state of gender equity, we have achieved a gender diversity ratio of 17% plus at the end of March 2022, among our employee base. I am also delighted to inform you that we have been recognized again as a Great Place to Work-Certified™ company thrice in a row, in March 2022, while being one of the best Companies to Work for in the BFSI space. In addition, our efforts in the Prevention of Sexual Harassment at the workplace have won us the recognition of being one of the Top 25 Safest Workplaces in India by the KelpHR PoSH Awards® and we have also won the New Code of Work Awards in Large Category by PeopleStrong and AMFI Awards for Best Risk Management initiative. Three of our Executive Committee members have also been recognised for 2021 Modern Governance Standards.

Given that lakhs of people (estimates vary from 500 to 2,500 lakh) in India have been pushed back into poverty as an aftermath of the pandemic, providing credit to the bottom line in an efficient manner becomes key as we move back to normalcy. Microfinance can play a significant role in this aspect of nation-building, especially at the bottom of the socio-economic pyramid.

In FY2022-23, our key focus areas will be to continue our efforts on strengthening our portfolio quality, be the best in the markets in which we operate, grow our credit portfolio outstanding with the positive RBI regulations, strive to get Assam portfolio back on track with AMFIRS 2021 initiative, and complete our growth capital raise between internal and external rounds.

I wish to profusely thank our Government for its focus on Financial Inclusion, the Reserve Bank of India for its progressive policies, our investors and lenders for their continued support, our esteemed Board for their guidance, MFIN - our SRO, for building

credibility for the sector, our Promoter group - Aavishkaar, for their credibility and understanding in the space, our 7,000 plus employees for their hard work and dedication and last but surely not the least our nearly 19 Lakh borrowers for trusting us to serve them with our products and services.

**WITH GOOD WISHES FOR A  
GREAT YEAR AHEAD,**

**Manoj Kumar Nambiar  
Managing Director,  
Arohan Financial Services Limited**





## CORPORATE INFORMATION

### INDEPENDENT AND NOMINEE DIRECTORS

**Mr. Dinesh Kumar Mittal**

Chairman of the Board & Independent Director

**Mr. Rajat Mohan Nag**

Independent Director

**Mr. Sumantra Banerjee**

Independent Director

**Ms. Matangi Gowrishankar**

Independent Director

**Mr. Vineet Chandra Rai**

Promoter Nominee Director

**Mr. Anurag Agrawal**

Promoter Nominee Director

**Mr. Piyush Goenka**

Nominee Director

**Mr. Wilhemus Marthinus  
Maria Van Der Beek**

Nominee Director

**Mr. Shree Ram Meena**

Nominee Director

**Mr. Kasper Svarrer\***

Nominee Director

**Mr. David Arturo Paradiso\*\***

Additional Director

**Mr. Paul Gratien Robine**

Nominee Director

**Mr. Manoj Kumar Narayan Nambiar**

Managing Director

\* Vacated his office of directorship w.e.f.  
May 11, 2022

\*\* Appointed as an Additional Director w.e.f.  
May 11, 2022

### MANAGEMENT REPRESENTATIVES

**Mr. Manoj Kumar Narayan Nambiar**

Managing Director

**Mr. Milind Nare**

Chief Financial Officer

**Mr. Bharath Sondur**

Chief Business Officer

**Mr. Ranjan Das**

Chief Risk Officer

**Mr. Anirudh Singh G. Thakur**

Head of Legal, Compliance & Company Secretary

**Mr. Harshavardhan Patnaik**

Head of Branch Operations & Quality

**Mr. Prashant Rai**

Head of HR, Admin, CSR & Training

**Mr. Arvind Murarka**

Head of Information Technology

**Mr. Abin Mukhopadhyay**

Head of Internal Audit

**Mr. Shailesh Kumar**

Head of Credit

**Ms. Reema Mukherjee**

Head of Strategic Initiatives & Corporate Communications

**Mr. Ketan Agrawal**

Head of Accounts

**Mr. Vinod Pandey**

Head of Central Operations

**Mr. Rajesh Kumar**

Deputy Business Head

**Mr. Joyanta Bakali**

Deputy Business Head

### 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](mailto:compliance@arohan.in)  
Website: [www.arohan.in](http://www.arohan.in)

### AUDITORS

**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

\*MSKA & Associates, Chartered Accountants, has  
been appointed as new Statutory Auditors of the  
Company to fill casual vacancy which is occurred w.r.t  
RBI Guidelines.

### CORPORATE IDENTITY NUMBER

**U74140WB1991PLC053189**

### REGISTRAR AND TRANSFER AGENTS

**Link Intime India Private Limited**  
C-101, 1st Floor, 247 Park, L.B.S Marg,  
Vikhroli (West) Mumbai – 400083,  
Maharashtra, India

### SECRETARIAL AUDITOR

**S Basu & Associates**  
Alapan Apartment, 3rd Floor,  
10/6/2 Raja Rammohan Roy Road  
Kolkata -700008, West Bengal, India





## DIGITALLY ADVANCED LEADING NBFC-MFI WITH A STRONG ESG FOCUS

Arohan is a leading, digitally advanced NBFC-MFI in India committed to sustainable business practices ensuring future-readiness through a well-knitted Environment, Social and Governance (ESG) model.










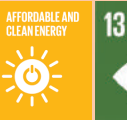

At Arohan, Customer Value Creation has been the cornerstone for enabling the Company's mission for sustainable scale and growth, fueled by prudent and future-ready investment in Technology and Human Capital. While serving millions of customers from inception till date, Arohan has tracked significant metrics and data points about our customers' behaviour, backgrounds, lifestyles, socio-economic parameters, banking and financial habits, occupation and livelihoods and their ever-evolving financial needs.

Therefore, the use of technology to advance and scale its ESG focus, and derive greater cost and management efficiencies across the business functions is a core element of Arohan's operations.







Input	Business Flow	Output	SDG Linkage
<p><b>Strong Financials</b></p> <p>Arohan stands tall, backed by strong financials, despite the two years of disruption that the industry suffered due to the global pandemic. This enables the Company to operate through a well-diversified business model, ensuring sustainable growth for the future.</p> <p><b>Equity:</b> INR 1,02,348.09 Lakhs</p> <p><b>Debt:</b> INR 4,12,726.14 Lakhs</p>	<p>Opening operations in financially unpenetrated, Low Income States of the Country through a data-enabled geography screening.</p> <p>↓</p>	<p>a. <b>Revenue:</b> INR 92,042.60 Lakhs</p> <p>b. <b>PAT:</b> INR 6,095.03 Lakhs</p>	
<p><b>Process Innovation</b></p> <p>Arohan's investment in technology and human capital allows it to align its processes to one of the Key Values of the Company Innovation. The Company's industry-leading innovations, which enables the Company to provide seamless Customer Experience, have been recognized and rewarded across multiple industry forums.</p>	<p>Sourcing of Loans in a paperless manner through a mobility platform and Apna Bazaar, in-house cross-sell sourcing app.</p> <p>↓</p>	<p>a. <b>Branch:</b> 740</p> <p>b. <b>Customers:</b> 18.6 Lakh</p> <p>c. <b>Data-enabled processes:</b> Real-time field monitoring through Sanjaya, Real-time customer engagement through Apna Arohan Customer App, Centralized loan management through meraArohan app, Paperless Sourcing, Cashless Disbursals and Digital Collections.</p>	
<p><b>Strengthening Human Capital</b></p> <p>Arohan's stellar Board, strong management and a rich resource of human capital allows the Company to maintain robust operational processes, generate livelihood at the grass-root levels and stay ahead of the learning curve. The Company is also aligned to build an inclusive and diverse workplace with a natural gender ratio of 50:50 by the year 2030.</p> <p><b>Total Headcount: 7160</b></p> <p><b>Percentage of field employees, most of whom start their career with Arohan: ~80%</b></p>	<p>Training and Financial Literacy of Customers</p> <p>↓</p> <p>E-Signing of Document, followed by Quality Check at the Central HUB.</p> <p>↓</p>	<p>a. <b>Great Place to Work-Certified™</b> thrice in a row</p> <p>b. <b>Diversity ratio:</b> 17.22%</p> <p>c. <b>Recognized as Top 25 Safest Workplaces in India</b></p>	  
<p><b>Strong Customer-Centricity</b></p> <p>Arohan's investment in building credit and credit plus relationships with its customers, while also aligning to regulatory guidelines have enabled the Company to establish strong customer-centricity. The Company offers a suite of products and services to not just its customers, but also their entire family enabling them with the power of choice and the know-how to make informed decisions.</p> <p><b>Total Number of Households impacted: 45.2 Lakhs</b></p> <p><b>Customer Retention Rate: ~81%</b></p> <p><b>Languages available in Customer App: 5</b></p>	<p>Cashless Loan Disbursals, through a state-of-the-art Loan Management System</p> <p>↓</p> <p>Cashless Collections</p> <p>↓</p>	<p>a. <b>SMART campaign</b> Recertified</p> <p>b. <b>COCA Assessment score of C1</b>, highest on a 5-point scale, the fourth year in a row</p>	 
<p><b>Value Creation beyond Credit</b></p> <p>Arohan, through its social and credit plus initiatives for its customers and communities, focuses on creating a triple bottom-line effect impacting people, planet and profit.</p>	<p>Re-engagement with customers and the communities we serve through social initiatives and follow-up loans</p>	<p>a. <b>Total lives impacted through Corporate Social Responsibility initiatives: 7 Lakhs</b></p> <p>b. <b>UNFCC certified emission reductions (CERs) generated: 67,363 tCO2</b> ( as of March 31, 2022)</p>	   





## MISSION

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

## VISION

To impact over 20 million lives by 2025

### 20 BY 2025

Aspiring to be in the Top 3 FI players while covering over 5 million households with an INR 25,000 Cr portfolio and being in the Top 3 places to work by 2025

## 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. All the information is communicated to them in a manner which is clear, sufficient and timely so that our clients can easily understand and make informed decision. 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 organization, 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 effectively and efficiently and behave in a dignified and respectful manner with its customers at all times.

### Shareholder Value Focus:

Arohan recognizes 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.





## FINANCIAL HIGHLIGHTS

### Key Financial Metrics



Revenue:  
**INR 92,043 Lakhs**



Gross Profits:  
**INR 8,294 Lakhs**



Net Worth:  
**INR 1,02,348 Lakhs**



Funds Drawn:  
**INR 3,05,062 Lakhs**



Cash and Cash Equivalent:  
**INR 95,363 Lakhs**

### Key Financial Ratios



Cost of borrowing  
**10.69%**



Fee income  
(as a % age of  
total income):  
**4.53%**



Capital  
Adequacy Ratio:  
**34.58%**

## OPERATIONAL HIGHLIGHTS



Customer Strength:  
**18.64 Lakhs**



Branch:  
**740 Microfinance Branch**



Districts:  
**225**



States:  
**14**



Disbursement for  
FY 22:  
**INR 3,858.97 Crores**



Gross Loan Portfolio:  
**INR 4,121.92 Crores**



Employee  
Strength:  
**7,160**

### Digital Transactions



Disbursement:  
**INR 3,858.97 Crores**



Collection:  
**INR 230.38 Crores**



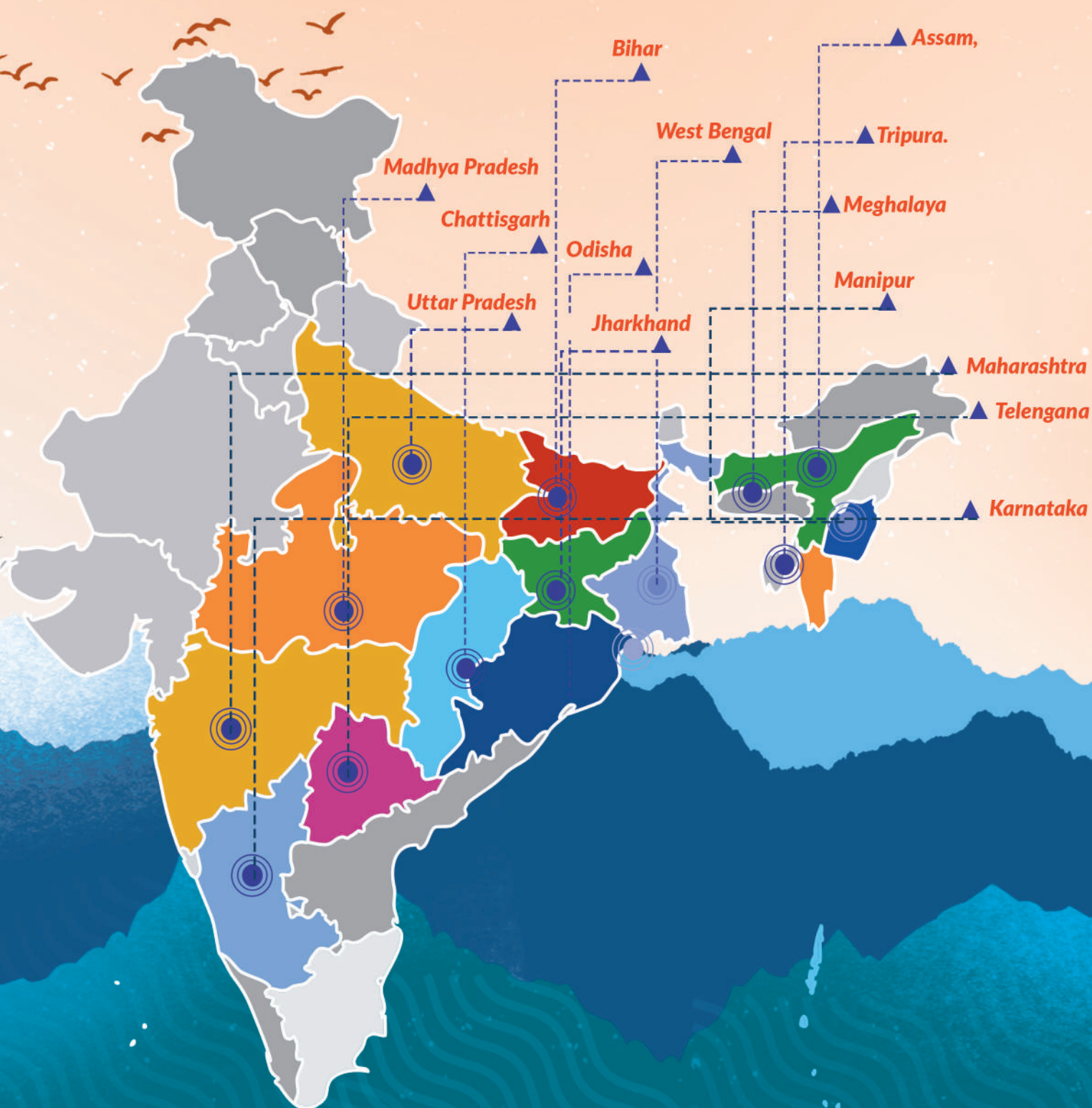


## WIDE GEOGRAPHIC PRESENCE WITH A SHARP FOCUS ON FINANCIALLY UNDER-PENETATED AND LOW INCOME STATE PENETRATION

With a robust management team, Arohan has been a thought leader in the industry and has since its very early years focused upon its guiding Vision of reaching out to underserved customers in low income geographies. This has been a cornerstone throughout the organization's growth journey, which has helped fuel a culture of innovation while serving customers' many financial needs.

A scientific and data-driven methodology is adopted for the selection of new markets with measured exposure limits. Overall, the Company's geographical risk is managed by a well-diversified business model to mitigate socio-economic, political and environmental risks. As of March 31, 2022, the Company's business is present in **14** states of **Assam, Bihar, Chattisgarh, Jharkhand, Karnataka, West Bengal, Odisha, Maharashtra, Meghalaya, Manipur, Uttar Pradesh, Telengana, Madhya Pradesh, Tripura.**

In line with its Mission to empower underserved households, Arohan intends to expand to other low income and financially under-penetrated or moderately-penetrated states in India, like Rajasthan, Haryana, Punjab and Uttarakhand through organic means, by opening new branches in regions contiguous operationally to current districts of operations; and through inorganic means by partnering with other local MFIs working in these geographies. The Company also intends to consider Merger & Acquisition opportunities for product and geographic diversification and further strengthening of the Company's portfolio.







## STRONG DIGITAL PRESENCE MANAGED THROUGH AN INDUSTRY-LEADING IT LANDSCAPE

Arohan is a digitally advanced NBFC-MFI and has built a robust Technology backbone, which has enabled connectivity and continuity of all business processes in the past, while also laying the foundation for innovation and scalability for the future. Scalable practices and successful implementation thereof, promises growth fueled by technology, optimizing operational and cost efficiencies for the future at Arohan.

With a sharp focus on furthering its Digital Roadmap, Arohan has improved its customer touchpoints manifold with multiple options of digitalized repayments, introduction of a fully integrated Customer App called Apna Arohan, and eliminating its dependency on physical documentation with the use of digital paperwork to drive financial inclusion by making loan disbursements faster, safer and easier.







## PRODUCT OFFERINGS

Arohan offers a broad range of products to customers, broadly classified as credit and non-credit products. Arohan's credit products include income generating loans and other loan products for various household purposes. Non-credit products provided to customers include life and health insurance covers, including additional cover for COVID-19, issued and underwritten by leading Indian insurance companies with whom the Company has entered into partnerships, along with facilitation for various lifestyle improvement products like mobile phones, refrigerators, pressure cooker, television, mixer grinder, induction cooktop etc. Arohan also offers term loans to small Micro-Finance Institutions for onward lending to customers at the base of the pyramid.

Arohan is one of the very few microfinance organizations to provide loans of amounts ranging from INR 10,000 to INR 25 Cr, including Term Loans to small MFIs operating in remote parts of various Low Income States or financially underpenetrated states in India. This allows the Company to cater to the credit needs of a wide range of customers, across the bottom half of the socio-economic pyramid, while also adding innovative products to its suite, creating sustainable market advantage.

### CORE PRODUCTS

Name	Customer Profile	Loan Size	Loan Tenure
Saral	Catering to women residing in low income areas, generally involved in trade & services for income generation purposes.	INR 10,000 - 50,000	12 - 24 months
Bazaar	Loans to address the working capital needs of small businesses operating out of authorised market places or clusters of shops organised under a traders' association. Includes predominantly male customers.	INR 15,000 - 50,000	12 - 24 months

### SECONDARY PRODUCTS

Name	Insurance Coverage/ Loan Amount	Loan Tenure
Tatkal Loan	INR 18,000	12 Months
Sanitation Loan	INR 15,100	12-24 Months
Cross-Sell Products	INR 20,000	3-18 Months

### OTHER PRODUCTS

Product Category	Customer Profile	Insurance Coverage	Tenure
Insurance (offered through tieups with certain Indian insurance companies)	Term Life Insurance	Coverage is equal to loan amount disbursed to customer	Loan Term + 2 months
	Health Insurance (including COVID-19 coverage)	INR 500, INR 1,000, INR 1,500 per day for normal hospitalisation up to 30 days and INR 1,000 INR 2,000, INR 3,000 day for ICU hospitalisation up to 20 days in a year riders include Critical Illness benefit of INR 50,000 and Personal Accident benefit of INR 100,000	12/24 months
Loans to Small MFIs	Term Loans	INR 25 Cr	12-36 months



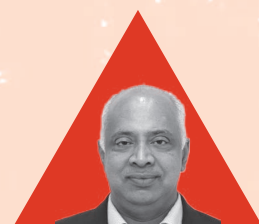


## BOARD OF DIRECTORS' PROFILE



### 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 Bharti Airtel, Trident Industries, Max Financial Services, HSBC MF AMC.



### MANOJ KUMAR NARAYAN NAMBIAR

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 the Company with effect from October 3, 2012 when the Aavishkaar Group became the institutional promoter. He holds a Bachelor's degree in Mechanical Engineering from VJTI Mumbai and a Master's degree in Management Studies from the JBIMS,

University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, Boston USA and has also successfully completed "Strategem – Strategy Meets Leadership" Programme from INSEAD, Fontainebleau, France. Previously, he has worked with 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, KSA and Ahli Bank Oman. He has been on the governing board of MFIN, the Self-Regulatory Organization for NBFC-MFIs recognized by the RBI, for 6 years including as the President/Chairman in 2015/16, 2019/20 and 2020/21. He is currently the Lead of the Steering Committee of 39 MFI lenders in Assam working with the state government on AMFIRS'21.



### VINEET CHANDRA RAI

Vineet Chandra Rai is a Non-Executive Nominee Director of the Company. He was nominated to Arohan's Board by AVMS. He has been a Director since October 24, 2013. He holds a Post Graduate Diploma in Forestry Management from the Indian Institute of Forest Management, Bhopal. Additionally, he 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 recognition of 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.



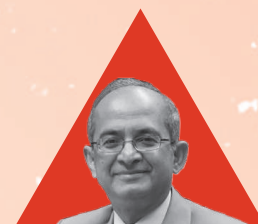
### MATANGI GOWRISHANKAR

Matangi Gowrishankar is a Non-Executive Independent Director of the Company. She has been a Director since August 22, 2016. She holds a Bachelor's degree in Sociology from the University of Madras, Chennai and Honours Diploma in Industrial Relations and Welfare from Xavier Labour Relations Institute, Jamshedpur. She has worked with organizations like Standard Chartered Bank and Cummins India Limited, both in India and overseas. She has also worked with BP India Services Private Limited where she held the position of Director, Leadership Academy. She is also a Director on the Boards of other companies in India.



### 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 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.



### 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 recognized as a Distinguished Professor at the Emerging Markets Institute at Beijing Normal University, as well as a member of several non-profit organizations, including Action for Autism. Previously, he has served as the Managing Director General of the Asian Development Bank from 2006 to 2013.



### 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.



### ANURAG AGRAWAL

Anurag Agrawal is a Non-Executive 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 the Chief Operating Officer of one of our Promoters, AVMS. Previously, he has worked with ICICI Bank Limited.





#### PIYUSH GOENKA

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. At Tano, he is responsible for making investments across a wide range of sectors and has led most of Tano's investments in the consumer, pharmaceuticals and financial services sectors. Prior to joining Tano, he worked with Infrastructure Leasing & Financial Services Limited, Export-Import Bank of India and First Global.



#### SHRI RAM MEENA

Shri Ram Meena 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 15, 2019. He holds a Bachelor's degree in Commerce and a Master's degree in Economics from the University of Rajasthan. He is also a member of the Indian Institute of Banking and Finance and has passed the requisite CAIIB examination of the institute. He joined SIDBI in December 1996 as an Assistant Manager and is presently the Deputy General Manager at the Regional Office of SIDBI, Guwahati.



#### KASPER SVARRER

Kasper Svarrer is a Non-Executive Nominee Director of the Company. He was nominated to Arohan's Board of Directors by Maj Invest. He has been a Director since March 31, 2017. He holds a Bachelor's degree in Forestry from Royal Veterinary and Agricultural

University, Copenhagen and a Master's degree in Business Administration from Henley Business School, University of Reading, United Kingdom. He also holds a certificate on International Business Management from Georgetown University, USA. He has been with the Maj Invest group since 2009 and is the Managing Partner, Financial Inclusion, at Maj Invest Equity A/S and Fondsmæglerselskabet Maj Invest A/S, and also represents the funds on the board of directors of Microcred S.A.S., a portfolio company. Previously, he has worked at the World Bank.



#### PAUL GRATIEN ROBINE

Paul Gratien Robine is a Non-Executive Nominee Director of the Company. He was nominated to Arohan's Board of Directors by TR Capital. He has been a Director since March 18, 2019. He holds a Diploma from EDHEC Business School, France. He is the Founding Partner and Chief Executive Officer of TR Capital and is responsible for all investment and divestment decisions made at the firm, as well as its strategic direction. He has been responsible for the investment activity of TR Capital since 2007. He currently serves as a board member in a number of TR Capital's investee companies.



#### DAVID ARTURO PARADISO

David Arturo Paradiso is Additional Director of the company since May 11, 2022. He was nominated to Arohan's Board of Directors by Maj Invest. He holds an MBA focused on finance, international business and venture capital/private equity from Brigham Young University (US) and Strategic Leadership on Inclusive Finance from Harvard University. He has more than 15 years of international experience managing finance operations, private equity and venture capital in the US, Asia and Latin America. He has been with the Maj Invest group since 2015 and is the Partner, Financial Inclusion, at Maj Invest Equity International focusing on Asia and Africa.

## MANAGEMENT PROFILE



#### MANOJ KUMAR NARAYAN NAMBIAR

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 the Company with effect from October 3, 2012 when the Aavishkaar Group became the institutional promoter. He holds a Bachelor's degree in Mechanical Engineering from VJTI Mumbai and a Master's degree in Management Studies from the JBIMS, University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, Boston USA and has also successfully completed "Strategem - Strategy Meets Leadership" Programme from INSEAD, Fontainebleau, France. Previously, he has worked with 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, KSA and Ahli Bank Oman. He has been on the governing board of MFIN, the Self-Regulatory Organization for NBFC-MFIs recognized by the RBI, for 6 years including as the President/Chairman in 2015/16, 2019/20 and 2020/21. He is currently the Lead of the Steering Committee of 39 MFI lenders in Assam working with the state government on AMFIRS'21.



#### MILIND RAMCHANDRA NARE

Milind Ramchandra Nare is the Chief Financial Officer 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 23 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.



#### BHARATH SONDUR

Bharath Sondur is the Chief Business Officer and has been associated with the Company since December 2021. He holds a Bachelor's degree in Science from Kuvempu University, Karnataka and a Post Graduate Diploma in Computer Applications from SRNM College of Applied Sciences, Karnataka. He has also completed a Strategy meets Leadership Program from INSEAD Singapore and short-term leadership program from INSEAD Fontainebleau, Paris. He is a career banking and finance professional with over 28 years of experience spanning both assets and liabilities, in microfinance as well as in a bank environment. He is responsible for the end-to-end business at Arohan, from strategic and tactical perspectives covering products, distribution, planning, as well as alliances. Prior to joining the Company, he has worked with Suryoday Small Finance Bank as the Executive Vice President and Chief Business Officer and other companies including State Bank of Travancore, Global Trust Bank, HDFC Bank, ING Vysya Bank, Bank of Bahrain & Kuwait, IndusInd Bank, and Jana Small Finance Bank (erstwhile Janalakshmi Financial Services).





#### 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 21 years of experience in the BFSI sector. He is responsible for the overall risk management and control, risk analytics, credit and product policy approvals, credit underwriting and portfolio risk analytics of the Company. Prior to joining the Company, he has worked with Magma Fincorp Limited, Citicorp Finance (India) Limited and Indian Container Leasing Company Limited.



#### SHAILESH KUMAR

Shailesh Kumar is the Head of Credit and has been associated with the Company since April 1, 2018. He holds a bachelor's

degree (honours) in English from Babasaheb Bhimrao Ambedkar Bihar University. He has approximately 21 years of experience across various functions of banking. He is responsible for formulating all credit policies and underwriting of all business and also responsible for portfolio monitoring and good quality of all businesses. Prior to joining the Company, he has worked with ICICI Bank Limited and the State Bank of India.



#### ANIRUDH SINGH G. THAKUR

Anirudh Singh G. Thakur is the Head - Legal, Compliance and Company Secretary and has been

associated with the Company with effect from October 1, 2017. He holds a Bachelor's degree in Science 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 21 years of experience in corporate law, commercial law, compliance 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, Intelenet 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.



#### HARSHAVARDHAN PATNAIK

Harsh Patnaik is the Head of Branch Operations and Quality and has been associated with the

Company since October 14, 2016. He holds a post-graduate diploma in rural management from the Institute of Rural Management Anand. He has over 28 years of work experience in BFSI, FMCG, and Rural/Social Consulting. He is responsible for enhancing operating efficiency; internal control and quality at all operating units; supervising the quality agenda of the microfinance business in its entirety. Prior to joining the Company, he has worked at Sahaj e-Village Limited, Britannia Industries, Reliance Retail, ITC, IFFCO-Tokio General Insurance, ActionAid, and TTK Healthcare.



#### ABIN MUKHOPADHYAY

Abin Mukhopadhyay is the Head of Internal Audit and has been associated with the Company since July 1, 2015. He is a qualified

Chartered Accountant and a member of the Institute of Chartered Accountants of India. He is also a Chartered Management Accountant (admitted as an associate of the Chartered

Institute of Management Accountants), a certified Information Systems Auditor (as certified by the Information Systems Audit and Control Association), a certified Fraud Examiner (as certified by the Association of Certified Fraud Examiners) and an associate of the Insurance Institute of India. He has over 21 years of experience in audit, accounting and management. He is responsible for giving assurance on the internal control arrangements and promoting good corporate governance in the Company. Prior to joining the Company, he has worked with Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited and Gumazol Rubber-Tec GmbH.



#### ARVIND MURARKA

Arvind Murarka is the Head of Information Technology 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 the course titled 'Data Analytics Essentials' from the National Institute of Information Technology, New Delhi. He has experience of over 28 years across multiple industries including information technology consulting, healthcare, infrastructure, food processing, and retail. He is responsible for overseeing the infrastructure of technical operations, tracking the technology and the information technology team to achieve goals, meet quotas, eliminate security risks, increase user satisfaction and maintain information technology infrastructure, operations and systems/ application. He holds a Bachelor's degree in Commerce from Calcutta University. 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.



#### PRASHANT RAI

Prashant Rai is the Senior - Vice President-Head of Human Resources, Admin, Training and CSR and has been associated

with the Company since October 28, 2015. He holds a PGDBM-HR from EMPI business school, New Delhi and a Master's degree in Science from Sikkim Manipal University. He is accredited as an internationally certified user of Thomas International Limited's "Personal Profile Analysis" and its related instruments by Thomas International and has also completed a certification in 'Growth Leadership Masterclass' from Korn/Ferry International. He has also completed the requirements to be recognized as an Assessor for the Confederation of Indian Industry - National HR Excellence Award. He has also completed the transactional analysis 101 course offered by the International Transactional Analysis Association and is a life member of the Indian Society for Training & Development, New Delhi. He has approximately 16 years of experience in training and development, talent management and leadership development. He is responsible for the smooth and profitable operation of the department, supervision and providing consultation to management on strategic staffing plans, compensation, benefits, training and development, budgeting and other related activities of the Company. Prior to joining the Company, he has worked with Srei Infrastructure Finance Limited, Voltas Limited, Wacker Metroark Chemicals Private Limited and Artefact Software and Finance Limited.



#### REEMA MUKHERJEE

Reema Mukherjee is the Head of Strategic Initiatives & Corporate Communications and has been associated with the Company since

March 2020. She holds a Post Graduate Diploma in Management (PGDM) 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 also been awarded the Citi Woman Leader Award from Citibank for Leadership and Excellence. She has about 12 years of work experience across Finance, Operations and Business Development. She is responsible for all strategic programmes and projects, including capital raise, investor relations, corporate communications, inorganic growth opportunities and performance management with a focus on key business metrics. Prior to joining the Company, she has worked with Amazon Web Services and Ingram Micro, both based out of the US, Dhandho Holdings, Vellvette Lifestyle and Xoriant Solutions in India, as well as in Barclays Capital Asia Limited in Hong Kong.



#### 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 19 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.



#### RAJESH KUMAR

Rajesh Kumar is a Deputy Business Head, supervising operations for Zone 2 of Bihar & Jharkhand, Zone 5 of Uttar Pradesh, and

Zone 6 of Madhya Pradesh & Chhatisgarh of Arohan's operational geographies and has been associated with the Company since June 2020. Rajesh is a gold medalist, Master of Business Administration in Rural Management from Institute of Rural Management, Anand

(IRMA) and has completed a one-year Post Graduate Executive Program in Applied Finance from IIM Calcutta. He has over 19 years of diversified experience spanning Retail and Banking Functions, Microfinance Operations, and Consulting activities. Prior to joining the Company, he has worked with Jana Small Finance Bank, Share Microfin Ltd, Intellectash Ltd, Reliance Capital, ICICI Bank and Basix.



#### JOYANTA BAKALI

Joyanta Bakali is a Deputy Business Head and currently handles the largest portfolio in Arohan, supervising operations for Zone 1 of

Bengal, Zone 3 of Assam, Tripura & Meghalaya, and Zone 4 of Odisha 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 16 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 the Head of Central Operations & Alliances 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 18 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.





## INVESTOR PROFILE

### PROMOTER



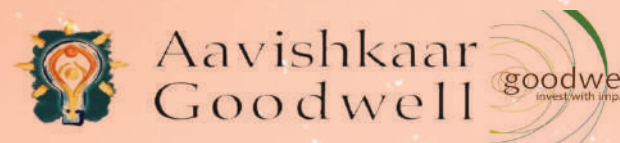
#### Aavishkaar Group

The Aavishkaar Group are global pioneers 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 7,000+ employees present across India, Indonesia, Bangladesh and Kenya.

The Group's ecosystems include 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.

The Group's shareholders include TIAA-Nuveen, Triodos Bank, Shell Foundation and Dutch Entrepreneurial Development Bank, FMO. The 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 Goodwill India Microfinance Development Company II Ltd

Aavishkaar Goodwill 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 Goodwill is a joint initiative of the teams behind Dutch social investment firm Goodwell Investments and Aavishkaar India, the world's first for-profit micro venture capital fund.



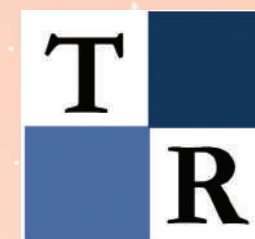
#### Tano India Private Equity Fund II

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

#### Maj Invest Financial Inclusion Fund II K/S

Maj Invest is a Danish asset management company with about USD 18 bn under management, providing services in asset management and private equity. With headquarters in Copenhagen, Denmark, the company employs more than 108 highly skilled professionals worldwide. Maj Invest was founded more than 17 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. TR Capital provides liquidity solutions to owners of private equity assets through single asset and portfolio transactions. The firm makes

Key Differentiators



significant investments in innovative leaders in the Technology, Next-Generation Consumer and Healthcare sectors across Asia. TR Capital is an active investor, working closely with its portfolio companies to optimize their business models and capital structures.

Since its inception in 2007, TR Capital has closed four flagship funds, managed total capital commitments of USD 1 bn and completed 38 secondary investments. TR Capital's sophisticated investor base includes sovereign wealth funds, pension funds, asset management firms, entrepreneurs, and family offices.

The firm's 26 professionals are based in offices in Hong Kong, Shanghai, Shenzhen and Mumbai. The firm is management owned and independent.



#### Michael & Susan Dell Foundation (MSDF)

The Michael & Susan Dell Foundation is dedicated to transforming the lives of children living in urban poverty in the United States, India, and South Africa through its various activities.





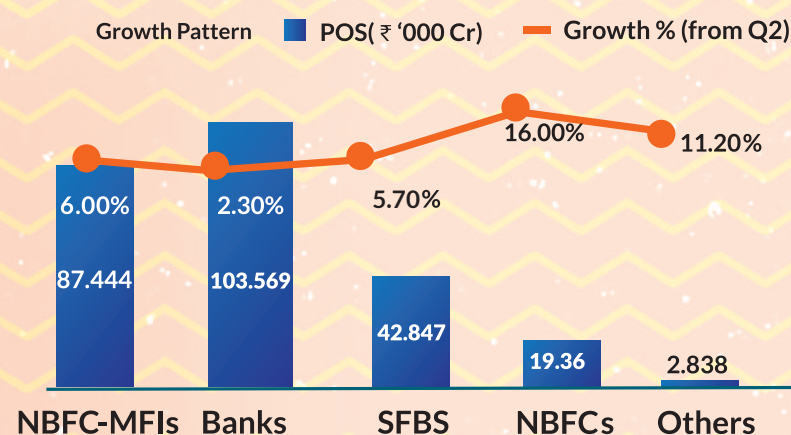
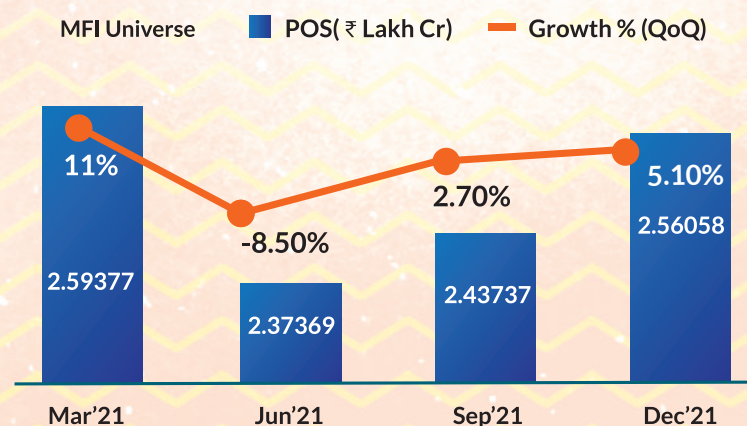
# AAKASH

**AAKASH (SPACE) IS THE SUBTLE YET POWERFUL FACILITATOR OF PROGRESS AND MOVEMENT OF OUR BEING INTO THE FUTURE.**

The microfinance industry has consistently been the facilitator of growth and progress for the financial inclusion entities, despite the various volatilities of the macro environment. In the last two years, the industry, with the leading efforts of the industry Self-Regulatory Organization and the support of the Reserve Bank of India and the Government, has bolstered the foundation of the socio-economic pyramid of the country through inclusive financial services, powered by technology, strengthening economies for scale.

The last two years have been eventful for the entire Indian economy and the microfinance industry, in particular. Despite facing challenges in terms of COVID-19 waves, government lockdown, regional restrictions and natural calamities etc., which led to a muted business period in the first half of Fiscal 2022, the microfinance portfolio in India has increased Year on Year. Non Banking Financial Company- Microfinance Institutions (NBFC-MFIs) hold the 2nd largest share of microfinance portfolio of INR 87.4 K Cr after Banks, which hold INR 103.6 K Cr. However, till Q3-FY22, NBFCs witnessed the highest growth of 16% in MFI portfolio followed by Others (including Non-Profit MFIs, 11.2%) and both, NBFC-MFIs and Small Finance Banks (SFBs) saw growth by 5.7%.





\*Data as of last available MFIN Micrometer, dated December 2021.

As per CRISIL, the industry is expected to grow at a CAGR of 15%- 16% to reach ~ INR 5.82 Lakh Crores by 2025. The primary drivers for this growth rate are the new Reserve Bank of India guidelines on microfinance, rising penetration in rural and low income states, widening client base and increasing ticket sizes.

## MAJOR EVENTS OF FISCAL YEAR 2021-22

### New RBI Master Circular

On March 14, 2022, the Reserve Bank of India released a set of new guidelines for microfinance lending, called "Master Direction- Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022", applicable to lending entities involved in microfinance activities including Banks, SFBs and all NBFCs. This is a paradigm shift from the earlier microfinance guidelines, which were applicable only to NBFC-MFIs. The existing pricing guidelines, indebtedness and income limits for microfinance loans have also revised in the new Master Direction.

### Summary of the new guidelines is as follows:

△ Each Regulated Entity shall have a Board approved policy for:

- Household income assessment based on the household profile
- Capping the payment of interest and principal repayment for all outstanding loan obligations of the household as a %age of household income (subject to a limit of maximum 50%) without any limitation on type of usage of the loan

- Determining rate of interest charged for all loans/advances considering the cost of funds, margin, and risk premium

- Periodicity of Repayments

△ The assessed income of the household should be reported to Credit Information Companies (CIC) for every customer

△ Qualifying Asset for an NBFC-MFI should be minimum 75%

△ Outsourcing of any activities including use of recovery agents is allowed

△ The minimum, maximum and average interest rate charged on microfinance loans should be displayed in all offices of the lending institutions, and all fee details to be charged from the customer must be explicitly mentioned in the factsheet

△ Exemptions from Sections 45-IA3, 45-IB4 and 45-IC5 of the RBI Act, 1934 have been withdrawn for those 'not for profit' companies engaged in microfinance activities that have asset size of INR 100 Cr and above

The new guidelines will help to reduce the probability of over indebtedness of microfinance borrowers (and their household) as it has mandated to derive the household income (as per board approved policy of the organization) and to cap the maximum loan size for disbursement so that the total EMI burden across all loans (no restriction on loan usage) for the household is under 50% of income

assessed. The Lending Entity also needs to share the derived income of the household to the credit bureaus. Additionally, the income limit of the customer for microfinance loan, which was revised last in Fiscal 2020, has been updated to INR 3 lakhs for the household. With withdrawal of loan usage criteria, the qualifying assets now can accommodate other loan products including affordable housing, home improvement, vehicle loan, and green product loans. These changes will increase the outreach of microfinance industry to the larger section in the bottom half of the pyramid, thus increasing the market size of the overall industry.

In the previous RBI's master direction, NBFC-MFIs (with portfolio size > INR 100 Cr) were restricted to lend at a maximum of 10% margin cap above the cost of their fund. This criterion has also been withdrawn in the new guidelines, allowing a risk-based pricing for customers in line with industry practices, which is being currently followed by other Financial Institutions (Banks & NBFCs) in different product segments. Thus, this also promises to improve the sustainability and viability of the companies operating in the microfinance industry, in the long run.

The new guideline also emphasizes on sharing all information about the interest rates, as well as any deductions from the sanctioned loan amount on the websites or branch premises of the lending entities, along with customers' loan card respectively. This will help the customers to understand effective interest rate on the loan being taken and compare the same with different entities to make a uniform decision.

Overall, the new guidelines provide a level playing field for all entities, increase the addressable market size and bring more information/disclosures for the benefit of microfinance customers.





## ASSAM GOVERNMENT ANNOUNCED THE ASSAM MICROFINANCE INCENTIVE AND RELIEF SCHEME (AMFIRS) 2021

The Government of Assam announced a historic Assam Microfinance Incentive and Relief Scheme (AMFIRS) in June 2021 with the objective to strengthen the long-term view of ensuring the continuity of micro-finance in supporting the economic activities of low income and poor households in the state. To this effect, the State Government signed a Memorandum of Understanding (MOU) with Microfinance Institutions Network (MFIN, the Industry Self-Regulatory Organization), and 37 lenders operating in Assam (consisting of 6 Universal Banks, 2 NBFCs, 25 NBFC-MFIs and 4 SFBs). As per the MOU, in order to ensure its successful implementation, the Assam Micro Finance Incentive and Relief Scheme (AMFIRS), 2021 will remain in force till March 31, 2023. Under this scheme, the borrowers have been divided into three categories.

**Category 1 (consists of customers who have been paying their EMIs regularly and were standard as of March 31, 2021):** These customers will get an incentive of INR 25,000 as a reward for being regular in their repayments.

**Category 2 (consists of overdue (OD) Customers within the 90 Days Past Due (DPD) buckets):** The government will pay the OD

part of customer's loans directly to the lender and another INR 25,000 (or the existing loan outstanding amount, whichever is lower) after the customer repays her loan continuously for a fixed period of time.

**Category 3 (consists of Non-Performing Asset (NPA) Customers):** These customers will be evaluated by the Government after submission of their data from the lenders. The state government will repay a percentage of the loan outstanding of the customers to the lenders directly.

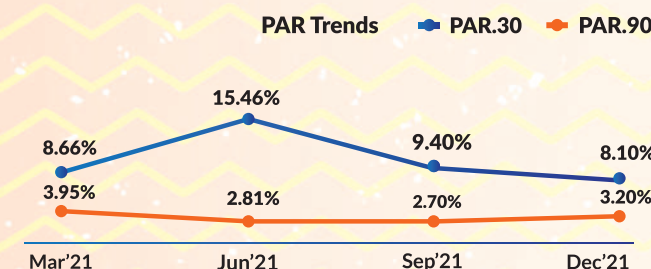
Overall, AMFIRS 2021 is expected to benefit ~14 lakh microfinance customers of Assam while the state government is expected to expend ~ INR 7,200 Cr to incentivize the regularly paying customers and bringing back other customers into the regular payment cycle by repaying their Overdue amount or partial outstanding to the lender directly.

## COVID-19 AND NATURAL CALAMITIES

With the onset of FY 2021-22, the country was hit by the second wave of COVID-19, resulting into lockdowns again. Almost all the states announced complete lockdown in view of the rising cases with restrictions in local and state movements. By June 2021, the situation improved with declining number of cases and and government restrictions getting relaxed. However, a few states also witnessed natural calamities including cyclones and floods, the worst being Cyclone Yaas impacting the of Odisha, West Bengal, Jharkhand and Bihar. Other cyclones caused heavy to very heavy rainfall leading to floods in different parts of the country, disturbing the normalcy of life.

The pandemic and the above mentioned natural calamities affected the normal operations of microfinance industry in the first half of the year. Microfinance being heavily dependent upon employees and their movement in the ground, the business activities were slightly slowed down in the impacted areas. However, overall economic situations started to improve in the latter half of the year. Accordingly, portfolio at

Risk (PAR >30) improved from a high of 15.46% as of June 30, 2021 to 8.1% as of December 31, 2021(source: MFIN Micrometer), which is even lower than PAR figures of March 31, 2021.



## TECHNOLOGICAL INTERVENTIONS DURING PANDEMIC PERIOD

The pandemic period has also paved the way for more technological interventions in the microfinance industry. Most of the microfinance companies have either rolled out or are on the path of rolling out digital repayment facilities for the customers such as Bharat Bill Payment System (BBPS), digital wallet, Aadhar Enabled Payment System (AEPS), QR code based payment etc. for its borrowers. This also involved making the customers aware about digital finance through various financial literacy initiatives. Through its circular on September 13, 2021, the Reserve Bank of India had requested the NBFCs to submit an application seeking permission from the government to use eKYC facility provided by the Unique Identification Authority of India (UIDAI) in order to carry out authentication of Customer's identity using Aadhaar. A total of 38 NBFCs including two NBFC-MFIs (Arohan, being one of them) has been granted permission vide a Gazette Notice issued on April 8, 2022 to use this facility. This will allow the approved entities in seamless customer on-boarding and in selecting genuine customers for their loan requirement. In the current dynamic macro conditions, a strong and robust IT infrastructure along with the flexibility to accommodate new processes and systems in a short duration are capabilities that will help organizations in better management of their businesses.

Despite slower growth in the microfinance industry in the last two years, and with gradual scale of economic activities of its customers, almost reaching pre-COVID-19 levels, along with the support of the new Master Direction and technological interventions, the demand for microfinance loans is expected to see better growth in FY 2022-23.

## OVERVIEW OF FINANCIAL YEAR 2021-22 FOR AROHAN

The country was hit by Wave II of the COVID-19 pandemic at the start of FY2021-22. Similar to as during the first wave, Arohan's priority throughout the year was to ensure the health and safety of its employees, as well as its customers while continuing to supporting the existing customers by providing credit to ensure sustenance of their income generation activities. With the Government of India, launching its vaccination drive for the adult population of the country starting May 1, 2021, Arohan focused on encouraging its employees to get vaccinated by providing reimbursement for the vaccine cost. Several communications on the same were released internally, as well as on the social media handles of the Company to ensure 100% coverage of its employee base. Arohan also tied-up with a few government approved agencies to provide vaccination support to Arohan employees present across different states.

Many of the customers of Arohan were also affected during the Wave II of the pandemic, impacting their business activities during the first half of the financial year. The Reserve Bank of India released the Resolution Framework 2.0 in May 2021 allowing entities, including Arohan, to restate the existing loans of stressed customers. To this effect, Arohan introduced the Samunnati product, which helped in reducing the EMI burden of the stressed customers. Additionally, Arohan also strengthened its Recovery vertical in order to guide delinquent customers, who have moved out of normal credit repayment discipline. Through this vertical, Arohan connected and





counselled such customers, making them about their Credit Bureau records of repayments and the resultant lower probability of future loan approvals.

Arohan caters to nearly 19 Lakh customers primarily in rural areas. of these customers, 98% are women from the bottom of the socio-economic pyramid, and as such it is one of the key focus areas for Arohan to increase gender diversity in its workforce. The Company has introduced several new policies to establish better working environment and facilities for its women employees. A few examples of such initiatives include a separate Grievance Redressal Cell for women employees, Work from Home Location for women employees at the field, Child Care Leaves etc. This has helped the Company in improving its gender diversity ratio to 17.22% as of March 31, 2022 from 4.95% in April 30, 2019. Arohan is a part of the Aavishkaar Group which seeks to achieve a natural ratio on gender diversity of 50% by the year 2030.

Arohan continued to strengthen its technological infrastructure in order to improve its customer experience and employee efficiency. **The key highlights of IT developments in the fiscal year 2022 are as follows:**

▲ **Apna Arohan Customer Mobile App:** With a focus one of the Core Values of the Company, 'Customer Centricity', Arohan has launched the "Apna Arohan" Customer mobile application in FY201-22. This app is a one-stop shop for our customers to get real-

time information on their loan ledger, check eligibility for more loans, products, insurance details, etc. in vernacular languages. The app also provides the customers with access to the various cross-sell products on offer, while also providing an additional platform for grievance redressal and connect with the field officers.

▲ **E-signature:** To strengthen its paperless process, Arohan also transitioned to e-signature facility for all its loan disbursement related activities, whereby digital signatures of the customers are captured on all loan documents instead of the earlier used wet signature.

▲ **Digital Collection:** Arohan launched a new cashless solution, UPI Autopay, through which a customer can register herself for auto-deduction of her EMI amount using the UPI mode. Arohan is 2<sup>nd</sup> in the microfinance industry to launch this facility for its customers.

▲ **Mera Arohan:** Arohan has completely moved its sourcing and collection system from a third party application to an in-house developed "Mera Arohan" app.

Continuing its journey of becoming one of the best places to work for in the microfinance industry, Arohan gets Great Place to Work-Certified™ thrice in a row and has also ranked among the Top Companies in Banking, Financial Services and Insurance (BFSI) industry in India by the Great Place to Work® institute. The other major awards and certifications received in this financial year are as follows;

▲ New Code of Work Awards 2021 in the Large Enterprise Category by PeopleStrong

▲ Top 25 Safest Workplaces in India by the KelpHR PoSH Awards®

▲ 'Microfinance Company of the Year' Award at the 3rd Annual BFSI Technology Excellence Awards programme, 2022 organised by Quantic

### Way forward for FY2022-23

With the new RBI guidelines for microfinance activities in effect from April 1, 2022 and over 80% of the total population of India already vaccinated with two doses (97% of the population vaccinated with at least one dose), the key focus area of Arohan in this fiscal year will be to grow its business by deepening presence in the existing states of operations, as well as expanding into newer states. Also, in line with its Mission statement, the Company's focus will be on emerging as a one-stop financial solution provider for the complete household of its customers. This will help Arohan in increasing the number of relationships with a household.

One of the key focus areas of the Company, in terms of technology, will be to start digital lending model for the existing customer base, where customers can avail credit service with the ease of her smartphone, digitally without any physical or manual intervention and can use the Apna Arohan Customer app for all services related to her loan including digital repayments. This will play a key role in reducing the turn-around time for any credit related services, and improve the overall user experience and customer delight while allowing her to embark on the journey of a "Digital Arohan".

In line with the new guidelines of the Reserve Bank of India, Arohan has already implemented a new pricing policy (approved by its Board) with effective from April 1, 2022. Additionally, Arohan has already been live with CB360 (Credit Bureau 360 degree) since a few years, whereby credit bureau records of both, the borrower and the co-borrower were checked before loan disbursement – this is in line with the new guidelines, where a loan amount has to be decided after considering all loans associated with the customers' household. Arohan is one of 38 NBFCs, who have received the approval to operate as an Authentication User Agency (AUA) and onboard customers through 'Aadhaar-enabled eKYC'. This will help in the sourcing of quality customers and facilitate better customer experience over time.

With all its policies aligned as per guidelines, and new technological interventions enabling scale and improved user experience across different business functions, Arohan is well-poised for growth towards achieving its Vision of impacting 20 million lives by the year 2025.







# BHOOMI

**BHOOMI (EARTH) IS REPRESENTATIVE OF THE VERY FOUNDATION OF OUR BEING, THAT GIVES FORM AND STRENGTH TO THE BODY, ALLOWING IT TO GROW.**

The business and operational structure of Arohan provide robustness to its processes, ensuring efficient output. This is supported adequately by a well-diversified business model including Organic, Cross Sell and Inorganic business lines, allowing greater management and cost efficiencies to the Company. Additionally, the Company's Customer Insight vertical continues to provide a strong foundation for customer connect, focused on enhanced customer experiences for the future.

Arohan has been a frontrunner in the adoption of a diversified growth strategy driven through various financial services and innovative business modules spanning organic, inorganic, as well as credit plus channels. This has allowed the Company to reach out to and serve customers across the base of the socio-economic pyramid in India. As on March 31, 2022, Arohan's served a total of ~19 Lakh customers with total Assets Under Management standing at INR 4,122 Cr, manned by 7,160 employees across 14 states.

Arohan, despite external challenges in the past two years, has built for itself agile and proactive processes to mitigate the impact of the volatile externalities, leveraging opportunities for growth to scale the Company's outreach to its customers and their families.







## DIVERSIFIED PRODUCT LINE

All of Arohan's products are designed to best cater to the needs of its target customers. This plays a key role in enhancing customer experience and increasing the tenure of customer lifecycle with Arohan. The Company has transformed its existing product range with strengthening the existing product dynamics, readying it for scale it with the help of digitalisation. All products introduced in the recent years have grown stronger, creating immense value towards customer experience and their overall life cycle.

### CORE LOAN PRODUCTS

**Saral Suite of Products:** Arohan's flagship product, 'Saral', which caters to women who are residing in low-income areas generally involved in trade and services, continues to hold a dominant share in the organization's portfolio. Arohan predominantly provides loan to groups consisting of three to five women, using the Joint Liability Group (JLG) model. The product is for economically active women residing in low-income areas, generally involved in trade and services.

Additionally, if a customer has repaid a minimum of 10 EMIs under her existing loan and she has a good attendance record at centre meetings, the customer becomes eligible for 'Saral Plus' or 'Saral Plus Plus', which provides access to larger loan amounts for a longer tenure under a Joint Liability Centre (JLC), which consists of all the women in that customer's centre, the number of whom range typically between 25

and 30 women. These product services loan sizes from INR 55,000 to INR 75,000.

Arohan also provides 'Saral Prime' Loans to repeat customers with good repayment records and whose credit requirements are higher, with the objective of retaining these customers.

Overall, the Saral loan amounts range from INR 10,000 to INR 75,000 (including Saral, Saral Plus Plus and Saral Prime loans) and typically has a term of 12 to 24 months.

**Bazaar:** Arohan's 'Bazaar' product is a Group loan product offered to address the working capital needs of small businesses operating out of authorised market places or clusters of shops organised under local Traders' Associations. Bazaar loan borrowers are predominantly men involved in small trading and micro-enterprises. The Bazaar loan amounts generally range from INR 15,000 to INR 50,000 and have a term of 12 to 24 months.

### SECONDARY LOAN PRODUCTS

While Arohan intends to continue to focus on its core business of providing microfinance, it also plans to continue to diversify its business model with the strengthening of its product loans. In addition to offering the above-mentioned Core Loan products, Arohan caters to its customers' requirements for both financial products such life and non-life insurance, as well as, non-financial products such as utility products including solar lamps, agricultural supplies, consumer durables, kitchen appliances, bicycles and other household items in association with various third party vendors and partners. Cross selling at Arohan is facilitated through an in-house technology platform called "ApnaBazaar", on which various products are made available to the company's field employees on mobile or tablet devices, for them to in turn make it available to the customers. This plays a key role in increasing customers' access to a range of financial inclusion products that helps the overall credit relationship with Arohan.

**Financial Safety Net Products:** In order to ensure a financial safety net for its customers,

Arohan offers life 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:** In the unfortunate event of death of the policy holder, the insurance allows the nominee to obtain a sum insured under the policy minus any amount outstanding under the loan agreement. This ensures that the nominee is not burdened with the fulfilment of the loan amount and is thus, mandatory for Arohan's customers to obtain insurance coverage on the loan amount.

**General Insurance:** Under these policies, Arohan's customers are entitled to receive 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 the unforeseen incident of critical illness, sickness, or accidental injury, for a maximum of 30 days per annum. In the event of accidental death, the nominee receives an additional amount of INR 100,000. Arohan also offers COVID-19 insurance coverage to its customers in order to protect them from income loss due to COVID-19. This policy offers a flat cash benefit of INR 25,000 (base policy) for a positive COVID-19 diagnosis.

**Dwelling Insurance:** Arohan introduced a new insurance product - Dwelling Insurance Cover in partnership with an Insurance Company. This insurance provides protection to 'Kutchra' 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 1 Lakh. This product comes in combination with a health insurance product that provides a daily benefit of INR 500 upon hospitalization for our customers, up to a duration of two years.

**Nat Cat Insurance:** Under the aegis of the Microfinance Institutions Network, the Self-Regulatory Organization, Arohan has introduced for its customers the Natural Calamity (NatCat) Insurance which seeks to protect the borrowers against natural catastrophe events, preventing them from slipping into delinquency.

In order to make utility and day-to-day products of good quality for its customers, Arohan also offers a range of utility products at affordable costs. These products may also be financed by Arohan through secondary loans for eligible customers. Current products available under the non-financial category include, but are not limited to solar lamps, home and kitchen appliances, electronics, consumer durables, and bicycles, made available in association with various third party vendors. The products offered to customers are those that provide value to the customer's life or livelihood, enhancing her and her family's quality of life in the process.

### CROSS SELLING PROCESS

Arohan's Cross Sell business model allows the Company to increase touchpoints with its customers while also help its customers improve their standard of living. Arohan believes that this not only generates additional sources of income for the Company but also diversifies its operational risk by providing new revenue streams.

Arohan uses the scheduled meeting slots of its Customer Service Representatives with its customers to also talk about and highlight new products. Arohan's customers have been found to have requirements for both, financial inclusion products as well as non-financial products including household appliances. To this effect, Arohan believes that increasing its customers' access to a range of products both, both financial and non-financial helps improve credit relationship, engagement and overall experience with its customers.

Under the Financial products, on-boarding customers (and/or their co-borrowers) onto insurance policies is done by collecting premium in cashless mode via deduction from primary loan disbursement amount. In addition to the claims being handled by the Insurance Firms, a Certificate of Insurance (CoI) is provided to every customer on-boarded to a policy. This is enabled via a Direct SMS with compressed URL of CoI from the Partner to the customer. Further, Arohan supports the nominees of





affected customer families by ensuring a smooth handover of required information to enable successful closure of claim cases.

Arohan has defined for itself various models of sourcing and delivering orders for Non-Financial products, dependant on individual Third Party Business Partners.

**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, small home and kitchen appliance orders are delivered directly to the customer doorstep at no extra charge.

**Mela Model:** Through this model, small home and kitchen appliance orders are delivered in bulk to an assigned spot near relevant branches associated with the customers on an assigned date and time.

**Arohan eBazaar Point Model:** Through this model, small home and kitchen appliance orders are delivered to a contracted shop near customer's branch.

**Immediate Delivery Model:** Through this model, small home and kitchen appliances are demonstrated to customers during centre meetings and if the customer is eligible and interested, then the order is immediately sanctioned and the unit is handed over.

### INORGANIC GROWTH

Arohan is one of the very few microfinance organizations to provide loans of amounts ranging from INR 10,000 to INR 25 Cr, including Term Loans to small MFIs operating

in remote parts of various Low Income States or financially underpenetrated states in India. Arohan's Inorganic Portfolio comprises of loans lacking access to diversified credit products, get continued access to credit, but also grass-root level institutions in getting financial, as well as, technological and operational support through focused consultation and training sourced through the Company's partnerships with small MFIs. These partnerships include the provision of Term Loans and also Sourcing and Collection arrangements.

Through this vertical, Arohan works with over 30 partners across its areas of operations benefiting not just customers who are situated in remote geographies, lacking access to interventions diversified credit products, get continued access to credit, but also grass-root level institutions in getting financial, as well as, technological and operational support through focused consultation and training interventions from Arohan. Arohan has been an industry thought-leader in driving this vertical, while also achieving diversification and strengthening of its portfolio. Since its introduction, the Inorganic Vertical has traversed a robust growth journey, reaching out to underserved customers in remote geographies in India.

### OTHER OFFERINGS FOR CUSTOMERS

Arohan is focused on driving innovation and differentiation through its products and processes with an aim to serve customers better. In the last two years, Arohan has introduced additional innovative products designed to address the needs of both regular, as well as customers.

**Hum Hain Naa:** In order to capitalise on its ability to raise debt, its monthly repayment model and to offer microfinance loans to customers at attractive rates, Arohan recently launched, a first of its kind, balance transfer product, 'Hum Hain Naa', to help customers benefit from better pricing and a monthly repayment model. Arohan's loan officers are able to quantify to customers the monetary benefits of shifting to Arohan as part of this programme.

**Sahbhaagi:** Arohan introduced Sahbhaagi', an industry-first centre reward programme, which seeks to recognise regular centre attendance and timely repayment with benefits to the Centre Members and Centre Coordinators for their efforts in ensuring attendance and repayment of their peer groups.

**Khaas:** Arohan intends to offer a first-of-its kind model in the industry called 'Khaas' for used-to-credit customers which will require fewer in-person interactions with Field staff. Through this model, Arohan's customers are likely to have a fully digitised loan renewal processes, cashless repayments and special benefits such as lower interest rates and better rewards.

**Digital Arohan:** In FY2022-23, Arohan plans to open, a first of its kind in the industry, 'Digital Arohan'. Digital Arohan will enable Arohan's microfinance customers to opt for a loan service effortlessly with the use of a mobile application alone, without any human touch, and get her bank account credited in a matter of just a couple of hours. Arohan will leverage its robust digital process, that lays the foundation of going digital with its lending model.

## PROCESS FRAMEWORK

### Operational Architecture

Arohan's entire organic operation is categorised under six Zones. Each Zone has three to five Regional Offices (RO) with a total of 28 Regional Offices overall and each RO has four to seven Areas mapped to it. Under each Area there are four to six Branches summing to a total of 740 Microfinance branches as of March 31, 2022.

### Cashless Focus

Establishing a completely cashless back-end is one of the key focus areas of Arohan. This is in tune with one of the key national agendas of a cashless economy. Arohan has steadily transformed its disbursement and collection processes to maintain consistent levels of customer service while enhancing operational efficiencies and scale.

▲ **Cashless Disbursement:** Arohan continued with its 100% cashless disbursement system as of March 31, 2020 and continued to maintain the same during FY2021-22. This process is enabled through the centralised Loan Management System, Profile by FiS, which facilitates initiation of NEFT transactions directly to customers' accounts.

▲ **Cashless Collection:** During the pandemic, Arohan achieved significant progress in its drive for cashless collections. Having partnered with a leading Payments Bank, Arohan has introduced cash-drop facility for its customers at the Banking Outlet points which are easily accessible across geographies. The organization is live on most of the customer-initiated and Arohan-assisted cashless payment solution models such as Bharat Bill Pay System (BBPS), Aadhaar Enabled Payment System (AEPS) and Point-of-Sale (POS) machines for debit card payments. Additionally, the Company has introduced UPI AutoPay (2<sup>nd</sup> in Microfinance industry), WhatsApp payment services and Payment through the "Apna Arohan" Customer app.

## RECOVERY VERTICAL

Arohan takes a measured approach for the prevention, maintenance and curing of overdue accounts. The Company applies careful strategic methodology to identify the best collection and recovery mechanisms, and appropriate steps are undertaken to cure stressed accounts at the earliest. In FY2021-22, Arohan strengthened its recovery efforts and established a dedicated frontline cadre of Recovery-CSRs (RCSR) monitored centrally for the management of NPA customers.

### Recovery performance

With the surge in COVID-19 cases and the resultant impact on livelihoods, the Recovery team was strengthened and scaled appropriately. Arohan also participated in the National Apprenticeship Programme Scheme and on boarded young recruits through the programme for its Recovery vertical.

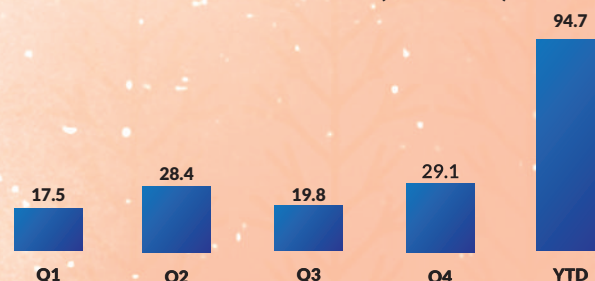




Almost 25% of Arohan's recovery workforce of 800+ professionals are Trainees and Apprentices whom the Company has trained for and deployed in this role.

In FY2021-22, Arohan has successfully recovered a total of INR 95 Cr from such 90+ DPD microfinance customers.

PAR90 Performance (in INR Cr)



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

#### Field Strategy - Customer Household Visit and Promise to Pay (PTP)

- △ Arohan's field employees focused on touching base with the identified pool of customer to establish contact, counsel and collect the repayment, or ensure payment commitments through PTP (Promise to Pay) dates.
- △ Consistent and focussed follow-up calls, educating customers on the importance of a good Credit Bureau Record and visits to customers on a regular basis were made imperative, which helped identify the root-cause behind the customers turning

delinquent. Accordingly, appropriate collection tool was deployed and further course of action was strategized in a timely manner.

#### Legal Strategy - Soft Reminder Letter and Legal Notices

- △ Soft Reminder Letters have also been handed over to certain customers as a soft warning to them to repay to avoid any legal action in the future.
- △ In case of non-response by the customers to recovery efforts or to the Soft Reminder Letters, Legal Notices through Advocates have also been sent.

#### Other key recovery initiatives Customer-focus

- △ **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 opportunity basis a pre-defined settlement matrix. Recovery through Sandhi stood at INR 1.30 Crores as on March 31, 2022 compared to INR 22 lakh, as of FY2020-21.
- △ **Customer Connect:** Regular connect through calling initiatives were also established for dormant customers and Sandhi eligible customers through the in-house Customer Care team to understand their perspective and gauge their willingness to repay.

#### Employee-focus

Recovery employees were actively mentored to enable them to deliver better performance. In FY2021-22, Arohan launched a route-tracking software, SpotWays, to help its new field force to find a customer's house easily and mentor them for greater focus on customers as per priority.

## GEOGRAPHIC REACH

Arohan with its well-thought through

geographic diversification strategy is present in 14 states across Central, Eastern, North-Eastern and Western parts of the country. As of March 2022 Arohan's portfolio was distributed 75.55% in non-urban areas, and in 225 districts across the country.

A data-driven methodology is adopted for the selection of new markets with measured exposure limits. Geographical risk is also managed by a well-diversified business model to mitigate socio-economic, political and environmental risks.

In line with its mission to empower underserved households, Arohan intends to expand to other low income and financially under-penetrated or moderately-penetrated states in India, like Rajasthan, Haryana, Punjab and Uttarakhand through organic means by opening new branches in operationally contiguous regions; inorganically by partnering with other local MFIs working in these geographies and focusing on Merger & Acquisition opportunities for product diversification and strengthening of the Company's portfolio.

#### CUSTOMER CENTRICITY

In line with one of the key pillars of Arohan's Core Values of Customer Centricity, the Company has a dedicated Customer Insights function that acts as a one-stop point for the resolution all customer queries and concerns. The Customer Insights team is the custodian of Customer Grievance Redressal mechanisms to ensure compliance with Microfinance Institutions Network, the Self-Regulatory Organization, and the Reserve Bank of India's guidelines on the same.

It is a constant focus to put the customer's concerns first for effective and quicker resolutions ensuring enhanced Customer eXperience (CX). To this effect, the Customer Insights team conducts outbound calls to assess customer satisfaction levels and get an insight into their needs from a credit and cross-sell perspective. With the facility of a cloud-based Customer Relationship Management (CRM) system the Customer Insights team addressing customers' queries and supporting them well

within stipulated timelines.

#### INBOUND PROCESS

To ensure good customer experience, offers multilingual (Bengali, Hindi, Odiya and Assamese) services. When a customer has a complaint or query, the same is addressed by the relevant Customer Service Representative or the Branch Head. If the complaint cannot be resolved, the customer has the option of escalating the same by contacting Arohan's toll free number at the Customer Care Helpdesk. To avoid any language barrier issues, each customer's call is redirected based on location. If the complaint remains unresolved, the customer may further escalate the matter to the Grievance Redressal Officer. Workflow-based routing of cases has been integrated so that all customer queries and concerns are linked to an appropriate workflow, enabling prompt follow-up action and resolution.

#### Grievance Redressal Mechanism

The Inbound Process is the key pillar of Arohan's Customer Grievance Redressal Mechanism and is a robust platform to address customer grievances on priority.

#### 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 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 organization and their rights to alternative remedy, if they are not fully satisfied with the response of the Company to their complaints.



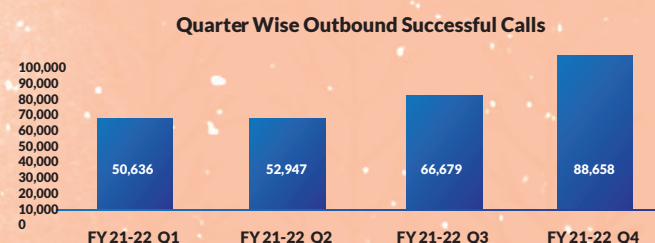


△ All complaints to be dealt efficiently and fairly as otherwise they can damage the reputation and business of the Company.

△ Arohan's employees would work in good faith and without prejudice in the best interest of the customers.

### OUTBOUND PROCESS

Through the Outbound Process, Arohan's Customer Insights vertical directly reaches out to customers to understand their needs, while maintaining the highest levels of customer centricity and integrity. Detailed surveys are conducted on loan sourcing, customer satisfaction, overdue, dropout and cross sell products, along with need-based surveys through targeted samples to gain customer insights.

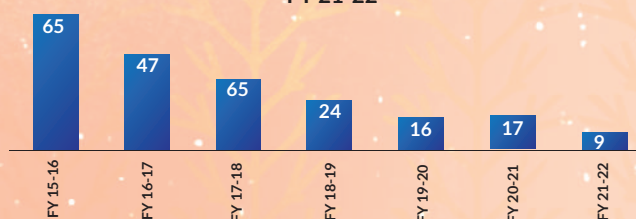


Other initiatives undertaken in FY2021-22 towards strengthening Customer Insights are:

△ **Reframing of Customer Grievance Redressal Mechanism** – Arohan's Customer Grievance Redressal Mechanism has been further streamlined with the introduction of a Directly Responsible Individual (DRI) assigned to each grievance received thus,

reducing the average Turn Around Time from 17 working days in FY2020-21 to 9 working days in FY2021-22 for redressal of customer grievances and ensuring faster resolution.

Average TAT days for closed complaints from FY 15-16 till FY 21-22



△ **Outbound call for P2P generation** – Further strengthening customer connect and outbound process, Arohan has trained its Customer Care Officers to call customer who have missed the repayment dates and follow-up on 'Promise to Pay' (P2P) dates. Post the generation of P2P dates, the field team is advised to visit the customer for collection of EMIs. This has helped boost the collection efficiencies of the Company as well in FY 2021-22.

## RATINGS & GRADINGS

The following rating and grading upgrades in FY 21-22 bear testimony to Arohan's thought leadership towards developing a sustainable and scalable operational model for maximum customer service to continue going forward:

△ **CARE MFI 1 Grading:** Arohan continues to retain the highest rated MFI 1 grading from CARE Ratings for five consecutive years. The grading is assigned on an 8-point scale with MFI 1 being the highest, enabling Arohan to retain its position among the elite league of MFIs in India.

△ **Code of Conduct Assessment (COCA):** Arohan continues to retain the highest rated C1 grading from M-CRIL for four consecutive years. Arohan has been awarded a score of 96 out of 100 during FY2021-22, an improvement from the score of 95% the previous year. The scores and grading are merited on indicators pertaining to Transparency, Client Protection,

Governance, Recruitment, Client Education, Feedback & Grievance Redressal and Data Sharing.

△ **Client Protection Principle (CPP):** Arohan has been Recertified in Client Protection Principle (CPP) the second time in a row. With this, the organization is in the prestigious list of 6 (six) financial institutions that are CPP certified. Arohan was awarded the Recertification after successfully clearing all the 193 Indicators categorized under the 7 principles of Appropriate Product Design and Delivery, Prevention of Over-indebtedness, Transparency, Responsible.

△ **Pricing, Fair and Respectful Treatment of Clients, Privacy of Client Data and Mechanisms for Complaint Resolution:** The recertification is a recognition of the continued alignment of the institution's management systems, policies and processes with the Client Protection Principles. This achievement demonstrates the strong commitment from the management to promote growth and institutional development within a client protection framework. Presently, the Company is undergoing its review check process for Client Protection Principle.

△ **An SP1 Social Performance Rating:** Arohan continues to retain the highest rated SP1 grading by ICRA. The Company's score improved to 81 this year from 80 of previous year. During FY2021-22, Management decided to move to International standard of Social Rating using the CERISE SPI4 tool on various indicators that Define & Monitor Social Goals, Ensure Board, Management and Employee Commitment to Social Goals, Design products, Service and Delivery channels that meet clients' needs and preferences, Treat Clients Responsibly, Treat Employees Responsibly and Balance Financial and Social Performance. Presently, Arohan is undergoing the Social Rating assessment under the new model and the results are awaited.





# VAYU

**VAYU (WIND) IS RESPONSIBLE FOR  
ENABLING MOVEMENT, ENSURING  
PROGRESS AND GROWTH.**

Arohan's strength in liquidity management and capitalization has supported its journey of progress through the years, allowing it to earn the unrelenting confidence of its stakeholders while promising continued growth.

During the FY2021-22, customer household income at the base of the pyramid witnessed a bumpy ride, starting with disruptions posed due to Wave II of the COVID-19 pandemic. The infection spread faster than ever and the reported numbers cases saw a sharp rise in the month of April 2021, the start of the financial year itself. Most of the states Arohan operates in, announced localised lockdowns to control the spread of the pandemic, thus, adversely affecting business activities, resulting in reduced household income for the customers during this period. However, by the second half of Q2, the Arohan witnessed good recovery and things were back to normal. Business activities gained momentum during the festive season and flourished till December 2021. However, with the Wave III of COVID-19 hitting Q4 of FY2021-22, business got disrupted slightly although for a short period of time, picking up pace in Q4 end which helped in a good financial year closing in March 2022.

The COVID-19 pandemic has changed the way of managing businesses. For an NBFC, managing liquidity is the most essential aspect of business. The changing behaviour of both, the business assets and liabilities have forced the management to revisit the approach to manage liquidity.







## FINANCIAL ANALYSIS

During FY2021-22, Arohan recorded its total asset and gross loan portfolio at INR 5,229 Cr and INR 4,122 Cr respectively.

Arohan closed the year with the following key financial results:

- ▲ Total Revenue stands at INR 920 Cr.
- ▲ Pre Provisions Profit before Taxes stands at INR 219 Cr shows strong business model fundamentals.
- ▲ Sub Debt infusion of ~INR 225 Cr by new investors was significant with increased Tier II Capital base and accordingly improved CRAR at 34.58%.
- ▲ Net worth remains intact despite post impairment losses.

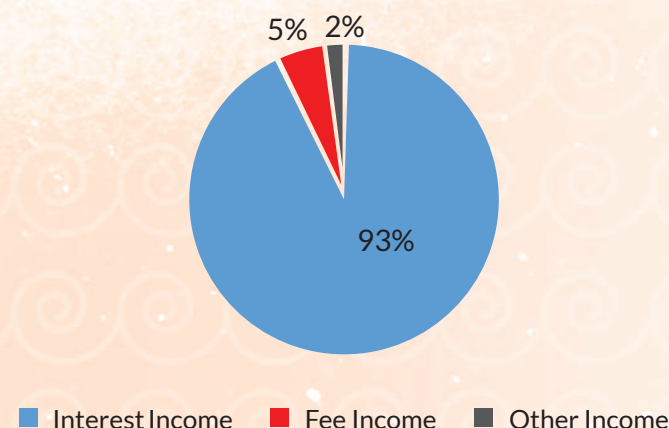
While Arohan's branch network grew from 737 in FY2020-21 to 740 in FY2021-22, its employee strength grew by 6%, from 6,790 in FY2020-21 to 7,160 (excluding 245 apprentice) in FY2021-22. The company ensured a comfortable fund position throughout the year to support its business. As on March 2022, the borrowing outstanding was close to INR 4,120 Cr. An analysis of the organization's financial performance for the Financial Year 2021-22, as compared to the previous year, is given below:

### INCOME STATEMENT ANALYSIS

Revenue has de-grown by 9% from FY2020-21 to FY2021-22 which was mainly due to muted

growth in portfolio contributing to lower income.

### Break-up of Revenue for FY 2022



### Expenditure

Interest expenses have decreased by 14% y-o-y in line with decrease in borrowings. With the employee count increasing from 6,790 in FY2020-21 to 7,160 in FY2021-22, employee costs increased from INR 189 Cr in FY2020-21 to INR 210 Cr in FY2021-22 showing 11% increase over the previous year. The administrative costs have increased by 31% from the previous year.

### Key Ratios

The Opex ratio increased primarily due to a muted business growth and base impact. The weighted average interest charged to customers was 20.05% in FY2021-22 against 20.45% in the previous financial year.

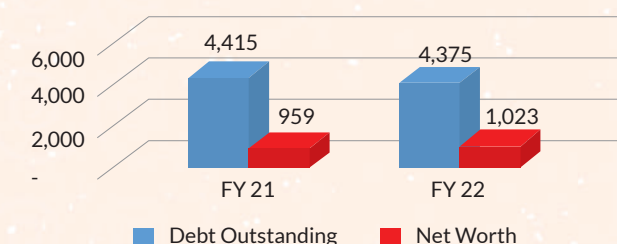
Ratios	FY 2020-21	FY 2021-22	Variance
Yield	20.68%	19.64%	-5.03%
Opex	5.46%	6.84%	25.27%
CRAR	24.27%	34.58%	42.48%
Weighted Average Interest Charged	20.45%	20.05%	-1.96%
Leverage	4.61	4.03	-12.58%

## BALANCE SHEET ANALYSIS

### LOAN PORTFOLIO

Arohan had a 11% de-growth in the Gross Loan Portfolio from the previous year and closed at INR 4,122 Cr. This was caused due to muted business resulting from the COVID-19 pandemic and corresponding lockdowns across locations over the first half of the year.

### Net Worth



## MANAGING LIQUIDITY DURING THE YEAR

Customer household income at the base of the pyramid during the financial year 2021-22 witnessed a bumpy ride, starting with a disruption due to 2nd wave of the COVID-19 pandemic. The infection was spreading faster than before and the reported numbers for COVID-19 were on rise during April 2022. Most of the states we operated in, announced a localised lockdown to control the COVID-19 infection. This adversely affected the business activities which resulted in diminishing household income for the customers during this period. However, by the second half of Q2, we witnessed good recovery and things were back to normal. The business activities gained momentum during the festive season and flourished till December' 21. However, Q4 started with a 3rd wave of COVID-19 but this disruption was short lived and business activities picked up pace in February which helped in good financial year closing in March' 22.

The COVID-19 pandemic has changed the way of managing businesses. For a NBFC, managing liquidity is the most essential aspect of business. The changing behaviour of both the business assets and liabilities has forced management to revisit the approach to manage liquidity in order to sustain the business growth.

With rapid change in the macro-environment during FY2021-22, selecting the right approach to managing liquidity has been a challenging task for the industry with Arohan as no exception. However, with strong expertise in managing liquidity, the Company successfully drew down INR 3,050.62 Cr from the market during FY2021-22. Arohan was proactive in adapting to the changing dynamics and altered the traditional borrowing mix by raising more fund through structured debt to maintain the Company's cost of borrowing without compromising on liquidity. The Company remained agile and borrowed from all the instruments available in the market, with a diversified lender base ensuring success.

Arohan has struck a fine balance between carrying high liquidity in the books and taking the drag of negative carry on such liquid assets. This was a conscious decision by the management of the Company to mitigate liquidity risk during uncertain times. Arohan's Cash and Cash Equivalent as of March 31, 2022 stands at INR 954 Cr. Further, the Liquidity Coverage Ratio (LCR) as on financial year end was reported at 353%.

## RAISING FUNDS DURING THE YEAR

As expected during FY2021-22, a turbulent period, there was limited appetite for non-recourse transactions. However, multiple partial recourse transactions were executed during the financial year. Arohan executed multiple partial recourse transaction in the form of securitization, wherein the Company used its existing pool of assets for raising





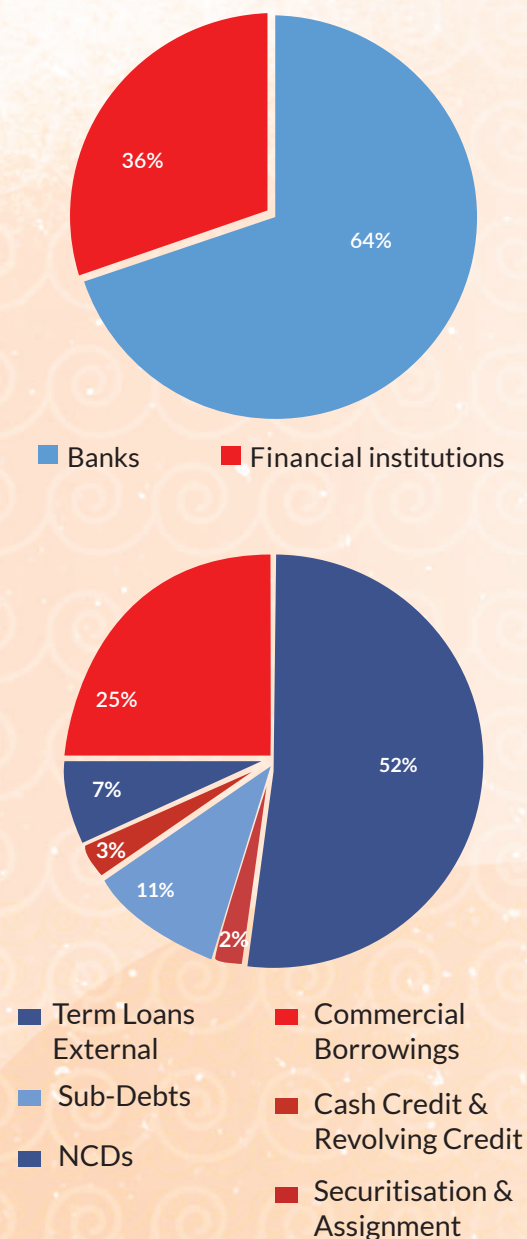
INR 1,675 Cr through Securitization transactions from various lenders, demonstrating lender confidence on the asset quality of the Company.

Arohan also raised INR 225 Cr of subordinated debt in the form of Non-Convertible Debentures and Term Loans during FY2021-22 to augment its Tier II capital. The Company reported a healthy Capital Adequacy Ratio of 34.58% as on March 2022.

Additionally, Arohan preferred to retain its diversified lender base and borrow from various lenders, ensuring to remain liquid while maintaining a low cost of borrowing. Overall, the Company borrowed INR 3,050.62 Cr from the market in FY2021-22 and currently, the Company has active relationships with 38 lenders. Some of the prominent lender relationships are with International Finance Corporation, State Bank of India, ICICI Bank, Axis Bank, IDFC First Bank, along with Development Financial Institutions like SIDBI and NABARD, to name a few.

Arohan also successfully established new lender relationships with Maanveeya Development & Finance Private Limited, ESAF Small Finance Bank, Piramal Structured Credit Opportunity Fund Alternatives and Shivalik Small Finance Bank in FY2021-22.

The graph below depicts our borrowing mix as of 31-03-2022



## CREDIT RATING

Arohan Financial Services Limited is a dual credit rated organization. During the current financial year, both CARE and ICRA have reaffirmed the company rating as "A- with negative outlook". The company has obtained highest grading of MFI-1 from CARE Advisory Limited. This grading is a testimony of Arohan's commitment to continue operating with a high degree of transparency while maintaining financial and operational sustainability and scalable processes.

Statement of Profit & Loss (INR in Cr)	Audited	
	FY 2022	FY 2021
<b>Revenue</b>		
Revenue from operations	902	986
Other Income	18	27
<b>Total Revenue</b>	<b>920</b>	<b>1,014</b>
<b>Expenses</b>		
Finance costs	402	468
Impairment on financial instruments	136	504
Employee benefits expenses	210	189
Depreciation, amortisation and impairment	5	7
Other expenses	84	64
<b>Total Expenses</b>	<b>837</b>	<b>1,232</b>
<b>Profit before tax</b>	<b>83</b>	<b>(218)</b>
Total tax expenses	22	(58)
<b>Profit after tax</b>	<b>61</b>	<b>(160)</b>
Other Comprehensive Income	(2)	(12)
<b>Total comprehensive income</b>	<b>59</b>	<b>(172)</b>

Balance Sheet (INR in Cr)	Audited	
	FY 2022	FY 2021
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	954	1,158
Other bank balances	354	192
Trade receivables	2	1
Loans	3,710	3,926
Investment	0.05	(-)
Other financial assets	5	11
<b>Total financial assets</b>	<b>5,025</b>	<b>5,288</b>
<b>Non-financial assets</b>		
Current tax assets (net)	48	6
Deferred tax assets (net)	138	159
Property, plant and equipment	4	5
Intangible assets under development	0	1
Other intangible assets	3	4
Right of use asset	4	5
Other non-financial assets	7	13
<b>Total non-financial assets</b>	<b>204</b>	<b>193</b>
<b>Total assets</b>	<b>5,229</b>	<b>5,481</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Financial liabilities</b>		
Payables	-	-
Debt securities	283	1,007
Borrowings (other than debt securities)	3,411	3,198
Subordinated liabilities	433	210
Other financial liabilities	37	67
<b>Total financial liabilities</b>	<b>4,164</b>	<b>4,482</b>
<b>Non-financial liabilities</b>		
Provisions	21	18
Other non-financial liabilities	21	22
<b>Total non-financial liabilities</b>	<b>42</b>	<b>40</b>
<b>Equity</b>		
Equity share capital	120	120
Other equity	903	838
<b>Total Equity</b>	<b>1,023</b>	<b>959</b>
<b>Total liabilities and equity</b>	<b>5,229</b>	<b>5,481</b>





## IT LANDSCAPE

**AROHAN'S POLE POSITION IN THE SETTING UP OF A STATE-OF-THE-ART TECHNOLOGY-ENABLED INFRASTRUCTURE HAS HELPED IT STAY AHEAD OF THE CURVE IN THE INDUSTRY. WITH DYNAMIC IMPLEMENTATIONS AND INTERVENTIONS, THE TECHNOLOGY LANDSCAPE ASSURES SCALE FOR GROWTH IN THE FUTURE.**

Arohan continues to be a forerunner in the use of innovative technology in the sphere of microfinance in India, for which the Company has been recognized, on multiple occasions, in the industry. The position was further reinstated with the Company getting recognized as the "Microfinance Company of the Year" award in the 3rd Annual BFSI Technology Excellence Awards programme, 2022. During FY2021-22, the Company has further evolved its technology platform into an indispensable tool for achieving and maintaining premier standards of customer service and efficiency, while not just protecting but also effectively assessing data, leveraging it for better and safer processes.

The core systems for customer on boarding and loan management have been incrementally enhanced and completely stabilized during the financial year, enabling the Company to deploy various systems and business application

for allied and support functions. Continuous improvement in the existing systems and automation of related business processes have been one of the key agendas in FY2021-22. All the initiatives were focussed towards improving efficiency and/ or optimizing operational cost directly or indirectly.

Technology at Arohan has been the cornerstone for enabling the Company's quest for scale and growth. Since 2016, when the Company first started building its IT foundation, till today, the focus has invariably been on the path of 'Cashless at the front' and 'Paperless at the back'. In its business of catering to the credit needs of ~19 Lakh customers, Arohan's IT system currently captures more than 300 different data points per customer and facilitates over 20 Lakh transactions every single day through the Company's steady Loan Management System. Furthermore, Cashless Collection has incrementally gained focus area during the FY2021-22. To this effect, various modes for digital repayments were enabled including partnering with payments banks and exchanging transaction information with them on a real-time basis.

**OVER THE YEARS, AROHAN HAS IMPLEMENTED VARIOUS TECHNOLOGY-BASED TOOLS AND PLATFORMS:**

### Profile

A Core Banking System from FiS (a Global Fortune 500 company) to manage the overall lending business, and strengthen the Company's back-end systems. During the COVID-19 pandemic, the Company's Core Banking System helped in managing various government responses being one of the first in the microfinance industry to provide all government benefits to the customers, including the extension of payment moratorium, interest subvention and compound interest relief for all eligible customers. Arohan is the only MFI in India using 'Profile' as a loan management solution.

### 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, Repayments and Recoveries, Cross Sell marketplace, Internal Audit system, Field Monitoring application, Document Management System and many more modules to cover every aspect of operations and support.

### Apna Arohan

In FY2021-22, Arohan launched Apna Arohan Customer App, a 360° mobile app for millions of our customers. Equipped with regional language capabilities, the app allows Arohan's customers to get information on their loan ledger, check eligibility for more loans, products, insurance details, etc. while also providing them with access to the various Cross Sell products on offer, providing an additional platform for grievance redressal and connect with our field officers using voice or text based features.

### 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 which 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 customisable and supports streamlining lending processes and controlling credit risk.

### Adrenalin

An all-inclusive Human Resource Management platform for different features such as attendance, payroll, performance management, recruitment and hiring. It covers the entire employee life-cycle from joining to exit. It has a robust mobile application and web interface in the front end and a strong back-end system to manage the administrative activities.

## IT OPERATIONS

With the assistance of selected technology vendors, Arohan has built its Technology platform into a business tool that helps the Company to maintain consistent levels of customer service, enhance operational efficiencies and create sustainable advantages for the organization. Arohan has also integrated its IT system and infrastructure into its loan lifecycle, a summary of which is detailed here:

- ▲ Branch Area Selection using analytics from CRIF High Mark. Arohan uses this tool to analyse various business factors such as portfolio quality and competition in new geographies.
- ▲ Loan Origination using 'meraArohan', which facilitates real time Credit Bureau checks for customer indebtedness, provides automatic advice on maximum loan size and enables upload of customers' KYC documents.
- ▲ Group Recognition Tests with of customers by Branch Head through 'meraArohan'.
- ▲ Cross Verification of a customer's application by Branch Head through 'meraArohan'.
- ▲ Data Validation by branch quality personnel through 'meraArohan'.
- ▲ Quality Check of customer documentation through the 'Central Hub' based out of the Company's Head Office in Kolkata, West Bengal. This step completes the 8-eyes check process for any incoming loan application.





- ▲ Penny-drop test to verify the active status of a bank account and authentication of the same.
- ▲ e-Signature for all loan applications enabled across all branches in Arohan. This is a major move in moving towards paperless at the back-end.
- ▲ Seamless and Cashless Transfer of the loan amount into a customer's bank account.
- ▲ Post disbursement, Loan Utilisation Check by Field Agents through 'meraArohan'.
- ▲ Automatic Loan Management using 'Profile', Arohan's Core Banking System from FiS, a Global Fortune 500 Company.
- ▲ Real-time Repayment and Customer Attendance monitoring at centre meetings through Arohan's 'meraArohan' App.
- ▲ Digital Repayment using facilities from various banks and fintech players. Arohan has also partnered with Airtel Payments Bank Limited and Spice Money Limited for customers to repay their loans in cash at such merchant outlets.

## IT STRATEGY

In the past few years, Arohan has prudently invested in its Information Technology systems to introduce a range of automated and digitised Technology Platforms and tools to strengthen its approach towards Customer Centricity, while driving lesser operational cost and furthering management efficiencies for the Company.

This strategy has been even more relevant during the two years of pandemic, when reaching out to customers and staying connected with the Company's diverse employee base across geographies was of critical significance. Arohan could navigate through the years of the pandemic easily with the support of its IT applications which are on cloud, including the Contact Centre Telephony System. Extensive use of cloud technologies has helped Arohan in maintaining customer connect and enable digital repayments. With the help of the various Information Technology interventions and automation efforts, Arohan has been able to maintain its operating expense ratios (measured as operating expense/average annual AUM) under control. The Company's loan disbursement Turn Around Time has also reduced from more than 15 days in fiscal 2015 (before implementation of mobile based loan origination) to less than a week after implementing the mobile based loan origination and switching to a 100% cashless disbursement system, among other initiatives.

Arohan believes that continued adoption of digital service delivery mechanisms will enable the Company to be future ready, be more efficient and undertake more reliable data analytics, resulting in target customer profiling and customised products with risk-based pricing to deliver greater customer satisfaction.

**To this effect the following measures have been implemented:**

### Mobile-first approach

All field employees are equipped with a mobile or tablet device. The Company has also implemented Bring Your Own Device (BYOD) guidelines to enable employees to use their own mobile devices. This has helped the field employees to be in touch with the customers virtually, despite lockdown restrictions during the onset of the global pandemic.

### Cloud-Based CRM:

Arohan's Customer Care unit is equipped with a Customer Relationship Management (CRM)

system to better serve customers. Transition to a cloud-based CRM system has enabled the Customer Insights team to be completely operational even during the country-wide lockdown, addressing customer's queries and supporting them well-within stipulated timelines. The system also routes all the queries automatically to employee handling queries in customer's language.

### Cashless Transactions

Along with all disbursements at Arohan being cashless and paid directly into customers' accounts, in FY2021-22, the Company also took significant steps towards implementing cashless repayment facilities for its customers and provide different modes of digital payments using AEPS, Credit/Debit Card, digital wallet, UPI, BBPS and Cash drop points.

### Data Warehouse for Timely Dashboards

Arohan has created a Data Warehouse for its business intelligence and data analytics to generate data-rich dashboards and reports for consumption by all field staff and Management.

### e-Signature

In FY2021-22, Arohan implemented the e-signing facility across all its branches to ensure a paperless backend. This has resulted in all loan documents getting e-signed by the customer along with geo-tagging of their locations, and liveness image checks of the customer with a legally compliant audit-trail document. Apart from streamlining the documentation process, the feature has also resulted in saving costs of printing, transportation of the documents to the storage facility and the manpower cost involved in managing the documents.

### Customer Facial Recognition

Arohan's Collection module, which forms a part of the Mera Arohan suite of mobile applications, is used extensively for all loan repayments of the Company. The collection application uses an in-built facial recognition capability to mark the customer attendance

through a group photograph taken at the center. This has removed any dependency on maintaining a manual attendance register at the center.

## ENVIRONMENT FRIENDLY

Arohan continues to dispose-off its scrapped IT assets responsibly following the guidelines of the pollution control board for disposing off e-wastes.

The challenges of the macro-environment have opened a new world of opportunities for those who are adequately future-ready. Arohan intends to enhance its digital capabilities by improving customer experience through the customer mobile application and also focus on leveraging technology to scale operational efficiencies, Arohan will continue to further digitalise and automate a number of its back-office functions.





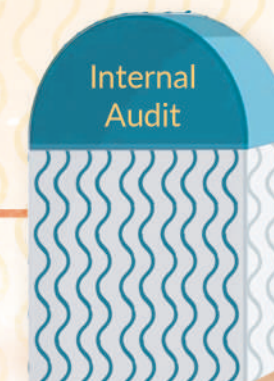
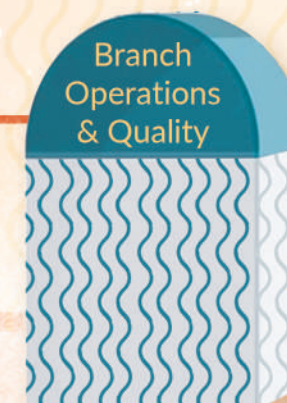


# AGNI

**AGNI (FIRE) IS REPRESENTATIVE OF THE LIGHT IN THE EYES, THAT ENSURES TRUE INSIGHT AND CLARITY.**

Arohan's 3-layered Quality approach of Branch Operations & Quality, Internal Audit and Risk Management based on the foundation of an efficient Credit Underwriting methodology, has ensured that the Company's quality is guarded for growth, securing the foundation of a strong future.

Arohan's laser-sharp focus on Quality of its Lending Portfolio guides the Company's credit-underwriting process with the 3-Pillar approach of Branch Operations & Quality, Internal Audit and Risk Management. In an externally challenged environment, Arohan has been moving consistently towards the future of operational scale, geographic foothold and digitalisation of processes with the support of its trusted Quality verticals.







## INDEPENDENT CREDIT VERTICAL

Arohan runs an independent Credit function to strengthen its underwriting process while channelling sharp focus on quality till the last mile. The Credit function of the Company has two sub-verticals of Organic Credit and Inorganic Credit that ensures efficient management of the credit quality of its diversified business model.

### ORGANIC CREDIT

With the ultimate objective of minimising cost of credit, Arohan's Organic Credit vertical has developed a four pronged approach:

**Credit Policy Formulation:** Credit Policies at Arohan are designed based on a calculated risk approach that takes into account - i) individual customer behaviour (e.g. loan absorption capacity, repayment discipline, etc.), ii) risk associated with different customer segments (e.g. new-to or used-to-credit, female or male borrowers, etc.) and iii) performance of industry portfolio in different operational geographies (pin-code level data of microfinance industry). This ensures a strong data-driven approach to design credit policies.

**Credit Administration:** Credit policies at Arohan are instrumentalised across three levels - i) branch-level underwriting: where the checks are inbuilt in the sourcing processes, such as Verification, Compulsory Group Training and Group Recognition Training, ii) IT-based system

validation of Know Your Customer (KYC), Credit Bureau, mandates from the Reserve Bank of India, and additional internal credit policies, and iii) Central-level exceptional approval based on alternative documentary proofs.

**Mitigation of Underwriting Challenges:** With effective Early Delinquency monitoring, outlier branches are identified and taken into a three-month long mentorship programme. The concerned branch teams are guided to render improved quality of underwriting.

**Mitigation of external risks:** The Credit vertical is an indispensable part of the decision-making process at Arohan to expand into newer geographies or opening of new branches in the existing geographies. Geographical risks are attributed by two factors: i) industry penetration, and ii) Arohan's portfolio concentration and behaviour of Arohan's portfolio vis-à-vis that of industry. Higher risks are mitigated by higher level of credit checks.

### INORGANIC CREDIT

For its inorganic business Arohan has an established credit appraisal procedure which is detailed out in the Company's Inorganic Loan Policy. The policy helps outline appraisal norms including assessment of quantitative and qualitative parameters along with guidelines for various products (Term Loan and Sourcing & Collection). The policy also includes processes for approvals of loans which are subject to review and approval by the sanctioning committee.

The borrower's risks are evaluated by considering;

- △ The risks and prospects associated with the industry.
- △ The financial position of the borrower by analysing the quality of its financial statements, past financial performance, financial flexibility in terms of ability to raise capital and cash flow adequacy.
- △ Geo-concentration of the borrower.
- △ PAR movements and quality evaluation

using key delinquency metrics.

- △ Collection efficiency movement and validation with bank statement.
- △ The borrower's relative market position and operational efficiency.
- △ The quality of management by analysing their track record, payment record and financial conservatism.

## BRANCH OPERATIONS & QUALITY

The first pillar in Arohan's focus on its Portfolio Quality is the Branch Operations & Quality vertical, which is responsible for maintaining the overall quality of assets, ensuring compliance with policies and procedures, track and build efficiencies in all aspects of business and ensure anchor review forums.

Through this vertical, Arohan ensures improved operations at the Branch level, including strengthening the asset origination process. The vertical also plays a key role in improving customer attendance at centre meetings, increasing the percentage of loan repayments made by customers, enhancing the quality of customer service, and ensuring overall compliance and adherence with the Company's internal policies and procedures, along with other statutory requirements.

To this effect, Arohan's Branch Operations & Quality vertical has dedicated cadres of Zonal Quality Heads, Regional Quality Heads and last mile presence with Branch Quality Heads at the respective operating Branches, creating a network of professionals right from the branch-level right up to the Zonal office levels responsible for ensuring quality in business. The vertical also helps monitor and improve internal control, fraud detection and remedial action processes, as well as communicate policies and procedures to employees, ensuring their adherence to the same, while implementing strategic initiatives across the organization.

The vertical had played a key role in facilitating collections, cash reconciliation and controls

during the first wave of the COVID-19 pandemic when collection processes went awry due to the lockdowns, resulting in customer stress and thus delayed repayments. The experience was put to good use during the subsequent waves of FY2021-22. The function played a crucial role in managing the Branch teams and supervising the entire activities at branch, regional and zonal levels to ensure a fine balance of quality and quantity across Arohan's lending portfolio.

### NEW INITIATIVES

**Early PAR Mentorship Programme (EPMP):** In order to detect Early PAR branches and ensure improvement in portfolio quality, a mentorship programme on Early PAR branches was conceptualised and implemented, along with the Credit Function, during the FY2021-22. Through this programme, low performing branches in each Region were identified and mentored closely by the Regional Quality Heads resulting into improved quality of portfolio.

**Cashless Collection:** Another significant achievement has been in promoting cashless collections, as a key strategic initiative of the Company. Additionally, the vertical also worked closely with the Recovery team for direct recoveries from delinquent customers with the objective of enhancing the bandwidth of the resources in the field.

**Action on frauds and deviations:** The vertical plays a key role in streamlining actions on fraud, as well as any deviations, to ensure faster resolution and closure. The focused interventions have resulted in a significant drop in fraud cases in the FY 2021-22. Additionally, observed deviations have been addressed through focused coaching, to address skill-gaps while also by identifying system gaps to be plugged and checked.





## INTERNAL AUDIT MANAGEMENT

Arohan, as its second pillar of quality, has a well-established Internal Audit and Control System in place that monitors the adherence to policies, procedures and systems. Internal Audit, at Arohan, functions as an independent department under the supervision of the Audit Committee of Board. The Audit Committee reviews the adequacy and effectiveness of Company's Internal Audit function including the structure of Internal Audit department, Annual Audit Plan and Staffing, while ensuring an effective and independent review process. Arohan's Internal Audit function is a Board regulated, independent consulting body which provides high quality counsel and precise insights to the management on the efficacy of internal control, process adherence, risk management and governance across the organization. Managed appropriately by qualified professionals having in-depth understanding of the business culture, systems and processes, the Internal Audit function monitors adherence to controls, providing inputs for strengthening risk management.

Internal Audit, at Arohan, adopts a Risk based Supervision (RBS) approach in line with the guidelines of the Reserve Bank of India. The function has already completed a gap analysis and is compliant with all the provisions of the Reserve Bank of India circular dated February 3, 2021 on "Risk Based Internal Audit (RBIA) for all non-deposit taking NBFCs with asset size of INR 5000 Cr and above." Additionally,

the function also adheres to the relevant guidelines as prescribed by the Companies Act, 2013 and rules thereunder, and the standards of internal audits issued by the Institute of Chartered Accountants of India (ICAI), which ensures credibility, resilience and transparency in governance processes.

### QUALITY CERTIFICATION

The Internal Audit function of Arohan has been accredited with the ISO 9001:2015 certification in FY2019-20 after a detailed assessment conducted by the British Standards Institution (BSI) of compliance to the necessary requirements for conducting Internal Audit for operations and all support functions. This certification is a testimony of the organization's commitment to excellence in quality management functions and its focus on scaling it further to ensure business precision. The certificate was further revalidated for one year after an annual surveillance audit in December 2021.

### Infrastructure

Internal Audit in the microfinance industry is a specialised function which requires a combination of field knowledge and specialised auditing skills. In Arohan, the Internal Audit team is structured in a way to combine the essence of both, by handpicking field auditors from amongst seasoned field personnel and pairing them with people with formal audit training. Additionally, Arohan continuously invests time and effort to upgrade the skill sets, as well as knowledge of its employees including the Audit team members through regular and Arohan's Internal Audit team comprises of 145 skilled auditors, spanning its geography, sourced carefully through a rigorous selection process. In FY2021-22, the department has successfully audited 740 plus active branches on a quarterly basis, spanning microfinance, and Business Correspondence operations. The microfinance and Business Correspondence branch audit coverage rate is 100% in all quarters of FY 2021-22, except for Q1 & Q2, where physical auditing was restricted due to COVID-19 situation in the country.

The function is supported by a real-time Audit Management System (AMS), named 'Perdix' with technological support from Dvara Solutions (Formerly IFMR Rural Finance). Perdix is a web-based system that enables seamless audit and is programmed to successfully capture audit findings in a structured and scheduled manner. The platform enables real-time tracking of audit progress, allowing quick escalation of significant issues and monitoring closures with optimised working efficiency, all within a measured timeframe.

### Methodology and Reporting

The Internal Audit function at Arohan conducts audit of all operative branches once 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 sub-heads, are assigned appropriate weightage within a dynamic range, to reflect the final audit score of each branch. Each branch, having undergone audit every quarter, is assigned an audit grading based on the observations and scores of each quarter. The resultant grade acts as a significant parameter in defining the organization's quality parameter and contributes to a significant share of the performance appraisal programme 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.

### Impact of COVID-19 lockdown

On-site internal audit of branches was affected due to the impact of the pandemic and related restrictions spreading the first two quarters of 2021-22 wherein visiting 100% branches was not possible. The team mitigated the risk by adopting innovative approaches such tele-calling, Remote Audit based on scanned documents, and analysing relevant MIS and records with the help of a focussed team.

### Vigilance function

In the FY 2021-22, Arohan also introduced its own Vigilance Department, headed by an Ex-serviceman, with requisite experience and training in the relevant area. The Company plans to gradually expand the team. The function is entrusted with the responsibility to deep-dive large frauds, effect liaison with the local police, and assist in the claim filings of insurance.

## RISK MANAGEMENT APPROACH

The Risk Management approach of Arohan, its third pillar of quality, continued to play a significant role for risk mitigation across all functions in the Company, thus enabling it to remain well prepared for facing challenges throughout the FY2021-22, while also ensuring its scope for growth in the future. The Risk Management function of the Company is led by the Chief Risk Officer 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.

During the year, Arohan has strengthened its risk management framework in line with the various challenges arising out of COVID-19 related events and the evolving new normal. It is mainly on account of this preparedness, that Arohan has been able to take advantage of the Revised Guidelines for the Microfinance Sector rolled out by the Reserve Bank of India and has put them into practice from the very first working day of the FY2022-23. As a direct outcome of the revised Guidelines, the metamorphosis of the MFI sector towards retail lending has been hastened, which allows Arohan to take a pole position amongst NBFC-MFIs from a Risk Management preparedness point of view.

#### **RISK ANALYTICS, INSIGHTS AND ACTIONABLE FOCUS**

Incisive Risk Analytics using various statistical tools, large data processing software and visual analytics tools such as Python, R and Tableau, allows the Risk unit of Arohan to provide sector-leading, critical, rationale-driven business intelligence inputs to the management and the stakeholders. These inputs and insights enhance the Company's strategic planning capabilities and provides key actionable for the Management.

Arohan's credit acquisition scorecard, 'Nirnay', and deployment of the scorecards in the robust

credit decision platform, Strategy-One, has enabled parallel Beta testing of the platform on all microfinance customer acquisitions. The results have, in a large extent, aided to the essential and timely deployment of Credit Risk Pricing decision that has come into effect from April 1, 2022 in line with the revised guidelines of the Reserve Bank of India.

Arohan's proprietary Branch Risk (BRisk) assessment algorithm, which provides key visibility of operational risks continued to effectively assess and predict higher risk environments consistently for the challenging FY2021-22. The BRisk Grading of the entire Company at all levels up to the Branches provided the Operations 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.

#### **NEW RISK INITIATIVES**

△ **Decision Tools:** With sector leading credit acquisition scorecard, 'Nirnay', and credit decision platform Strategy-One in place, Arohan is now actively exploring the next level of harnessing of its Data-Information Stack using the Very Large Data analytics and Machine learning. The capabilities built meticulously over the years and the strong domain expertise allows Arohan to remain amongst the best-in-class in the future on risk modelling and adopting of future-fit approaches.

△ **Enterprise Risk Management:** In order to effectively balance Risk vis-à-vis Return, and providing accurate and insightful visibility on all risks as a mandate for the Risk unit, Arohan initiated the implementation of the Enterprise Risk Management (ERM) project using the COSO framework. The project is nearing completion as the ERM platform, being developed in-house, is expected for deployment in the H1 of FY2022-23.

△ **Business Continuity Policy (BCP):** In FY2021-22, the Risk unit of Arohan has spearheaded the implementation of the Business Continuity Policy and Plan of the

Company. A well-established BCP process backed by well-trained BCP committees and stakeholders have allowed the Company to continue business as usual with least disruptions during the pandemic and other events of calamities during the year. As a result, during the audit conducted by the Reserve Bank of India in the Q4 of FY2021-22, the segment on BCP received a clean chit and even garnered appreciation.





# JAL

**JAL (WATER) IS REPRESENTATIVE OF LIFE, THE POWER THAT HELPS DEVELOP AND GIVE BACK IN COMPLETENESS.**

Arohan's Human Resources function has strengthened over the years with the organization's focus on developing its human and intellectual capital together, while enabling a diverse and inclusive work culture. All these have resulted in Arohan emerging as a Great Place to Work-Certified™ Company, the third time in a row.

Arohan has been consistent in keeping its employees engaged and motivated through various Employee Value Proposition programmes. The Company, through its focus on keeping its employees as the first priority, has ensured their wellbeing through the last two years of the pandemic, setting the foundation of an engaged workforce committed to the future.



**GREAT PLACE TO  
WORK-CERTIFIED™  
COMPANY,  
the 3<sup>rd</sup> time  
in a row**







In FY2021-22, Arohan got recognized as a Great Place to Work-Certified™ Company, for the third time in a row, by the Great Place to Work® Institute. This certification has helped the Company benchmark its employee perceptions of the workplace environment with selected benchmarks across industries and locations. On the Culture Audit section, people practices in terms of Values, Leadership Effectiveness were identified to be the key strengths of the Company in building a culture of High Trust and High Performance. The organization has been recognized as amongst India's Best Workplaces in the BFSI domain as well, for the year 2022. This is reflective of a culture of high trust and pride for the Company among its employees, resulting in an environment that promotes camaraderie and a great workplace experience.

In the year 2021, Arohan was also conferred the New Code of Work Awards in the Large Enterprise category by People Strong. This award was conferred on Arohan for encouraging and empowering employees through various innovative initiatives in its journey of serving millions of customers especially in the challenging and changing times of the pandemic. In a significant achievement, Arohan has also been awarded the People Excellence Awards, 2021 for 'Excellence in Digitalization of HR' by The National HRD Network (NHRDN), Delhi & NCR Chapter and New Delhi Institute of Management. This is in recognition of the digital interventions the Company had initiated to not just stay connected with and protect the well-being of its employees across geographies, but also to develop and upskill them, despite the pandemic situation.

These testimonies allow Arohan to get closer to its Vision Statement of being amongst the most preferred places to work for. It also helps create the right proposition for attracting, developing and retaining the best talent in the industry and sector. In the FY2021-22, Arohan has grown its employee base by 5.45% from 6,790 in March 2021 to 7,160 as on March 31, 2022, a formidable force spread in 14 states of the country.

### PRACTICES TO ENSURE PEOPLE ARE TREATED EQUITABLY BY THE ORGANIZATION

**Hiring:** Arohan, as an equal opportunity employer, considers the candidature of all submitted job applications irrespective of their age, sex, marital status, disability, nationality or religion, and accordingly shortlists potential employees. Employment is offered only to suitable applicants on the basis of their merit, from the pool of referrals, direct applicants and internal employees.

**External Hiring:** Arohan has taken a conscious approach to include more women in its field workforce and has undertaken a diversity charter with specific annual targets on gender diversity to be achieved over the next three financial years. The Company has also identified certain roles across departments with specific preferences on female hiring only. In its hiring strategy, the Company is focused on the principle of "Equality to be brought through equity".

Arohan also encourages its employees coming out of sabbatical for their second innings in their career with focused efforts and programmes. Arohan believes, that with such opportunities, the Company will not only enable the employees in rebuilding their careers but also create a lasting impact on their lives. Moreover, the Company will also benefit from their expertise.

In addition, Arohan also provides an 'Employee Referral' scheme to encourage its employees refer their contacts and suitable candidates for relevant roles and get rewarded for successful on boarding.

**Internal Hiring:** Arohan prioritises on providing its employees with equal cross-functional growth opportunities. To this effect, Internal Job Postings (IJP) are announced through the system for the eligible candidate pool irrespective of their departments. Arohan has a well-defined IJP policy which provides a framework for job rotation, multi-skill development, career progression for fast-trackers, cross-functional/location exposure and optimum utilisation of the internal talent pool, allowing employees to grow and scale within the organization.

**Employee Selection Process:** Arohan uses a mix of methods to evaluate the right candidate for the for the right role. Arohan has its own Competency Framework based on which, different psychometric tools are used for behavioural assessment, ensuring that all mid-level and senior level position are interviewed by a panel comprising of different department heads to get a holistic view on the candidate. Online aptitude test is conducted for junior candidates and for all non-field candidates, a one-day field visit and report submission is mandatory. As the candidates are evaluated, they are also encouraged to evaluate the sector, the Company and on finding true purpose - only then is the on boarding process initiated. This helps Arohan manage its drop-out rates.

### EMPLOYEE PROMOTION

At Arohan, it is ensured that employees earn their promotions through a performance-driven work culture. Employees go through rigorous assessment for their next higher role and based on their performance and maturity, are promoted to the next level.

Arohan also encourages its employees to apply for higher positions through Internal Job Postings within the Company, because such movements provide encouragement and motivation to the employees.

### EMPLOYEE DEVELOPMENT

With the changing business scenario, it is very critical for employees to be future ready.

With the impact of the pandemic, Arohan has proactively reimagined its entire approach for developing talent in the Company. The use of digital technology has enabled Arohan to connect with its employees and provide necessary training on a virtual mode.

**Darpan:** Arohan introduced and conducted sessions on self-reflection, 'Darpan', for the senior leadership of the Company using a 360° feedback mechanism. Additionally, the developmental journey of each of these employees have been crafted and monitored at regular intervals with the objective of helping leaders become more responsive to the changing environment.

**Exposure:** At Arohan, the senior leadership team is consciously involved to be a part of different cross-functional committees and working groups so that they are exposed to the different challenges of different functions, in order to help them develop attributes of inclusivity by understanding diverse point of views.

This is an initiative to encourage employees to be responsible towards the well-being of the organization and their colleagues by raising their voice against any wrongdoings that they may come across at the workplace. This has been accomplished by means of sharing of case studies and relevant call-to-action details through periodic mailers. The same is also available in vernacular language adaptations for establishing wider reach.

**Value Torchbearers:** Under the #AadarshArohanite initiative, Arohan has also launched a Value Torchbearer series where employees who have demonstrated exemplary acts of adherence to one or more of the Core Values of the organization - ETHICS, is featured and applauded for their efforts through a detailed case study. This initiative encourages employees to emerge as the Value Torchbearers for the organization in their day to day work life.





## HIGHLIGHTS OF PROGRAMME AND BENEFITS THAT ADDRESSES THE UNIQUE NEEDS OF EMPLOYEES

### Employee on boarding

**Aashirwaad:** Arohan continues to run its on boarding programme for the field employees, Aashirwaad. Of our total field force, more than 65% are between the age group of 21 – 25 years, hence it is construed that, more often than not, the job offered to them is their first job. Through Aashirwaad, family members of the probationary field officers are made a part of their onboarding journey, helping them form an emotional bonding with the Company, while ensuring better engagement and retention.

### Employee Benefits

**Compensation:** Arohan has adopted a three-pronged approach for its compensation philosophy 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
- △ 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 variable pay, where the pay-out is dependent on the organization's profit

**Employee Advances, Loans and Grants** - To mitigate the needs of certain short-term financial support, Arohan offers its employees with 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 larger amount provided to the 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.

**Long-Service Recognition:** The true test of character is shown only in the face of adversity. Arohan recognises the strong commitment of its employees, who have been with the Company for a minimum of 5 years and have played a key role in the growth of the organization.

### CHILD CARE LEAVE

Being a mother can sometimes require a women employee to take a few days off from their work in order to care of 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 at 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.

**Work from Home** With Arohan being home to a diverse workforce and the new hybrid work culture that employees prefer in today's scenario,

Arohan decided to provide Work From Home (WFH) facility to those employees who have the necessary infrastructure and their job allows them to operate from home, while ensuring that employees perform to the organization's work expectations from the role.

**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). Monthly two late comings are also allowed for the employees to handle any urgent domestic issue on a working day.

## 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 has been 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.

### Arohan Suraksha Kawach

During the financial year, Group Medical Insurance for family has also been extended to the parents of all employees. With a sharp focus on ensuring health and safety, as a top priority for all its employees, Arohan had introduced 'Arohan Suraksha Kawach', a top-up insurance benefit, in addition to the existing sum assured, to provide support to employees in case of any crisis arising due to COVID-19.

### Arohan Swasth Paraamarsh

This initiative was launched at the peak of the pandemic, to support employees in remaining fit both, physically and emotionally. Under this programme, various tips and awareness sessions including interaction with doctors, awareness on symptoms of COVID-19 etc. are conducted through the digital platform. The platform of "Being Fit" was also launched under this banner wherein, the employees shared their own videos sharing tips on how to remain fit.

### Vaccination Reimbursement

The safety and well-being of its employees remain of foremost priority for Arohan. To encourage employees to get vaccinated, ensuring 100% coverage and keeping our employees safe and healthy, Arohan has

reimbursed the vaccination cost for both the doses of employees up to a certain band.

### COVID-19 Safety

Each branch of Arohan has been provided with Personal Protective Equipment Kits, Sanitizers and Vaporizers for the health and safety of branch employees. Additionally, Oxygen Concentrators were all made available in all the six Zonal Offices and at the Head Office for any emergency situation that may arise for the employees.

### Safety at Workplace

Arohan had adopted a gender-neutral POSH Policy and instituted the POSH Committee in the year 2016. Ever since the adoption of the POSH Policy and the formation of the Committee, Arohan has gained steady success in creating awareness among its growing customer and employee base.

Every new joiner at Arohan, irrespective of their bands, designations, and locations undergo mandatory POSH trainings, 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. In its efforts of creating a safe work environment for all its associates, Arohan has been recognized among the 25 Safest Workplaces in India, 2021 by KelpHR.

### 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 launched a Road Safety Guideline campaign, #YourLifeisPrecious, for its employees. This was a weekly series of Road Safety Guidelines that was published in vernacular languages through email, WhatsApp circulars, as well as on social media handles of the Company for maximum outreach.





## DRIVING GENDER DIVERSITY @ AROHAN

Arohan provides credit facility to ~ 19 Lakh customers (majority being women) across low-income geographies for different income-generating activities, who then support their families through their livelihood activities. These customers are being served by over 5,000 field employees of Arohan. Since the majority of our customers are women, it is desirable for a majority of Arohan's field employees to also be women to enable better understanding of the customers' business cash flow needs and establish higher customer connect.

Having identified the business linkage, Arohan is focussed on having a greater gender diversity in the Company with a clear roadmap in terms of attaining a natural diversity ratio of 50% by the year 2030, in line with the Aavishkaar Group's Vision on the agenda. Arohan, being a key contributor to the Group, has set for itself a defined roadmap for the next five years in terms of reaching the desired gender diversity index. The Company is focused on developing a more cohesive, collaborative, and creative work environment as a means of driving continued growth in line with its strategic objective of improving the diversity index.

With the ultimate objective of bringing in equality through equity, the Diversity Council of Arohan conducts programmes to introduce women friendly policies and processes. We have improved our Gender Diversity ratio of Arohan from 4.9% in April 2019 to 17.22% in FY2021-22. This has been made possible due to

the introduction of various initiatives and policy changes included not only at the Head office or Regional office levels but also at the field levels. Arohan has categorically opened branches in several states that employ only female staff members. This has resulted in Arohan having many women-only branches where the entire business is being driven by women employees of the Company.

Arohan adopted the following strategies to foster women hiring as a key part of its Diversity & Inclusion initiatives:

**Hiring:** The hiring criteria for field women employees has been revised for them to join in early or even join back after a break in their career. This has been done to encourage those women employees who would want to continue with their career after a break as may be needed for family reasons.

△ **Home Location Posting:** The Diversity Committee worked on the most relevant feedback and suggestions received as an outcome of various Focused Group Discussion exercises, addressing women's concerns on one hand and risk-mitigating strategy on the other, and thus, introduced the facility of Work from Home Location for women field employees in FY2021-22. With the introduction of this facility by the Diversity Committee of Arohan, women employees from rural and semi-urban geographies will also find an opportunity to build their career with a growing organization and simultaneously manage their home front.'

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

△ **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 premise for the safety of women with CCTV cameras installed in every all-women or mix employee branches.

### Samataa - Gender Sensitization Programme:

Considering the outcomes of the several Focused Group Discussions, Pulse Survey and Feedback sessions that the Diversity Council of Arohan had organised for its employees, Arohan launched Samataa – A Gender Sensitization Initiative where a series of events were conducted with identified 'Change Agents' in order to achieve the following set of objectives:

- △ Drafting the Roadmap for Arohan's Journey of Diversity & Inclusion in line with the organizational goals
- △ Identifying and eliminating Gender Bias at the workplace
- △ Developing a positive and gender-intelligent organizational culture
- △ Establishing lower levels of gender-based conflicts and harassment
- △ Creating a balanced male-female ratio
- △ Fostering higher employee morale and greater retention

The programmes were designed in such a manner that aimed to address gender-related issues by:

- △ Emphasizing the need for greater diversity at Arohan and how the same will help us in our business.
- △ Guiding and informing all employees on appropriate ways of addressing and interacting with colleagues representing the other gender.
- △ Stressing on the need of all 'People Managers' across the organization to focus on and promote a gender-neutral, positive and cordial work culture within and across their teams.

- △ Facilitating discussions between male and female employees.
- △ Highlighting positive, as well as discriminatory workplace practices and policies that need attention for immediate redressal.

## GRIEVANCE REDRESSAL PLATFORMS:

- △ **Saheli:** A unique helpline number to address the queries and grievances only for women employees who seeks any sort of HR related guidance and assistance.
- △ **Prevention of Sexual Harassment (POSH) at Workplace:** One of the grievance redressal mechanism that seeks to protect employees from sexual harassments at their place of work. POSH policy in Arohan is gender-neutral.
- △ **Arohan Code of Conduct (ACOC):** The Arohan Code of Conduct and discipline rules have been formulated to maintain the standard of business conduct to deter wrong doing and promote discipline among the employees.

## TRAINING & DEVELOPMENT:

Arohan believes that the highly dynamic industry environment today demands organizations to invest in re-skilling and upskilling their employees to remain competitive. In order to keep up the stride, Arohan has devised training models to upskill its employees across the vertical.

### INDUCTION PROGRAMMES

The Induction programmes for all the different levels of field staffs are targeted towards developing their functional competencies. Given the current context of pandemic, the induction programmes FY2021-22 were conducted with a blended approach of virtual and physical training. A total of 693 such programmes were conducted in FY2021-22 with an effectiveness score of 88%.





## KNOWLEDGE MANAGEMENT

As a part of its knowledge management initiative, Arohan has launched a host of programmes such as the following:

**Saksham:** A certification programme for the critical roles of the field employees and the enabling functions to upgrade their knowledge on the policies, processes, industry and the skills to handle the evolving “new normal.”

**Apna Arohan Radio:** An in-house radio channel to disseminate know-how on the best practices in field, industry updates, motivational nuggets and leadership messages.

**The Learning Curve:** A training journal, published once in two months, to showcase and disseminate information on best practices on business parameters, leadership, technology etc. The target audience are the Mid-Management and Senior-Management Groups.

**Wednesday Wisdom Videos:** Bite-sized videos on the knowledge of recent changes in policy and processes, which are circulated among the field employees on a weekly basis.

## CORPORATE TRAINING

Strengthening skill and behavioural competencies of employees in the support function, Arohan initiated the “Corporate Training” programme conducted in regular intervals through the year. The intervention covered 84% of the support function across the six Zonal Offices, as well as, the Head Office.

## AREA MANAGERS’ BOOT CAMP

Arohan conceptualised a flagship, half-yearly intervention to enhance the functional and skill-based competencies of its Area Managers

(AM). In the FY2021-22, the intervention was focused on building the ‘Crisis Management & Feedback Sharing Skills’ among the target cadre of employees.

## AUTOMATION OF TRAINING

Arohan has continued to evolve its learning strategy to match the requirement of the millennials and socialised “Learning Management System”. To this effect, the Company instituted courses targeted to build the capabilities of its 5000+ field team members on their functional competencies through weekly intervention and monthly assessments.

## TRAINING ON COLLABORATION & TRUST

Focused on Zonal and Regional Cross Functional Teams, in order to help them understand the benefit of active listening in fostering a collaborative work culture, Arohan organised trainings on Collaboration & Trust. Teams were provided with tools to encourage collaboration during meetings, decision-making sessions, and other gatherings and were trained on tactics for identifying and addressing conflicts.

## UPSKILLING INTERVENTION

In FY2021-22, Arohan launched a unique intervention for its Customer Service Representative to develop their capabilities of handling difficult customers in the form of “Role Play” based approach. Specific scripts were designed for different situations and the same was enacted through role-play training sessions. As an impact of the programme, it was observed that 54% of the field employees are ‘Experts’, among the categories of Expert, Proficient and Novice as defined by the Training & Development vertical of the Company.

## CRITICAL TALENT IDENTIFICATION PROGRAMME

A Talent Identification Programme was launched in FY2021-22 with the objective to identify potential employees for field leadership and enabling function roles across the Regional and Zonal Offices of Arohan.

The assessment was designed based on four different attributes. A total of 998 employees from field operations and enabling functions underwent the Talent Identification Process and have been mapped in a ‘9-Box’ matrix of Performance and Potential. This has helped identify critical talents in the Company based on their performance and potential with a total of 14% of the assessed population identified as Critical Talent.

## ESG FOCUS

**AROHAN, THROUGH ITS FOCUS ON COMMUNITY DEVELOPMENT THROUGH ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES, HAS HELPED MOVE BENEFICIARIES AND THEIR COMMUNITIES TOWARDS SUSTAINABILITY. ITS VARIOUS INITIATIVES FOCUSED ON EMPOWERING THROUGH SOCIAL, ENVIRONMENTAL AND CAPACITY BUILDING ACTIVITIES, CONTINUE TO SUPPORT COMMUNITIES IN THEIR SOCIO-ECONOMIC JOURNEY OF GROWTH.**

Arohan operates in marginalized communities where access to quality healthcare, basic education, water and sanitation is restricted. Through its strong Governance and Corporate Social Responsibility activities, the organization has worked in areas pertinent to social development, as key government priorities, supporting and empowering the women of underserved communities. Through its focused social activities impacting women and communities, Arohan has touched over 7 Lakh lives so far.

## PIP INTERVENTION PROGRAMME

A mentoring programme was launched with the objective of developing the productivity of field resources of different grades who have been put under the ‘Performance Improvement Plan’ (PIP). The programme is a quarterly intervention, and has been designed in consultation with the business team to target the productivity gap. Through this programme, 78% of the PIP employees’ performance improved as they successfully emerged out of the PIP bucket

## ENVIRONMENTAL INITIATIVES

### ECO SUSTAINABILITY (SAFE DRINKING WATER & SANITATION)

Arohan’s journey on sustainability focuses on the triple bottom-line approach of People, Planet and Profit. The Company’s integrated water and sanitation plants addresses the gaps in implementation and strategic management in Water and Sanitation, and Hygiene sectors by assuring investment efficacy, linking revenue returns to social benefits and allowing common partnership. As of March 31, 2022, Arohan has impacted approximately 24,000 beneficiaries through these interventions.

Arohan has supported the launch and implementation of 9 Water and Sanitation units, out of which the Company has successfully exited from 3, in partnership with the South Asian Forum for Environment (SAFE). The remaining 6 are on-going projects, in partnership with Piramal Sarvajal and PK Associates. The WASH units are a fully integrated system developed with the objective of providing safe drinking water and sanitation facilities to the community members. Community awareness drives and regular monitoring is an integral part of the projects, ensuring that the communities fully benefit from the units.

### WATER CONSERVATION

Water conservation is a means for increasing agricultural production in rain fed and semi-arid areas. There are nearly 85 million hectares of land as rain fed area in the country. These areas were bypassed by the Green Revolution and therefore, experienced little to no growth in agricultural production for several decades. With the objective of improving the management of soil and vegetation in such areas, Arohan aims to create conditions conducive to higher agricultural productivity while also contributing to the conservation of natural resources. The project focuses on lives so far.





## COVID-19 RELIEF

With the start of the FY2020-21, one of Arohan's major thematic scope was to provide COVID-19 relief related measures. Continuing its efforts in FY2021-22, Arohan distributed 5 lakh masks to beneficiaries with an objective of providing them with continued protection against COVID-19. The project was initiated through the Aavishkaar Foundation. Arohan contributed INR 10.65 Lakh from its Corporate Social Responsibility fund long with an additional employee contribution of INR 34.71 Lakh and partner contribution of INR 15 Lakh. By way of social initiatives, Arohan has impacted approximately 5.92 Lakh beneficiaries, as a part of its COVID-19 relief initiatives.

## DISASTER RELIEF

Arohan has always protected the wellbeing and interest of beneficiaries, especially in times of need. Natural calamities like flood and cyclones are common in its areas of operations. Arohan and its employees make extra effort to support beneficiaries during such instances. Till date, Arohan has provided disaster relief materials to over 49,000 beneficiaries during times of floods and cyclones. In FY2021-22, Arohan distributed dry ration kits and hygiene kits to approximately 4,890 beneficiaries in areas most affected due to Cyclone Yaas in West Bengal and parts of the North East.

## CARBON TRADING

Arohan trades in carbon through its Clean Energy Programme, which not only helps provide clean energy credit loans to its customers but also reduces carbon footprint. Arohan has collaborated with MicroEnergy Credits for this programme through which

a total of 67, 363 tonnes of CO<sub>2</sub> Certified Emission Reductions (CER) have been issued as on March 2022.

## SOCIAL INITIATIVES

### WOMEN EMPOWERMENT & EDUCATION

Wellbeing of women and their education is the premise of progress in every society. Arohan focuses on empowerment of women through Scholarship programmes, Skill Building programmes, Model Anganwadis, building of school enterprises, STEM Learning and E-Learning. As of March 31, 2022, Arohan has benefitted approximately 44,000 beneficiaries.

- ▲ Educational aid in the form of free school bags were distributed to 4,150 students of Government Schools.
- ▲ Skill Trainings was provided to 1,350 youths, 60% of whom got placements and are successfully earning their own livelihoods. Entrepreneurship trainings were provided to 200 women in Odisha.
- ▲ 365 girl students have been awarded Scholarship for further studies, as of March 31, 2022. Additionally, Arohan has also helped build a library with computer facilities in a government school which benefitted ~3000 students.
- ▲ Two Anganwadis have been successfully adopted in Jharkhand and Bihar benefitting ~ 13,951 students, women and adolescents through different programmes and community intervention programmes.
- ▲ Pitch It – This is a focused sustainable project for children on building school enterprises and supporting the most innovative projects. A total of 101 children and their ideas were shortlisted and finalised, out of which Arohan funded 33 projects.
- ▲ In its relentless pursuit of education for the girl child, Arohan partnered with Samabhavana NGO, a Child development-

focused organization, to set up Science Centres for two all-girls schools in Odisha and West Bengal. The project aims to help students build an aptitude for STEM (Science, Technology, Engineering and Mathematics) learning, through fun and innovative methodologies thus, creating stepping stone for the students to pursue a career in such fields. Approximately 1,100 students have benefitted through this initiative, as of March 31, 2022.

- ▲ In response to the impact of COVID-19 on school students, with lockdowns being imposed all over, Arohan initiated online learning mechanism for school students through self-paced learning content via Learning Management Systems and instructor-led sessions. The project was initiated to enable students to continue their learning from the comfort of their home on a real-time learning platform along with career counselling and mentoring by professional instructors. 300 girl students have been impacted through E-Learning classes in Uttar Pradesh and Madhya Pradesh.

### LIVELIHOOD TRAININGS

In order to further support socio-economic development, Arohan partnered with Seven Sisters Development Assistance (SeSTA) to empower women involved in agriculture-based activities and provide them with livelihood trainings to enhance participation in income generation and productivity. The project was implemented in Majuli, Jorhat, Assam. The women members of the communities were trained on productivity enhancement in agriculture and scientific livestock management for improved income. Arohan has successfully impacted over 1,000 beneficiaries.

The project was implemented with women members from small and marginal farming communities. and Self Help Groups were constituted under this project. The members were trained on productivity enhancement in agriculture and scientific livestock management. The project helped create

demonstrable prototypes that act as immersion sites. Linkages was established with different stakeholders such as banks, the Agriculture department, veterinary and other relevant line departments. Additionally, the implementing partner, SeSTA, has functional linkages with Assam State Rural Livelihood Mission (ASRLM) in the proposed areas, which helped in mobilize funds such as the Revolving Fund and Community Investment Fund.

### HEALTH AND WELL-BEING

Arohan operates in the most financially excluded states of India and beneficiaries belong to communities where access to basic healthcare is inadequate. To address this gap, Arohan organizes free health and awareness camps providing access to medical and basic diagnostic services for the women in such communities. As of March 31, 2022, approximately 14,000 beneficiaries have been impacted through health camps.

### MENSTRUAL HYGIENE

With the objective of educating and creating awareness on the use of sanitary napkins and providing easy access, Arohan initiated a project in seven schools in Koderma, Jharkhand. Through this project, Arohan installed sanitary napkin vending machines along with incinerators in schools to solve the problem of disposal of napkins. The aim was to contribute towards the environment by reducing pollution caused due to non-biodegradable napkins and clogging of public drainage system while reducing the spread of infection due to unhygienic disposal of napkins. Awareness and replenishment programmes were conducted for the school children, teachers, parents and community members to inculcate good sanitary habits for long-term health benefits. Through this project, Arohan has successfully impacted over 1,900 students. The programme was also scaled in 7 other schools in Giridih, Jharkhand in FY2021-22, aiming to benefit another 2000 students.





## EMPLOYEE VOLUNTEERING

Arohan provides the employees with a sense of purpose by way of giving back to the community, in addition to their work roles. To this effect, the Company encourages employees to volunteer their Time and/or Skill. Employees are encouraged to self-initiate or initiate project-based volunteering. Arohan believes that some of the endless benefits of volunteering as employees include, but are not limited to, gaining new skills and knowledge, boosting job and career prospects, enjoying a sense of achievement and fulfilment, personal development, better physical and mental health, connecting to and better understanding the community and developing team building skills.

Arohan's employees have participated in various volunteering activities to reach out to the beneficiaries supporting the thematic by participating and contributing on World Celebration Days, disaster relief initiatives, cloth donation and also by imparting Financial Literacy at one of its Water and Sanitation sites. In response to the pandemic conditions since FY2020-21, Arohan has shifted its volunteering initiatives to a virtual mode by conducting a number of online volunteering activities.

## IMPACT ASSESSMENT

Arohan believes that impact study is essential to align social interventions of the Company to the priorities of the communities it operates in. To this effect, Arohan has initiated a methodology to conduct impact assessment of its CSR projects by way of Need Assessment and Site Visits to understand the project requirement and take inputs from the local inhabitants. The Need Assessment studies are focused on identifying priorities on the ground after undertaking a diagnostic study of the targeted project site to conceptualize relevant projects which are impactful and sustainable. Project monitoring and progress reports are an integral part of the method that helps draw out the benefits and gaps in the planned intervention. An end-line survey helps comprehend the qualitative and quantitative outcome and impact of the programme, allowing effective planning, execution and scaling of the project in the future.

Additionally, Arohan also conducted a number of surveys to understand the impact of the programmes on the beneficiaries, while also connecting with a few of them through field visits and virtual platforms. Their feedbacks and the report of such surveys helps Arohan in planning its social interventions in the future.

## CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Arohan, 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 2021-22.





## 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 year ended March 31, 2022. In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for 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, 2022.

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial performance of the Company is summarized below:

(INR in Crores)

Year ended March 31	FY 2022	FY 2021	Change (%)
Total Revenue (A)	920.43	1013.68	(9.20)
Less: Expenditure (B)	701.82	727.61	(3.54)
Less: Impairment on financial instruments (C)	135.67	503.86	(73.07)
<b>Profit/(loss) before tax (D)= (A-(B+C))</b>	<b>82.94</b>	<b>(217.79)</b>	<b>138.08</b>
Pre-Provision Operating Profit Before Tax (E)= (C+D)	218.61	286.07	(23.58)
Total tax expense (F)	21.99	(57.84)	138.02
<b>Profit/(loss) after tax (G)= (D-F)</b>	<b>60.95</b>	<b>(159.95)</b>	<b>138.11</b>
Other-Comprehensive Income	(1.63)	(11.94)	86.34
<b>Total Comprehensive income for the year</b>	<b>59.32</b>	<b>(171.89)</b>	<b>134.51</b>
<b>Earnings Per Share (EPS)</b>			
-Basic (in INR)	5.07	(14.56)	134.83
-Diluted (in INR)	5.05	(14.56)	134.68

The operational highlights of the Company are summarized below:

Year ended March 31	FY 2022	FY 2021	Change (%)
Number of branches	740	737	0.41
Number of customer (in lakhs)	19	21	(9.52)
Number of employees	7,160	6,790	5.45
Gross loan portfolio (in crores)	4,122	4,648	(11.32)

Last year has been very challenging, considering many significant developments like COVID-19 new waves, signing of MOU with Assam Government, Launch of Samunnati etc. The business of the Company has seen a setback due to various factors like borrower activation levels, slow return to normal economic activity levels, employee productivity, attrition levels etc. In the view of the above situation the Company has reported Operational Revenue of about INR 90,173 Lakhs and net profit of INR 6,095 Lakhs. The Other Income of the Company degrew by 32.0% in comparison with previous year. However, Net worth had increased from the previous financial year ended March 31, 2021 due to retained earnings, the net worth of the Company for the financial year stood at INR 1,02,348 Lakhs.

Borrowings has reduced to INR 4,12,700 Lakhs for the financial year ended March 31, 2022 in comparison to that of INR 4,41,500 Lakhs reported in the previous financial year ended March 31, 2021.

The Company has raised INR 20,000 Lakhs of Subordinate Debt in last quarter of the financial year. The same has been classified as Tier II capital which has enhanced the CRAR. The OPEX ratio of the Company was marginally increased year on year, primarily due to the base impact. The total comprehensive income (TCI) of the Company stood for the financial year 2021-22 at INR 5,933 Lakhs against a loss of INR 17,189 Lakhs for the Financial Year 2020-21. In terms of gross AUM, the Company had de-grown from INR 4,64,800 Lakhs to INR 4,12,200 Lakhs. The major focus during the year was on collection and recovery. The PAR 30 has improved in comparison with the previous year.

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

- 2021 Modern Governance 100 recipients in the Audit Excellence, Risk & Compliance

Visionary and ESG & Diversity Trailblazer categories by Diligent.

- Top 25 Safest Workplaces in India by KelpHR
- “Microfinance Company of the Year” at the 3rd Annual BFSI Technology Excellence Awards programme 2022
- New Code of Work Awards 2021 in the Large Enterprise Category by PeopleStrong.
- People Excellence Awards, 2021 for ‘Excellence in Digitalization of HR’ by The National HRD Network (NHRDN), Delhi & NCR Chapter and New Delhi Institute of Management
- India’s Best Workplaces in BFSI 2022 - by Great Place to Work® Institute

**The Company has received several noteworthy Certifications:**

- Great Place to Work-Certified™ thrice in a row, by the Great Place To Work® Institute.
- CARE MFI 1 Grading, highest on an 8-point scale, the fifth year in a row (2017/2018/2019/2020/2021)
- COCA Assessment score of C1, highest on a 5-point scale, the fourth year in a row (2018/2019/2020/2021)
- **Credit Rating A-** (2016/2017/2018/2019/2020/2021)
- SMART Campaign Certification to award our **client protection principle** (2015, Recertified 2019 with a four-year validity)

### CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business of the Company.

### CAPITAL INFUSION

During the year, the Company has issued 200 Unsecured, Rated, Listed, Redeemable,





Subordinated, Non-Convertible Debentures at a face value of INR 1,00,00,000 each aggregating to INR 200 Crores on a private placement basis. The said NCDs will be eligible for Tier II Capital.

Apart from the above, the Company has not issued any equity shares during the financial year under review. Further, the shareholders of the Company at their Extra Ordinary General Meeting held on March 28, 2022 has approved the reclassification of authorized share capital of the Company to INR 1,60,00,00,000 (Rupees One Hundred Sixty Crore Only) divided into INR 1,35,00,00,000 (Rupees One Thirty Five Crores Only) of Equity shares for a face value of INR 10/-each (Rupees ten only), and INR 25,00,00,000 (Rupees Twenty-Five Crore Only) of 2,50,00,000 Compulsory Convertible Preference Shares for a face value of INR 10/-each (Rupees ten only).

## INITIAL PUBLIC OFFERING

The Directors hereby inform that due to the current market conditions and other unfavourable circumstances, the Company could not go ahead and materialise its IPO planning and thereby the approval of SEBI for opening up the subscription has expired.

## DIVIDEND

The Board of Directors do not recommend any Dividend for the year under review.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Vineet Chandra Rai (DIN: 00606290) being Promoter Director retire by rotation in terms of Section 152 of the Companies Act, 2013 and Article of Association of the Company and being eligible offered for re-appointment as Director of the Company. Declaration from the director under section 164 (2) of the Companies Act, 2013 had been received stating he is not disqualified from being appointed as the Director. Mr. Manoj Kumar Nambiar

(DIN: 03172919), has been reappointed as a Managing Director w.e.f., July 01, 2021 for a period of period of 5 years. Further, Ms. Matangi Gowrishankar, (DIN: 01518137) has been reappointed as an Independent Director w.e.f., August, 22, 2021 for a period of 5 years. Furthermore, Mr. Kasper Svarrer has vacated the office of Director of the Company w.e.f. May 11, 2022. Further, Mr. David Arturo Paradiso has been appointed as an Additional Director w.e.f., May 11, 2022.

During the year, Mr. Manoj Kumar Nambiar, Managing Director, Mr. Milind Ramchandra Nare, Chief Financial Officer, and Mr. Anirudh Singh Thakur, Company Secretary are the Key Managerial Personnel ("KMP") of the Company under Companies Act, 2013. Apart from the above, Company has appointed Mr. Bharath Sondur as Chief Business Office w.e.f., December 29, 2021.

Mr. Shailesh Kumar, Senior Vice President and Head – Credit, Mr. Ranjan Das, Chief Risk Officer, Mr. Harshavardhan Patnaik, Senior Vice President and Head of Branch Operations and Quality, Mr. Vinod Kumar Pandey, Deputy Vice President and Head- Central Operations and Alliances, Mr. Abin Kumar Mukhopadhyay, Senior Vice President –Head of Internal Audit, Mr. Arvind Murarka, Senior Vice President – Head of Information Technology, Mr. Prashant Rai, Senior Vice President – Head of Human Resources, Admin, Training & Development and CSR, and Ms. Reema Mukherjee, Assistant Vice President – Head of Strategic Initiatives & Corporate Communications are the Key Managerial Personnel ("KMP") of the Company under SEBI (ICDR) Regulations, 2018.

## 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 Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 ("SEBI LODR Regulations").

## DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE OF THE COMPANY

The Company doesn't have any subsidiary, associate and joint venture.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- In the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- 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 at March 31, 2022 and of the Profit and loss of the Company for the year ended on that date;
- 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;
- The Directors have prepared the annual accounts on a 'going concern' basis;
- 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

- 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, 2022, the Board consists of 12 members, which includes one Executive Director, four Independent Directors, and Seven Non-Executive Nominee Directors. The Chairman of the Company 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;

- 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;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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** – MSKA & Associates, (Firm Registration Number – 105047W), Chartered Accountants 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 to fill casual vacancy which has occurred w.r.t RBI Guidelines. They have confirmed their eligibility under section 141 of the Companies Act, 2013 to carry out the audit for the FY 21-22.
- ii) **Secretarial Auditors** – M/s S. Basu & Associates, Practicing Company Secretary (Certificate of Practice No 14347) were reappointed as Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2021-22 as required under Section 204 of the Companies Act, 2013 and the rule made thereunder. The Secretarial Audit Report for FY 21-22 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 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 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

Details of Loans and Investments covered under the provisions of the Section 186 of the Companies Act, 2013 are provided in Note to the Financial Statements, and further the Company has not provided any guarantee under Section 186.

## 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, are 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 FY 2021-22 are disclosed in note of 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. All contracts/ arrangements/ transactions entered by the Company during the Financial Year 2021-22, 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: <https://www.arohan.in/wp-content/themes/arohan/resources/2021-11-29-08-11-44-Related%20Party%20Transactions%20Policy.pdf>

## 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 12.19 Cr to Statutory Reserve as required (20% of Profit after Tax) under Section 45-IC of 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, 2022 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.

During the year under review, the Company's earning in foreign exchange was INR 12.74 Lakhs. The details of foreign earnings have also been captured in note of the Financial Statements.

## ANNUAL EVALUATION OF THE BOARD

The Board pursuant to the provisions of Section 178 of the Companies Act 2013, the Nomination and Remuneration Committee ("NRC") has carried out evaluation of individual Director's performance. In this regard the NRC had met on May 11, 2022 to carry out the above mentioned evaluation. The director's evaluation was carried out electronically through Diligent Software in a secured environment. The directors were allowed to carry out the evaluation in diligent software with their respective secured log in. A detail report on the director's performance evaluation as generated from diligent software, was placed before the Board and Committee in their meeting dated May 11, 2022.





The Members of the NRC reviewed the performance of all the individual Directors of the Company in accordance with the relevant sections of the Companies Act 2013. 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 whole played 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 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.

During the year, as per the budget the Company spent on various programs and activities such as Health Care and Women Empowerment,

Disaster Relief, Installation of Vending Machine, Training and Awareness, Skill Development, Livelihood Trainings, Etc. 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 by the Companies Act, 2013.

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

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. 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 11 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 maintained a CRAR ratio higher than the RBI prescribed ratio, which is 34.58% as on March 31, 2022.

The Company has an outstanding on secured and unsecured borrowings of INR 4,12,726.14 Lakhs at the end of Financial Year 2021-22.

### RBI GUIDELINES & SRO

Your Company is registered with Reserve Bank of India ("RBI"), as a non-deposit accepting 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	CARE Ratings Limited	A-	Negative
Non-Convertible Debentures	CARE Ratings Limited	A-	Negative
Bank Instruments	ICRA Limited	A-	Negative
Non-Convertible Debentures	ICRA Limited	A-	Negative

### 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. 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 annexure 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 to the Company Secretary of the Company.

## 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 & 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.

A 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 decided by the Nomination & Remuneration Committee.

The details of the Employee Stock Option Scheme as per Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

Particulars	Arohan ESOP 2021	Arohan ESOP 2018 (Grant 2020)	Arohan ESOP 2018 (Grant 2019)	Arohan ESOP 2018 (Grant 2018)	Arohan ESOP Plan 2017
a. Options granted	9,82,867	8,42,858	7,69,528	5,97,264	2,29,280
b. Options vested	Nil	2,80,953	5,13,018	5,97,264	2,29,280
c. Options exercised	Nil	4,000	21,875	43,254	60,000
d. The total number of shares arising as a result of exercise of options	Nil	Nil	Nil	Nil	Nil
e. Options lapsed	55,744	1,40,949	1,51,905	1,06,626	24,000
f. The exercise price	INR 210	INR 170	INR 162.80	INR 130	INR 84.70
g. Variation of terms of options	No	No	No	No	No
h. Money realized by exercise of options	Nil	Nil	Nil	Nil	Nil
i. Total number of options in force	9,27,123	6,97,909	5,95,748	4,47,384	1,45,280

Particulars	Arohan ESOP 2021		Arohan ESOP 2018 (Grant 2020)	Arohan ESOP 2018 (Grant 2019)		Arohan ESOP 2018 (Grant 2018)		Arohan ESOP Plan 2017	
J Employee wise details of options granted to:									
a) Key Managerial Personnel#	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	Name of the Employee	Options Granted	Nil	Name of the Employee	Options Granted	Name of the Employee	Options Granted	Name of the Employee	Options Granted
						Shailesh Kumar	44,800	Harsha vardan Patnaik	17,280
						Shrish Chandra Panda**	49,880	Shraddha Srimal	30,000
						Harsha vardan Patnaik	34,560	Anant Jayant Natu*	24,000
	Ranjan Das	57,024		Shrish Chandra Panda**	46,530	Abin Mukho padhyay	32,400	Abin Mukho padhyay	24,000
						Joji Jacob	36,000	Arvind Murarka	30,000
						Joyanta Bakali	30,000	Prashant Rai	30,000
								Joyanta Bakali	24,000
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;	Nil		Nil	Nil		Nil		Nil	

#Note: key managerial personnel have been considered as per the Companies Act, 2013 only.

\* Options lapsed

\*\*Part Options lapsed





## 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, 2022 in e-form MGT 7 is available on the Company's website at the link:

<https://www.arohan.in/wp-content/themes/arohan/document/form-mgt-7-21-22.pdf>

## 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

**VINEET CHANDRA RAI**  
DIRECTOR  
DIN: 00606290

**MANOJ KUMAR NAMBIAR**  
MANAGING DIRECTOR  
DIN: 03172919

Date: May 11, 2022

Place: Kolkata

## ANNEXURE - I

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022 [Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,

The Members,

**AROHAN FINANCIAL SERVICES LIMITED**

PTI Building, 4th Floor,

DP-9, Sector-5, Salt Lake, 24 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 **March 31, 2022 ('Audit Period')** 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** ("the Company") for the financial year ended on March 31, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; - Not Applicable during the year under review.
3. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to 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'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; – **Not Applicable during the Audit period;**
  - (b) The Securities and Exchange Board of





India (Prohibition of Insider Trading) Regulations, 2015 to the extent applicable to the Company during the period under review; **Not Applicable during the Audit period;**

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to the extent applicable;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (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; **Not Applicable during the Audit period;**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not Applicable during the Audit period;**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable during the Audit period;**

6. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof maintained by the Company and as confirmed by the management vide its management representation letter, it has complied with following laws that are applicable specifically to the Company:

The Company has complied with the following laws applicable specifically to the Company

- The Reserve Bank of India Act, 1934.
- Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

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).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**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.
- b) Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, 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, if any are captured and recorded as part of the minutes.

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, 2022:

- Appointment of Statutory Auditors to fill the casual vacancy which has been occurred due to amendment of RBI regulations.
- Reclassification of the Authorised Capital of the Company as well as amendment of Memorandum of Association

Place: Kolkata

Date: May 09 2022

- Fraud cases which have been reported to us were also noted in the Minutes of the Board Meeting for which necessary actions are taken by the company

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

**Saurabh Basu**

Practising Company Secretary

ACS: - 18686; C.P.- 14347

Peer Review No: 1017/2020

UDIN:A018686D000287781





## ANNEXURE - A

To,  
The Members,  
**AROHAN FINANCIAL SERVICES LIMITED**  
PTI Building, 4th Floor,  
DP-9, Sector-5, Salt Lake, 24 Parganas North,  
Kolkata -700091

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
  - 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.
  - We have not verified the correctness and appropriateness of financial records and
- Books of Accounts of the Company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
  - 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.
  - 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.

For **S Basu & Associates**

Company Secretaries

Firm Registration No: S2017WB456500

Place: Kolkata  
Date: May 09 2022

**Saurabh Basu**  
Practising Company Secretary  
ACS: - 18686; C.P- 14347  
Peer Review No: 1017/2020  
UDIN:A018686D000287781

## 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, 2022, 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	Nature of Relationship	Duration of Contract	Date of approval of Board	Salient terms	Amount (INR in Lakhs)
<b>Reimbursement of cost received</b>	Common Directors or Significant Influence	During the FY 2021-22	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					0.42
<b>Reimbursement of expenses paid</b>					
Intellectap Advisory Services Private Limited					0.19
Aavishkaar Venture Management Services Private Limited					2.68
Intellectap Advisory Services Private Limited					2.68
Ashv Finance Limited					16.06
<b>Professional/ business support fees</b>					
Aavishkaar Venture Management Services Pvt Ltd.					29.28
Intellectap Advisory Services Pvt. Ltd.					9.40
<b>Remittance under business transfer agreement</b>					
Ashv Finance Limited					1,850.45
<b>Corporate Social responsibility</b>					
Aavishkaar Foundation					75.64

For and on behalf of the Board of Directors

**Manoj Kumar Nambiar**  
Managing Director  
DIN: 03172919

Place: Kolkata  
Date: May 11, 2022





## 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. Sumantra Banerjee	Independent Director	2	2
2.	Mr. Anurag Agarwal	Nominee Director	2	2
3.	Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	2	Nil
4.	Mr. Manoj Kumar Narayan Nambiar	Managing Director	2	2

#### 3. Web-link 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/2021-08-31-05-16-51-Corporate%20Social%20Responsibility%20Policy.pdf>

##### CSR Committee Composition:

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

##### CSR Projects approved

[https://www.arohan.in/wp-content/themes/arohan/document/proposed-project\\_22-23.pdf](https://www.arohan.in/wp-content/themes/arohan/document/proposed-project_22-23.pdf)

4. Provide the details 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 (attach the report) - **NA**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - **NIL**
6. Average net profit of the company as per section 135(5). **INR 34,33,36,700**
7. a) Two percent of average net profit of the company as per section 135(5) - **INR 68,66,734**  
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **NIL**  
c) Amount required to be set off for the financial year, if any - **NIL**  
d) Total CSR obligation for the financial year (7a+7b- 7c) - **INR 68,66,734**
8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
63,21,574	5,45,160	April, 27, 2022	NA	Nil	NA



**b) Details of CSR amount spent against ongoing projects for the financial year:**

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (in Rs.)	(8) Amount spent in the current financial year (in Rs.)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Disaster Relief	Schedule VII (xii) - Disaster Management	Yes	West Bengal and Odisha	South 24 Parganas, Purba Medinipur, Bhadrak, Madhubani, Balasore, Mayurbhanj	2 months	14,29,983	14,29,983	Nil	Direct	NA	NA
2	Mask distribution for Covid-19 protection	Schedule VII (i) - Promoting health care including preventive health care	Yes	West Bengal and North East	Cachar, Sivasagar, Sonitpur, Nalbari, Murshidabad	4 months	10,65,065	10,65,065	Nil	Implementation Agency and Direct	Anmol Garments	UDYAM-BR-11-0000923
3	Livelihood Trainings and Capacity Building	Schedule VII (ii) - Promoting employment enhancing vocation skills	Yes	West Bengal and Bihar	Birbhum and Banka	12 months	30,68,475	30,68,475	Nil	Implementation Agency	Gram Jagat	CSR00012416
4	Menstrual Hygiene	Schedule VII (i) - Promoting health care including preventive health care	Yes	Jharkhand	Giridih	12 months	9,59,874	4,14,714	5,45,160	Implementation Agency	Veer Jharkhand Vikash Sewa Manch	337760006
	<b>TOTAL</b>						<b>65,23,397</b>	<b>59,78,237</b>	<b>5,45,160</b>			

c) Details of CSR amount spent against other than ongoing projects for the financial year: **NIL**d) Amount spent in Administrative Overheads – **INR 3,43,337**e) Amount spent on Impact Assessment, if applicable - **NA**f) Total amount spent for the Financial Year (8b+8c+8d+8e) – **INR 68,66,734**g) Excess amount for set off, if any – **Nil**

Sl. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	68,66,734
(ii)	Total amount spent for the Financial Year	68,66,734
(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

**9 (a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
1	2019-20	3,94,968	3,94,968	-	-	-	-
2	2020-21	50,81,242	46,38,040	-	-	-	4,43,202
	<b>TOTAL</b>	<b>54,76,210</b>	<b>50,33,008</b>	-	-	-	<b>4,43,202</b>

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1) Sl. No.	(2) Project ID.	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration.	(6) Total amount allocated for the project (in Rs.)	(7) Amount spent on the project in the reporting Financial Year (in Rs.)	(8) Cumulative amount spent at the end of reporting Financial Year (in Rs.)	(9) Status of the project -Completed /Ongoing
1		STEM Learning	19-20	1 year	7,85,354	3,94,968	7,85,354	Completed
2		Water and Sanitation	20-21	1.5 years	33,00,660	13,06,736	28,57,459	Incomplete
3		Livelihood Trainings	20-21	1 year	11,00,800	2,20,160	11,00,800	Completed
4		Water Conservation	20-21	1 year	17,17,800	8,58,900	17,17,800	Completed
5		E-Learning & Stem Learning	20-21	1 year	21,32,200	13,66,100	21,32,200	Completed
6		Menstrual Hygiene	20-21	1 year	13,44,724	7,36,144	13,44,724	Completed
7		Volunteering	20-21	1 year	5,38,950	1,50,000	5,38,950	Completed
	<b>TOTAL</b>				<b>1,09,20,488</b>	<b>50,33,008</b>	<b>1,04,77,287</b>	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year - **NIL**11. 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**

Place: Kolkata

Date: May 11, 2022

Sd/-

**Sumantra Banerjee**

Chairperson, CSR Committee

DIN: 00075243

Sd/-

**Manoj Kumar Nambiar**

Managing Director

DIN: 03172919





## 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.	65.60 : 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	19.33%
		CFO	11.01%
		CS	11.51%
		(# ) KMP remuneration does not include variable pay component.	
3.	The percentage increase in the median remuneration of employees in the financial year.	17.86%	
4.	The number of permanent employees on the rolls of the Company.	7,160 employees as on March 31, 2022.	
5.	The explanation on the relationship between average increase in remuneration and company performance.	The Company had a growth of 134.51% in its Total Comprehensive Income and increased the remuneration of its employees by an average of 17.47% 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 134.51% however revenue has degrown by 9.20% in FY 2021-22 in comparison to FY 2020-21. The average increase in remuneration of KMP in the FY 2021-22 was 13.94%.	
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, 2022, the Company's equity shares were not listed. The Company's net worth has increased from INR 958.64 Crores as on March 31, 2021 to INR 1,023.48 Cr as on March 31, 2022 – increased by 6.76%.	
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 17.47% and the average increase in the managerial remuneration was 13.94%.	

### Remuneration details of Directors, KMPs, Employees (Contd.)

Sl. No	Particulars	Disclosures
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 134.51% however revenue has degrown by 9.20% in FY 2021-22 in comparison to FY 2020-21. The average increase in remuneration of KMP in the FY 2021-22 was 13.94%.
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;

#### Mr. Manoj Kumar Nambiar – Managing Director

Sl. No	Particulars	Details
1	Designation	Managing Director
2	Remuneration received	INR 138.61 Lakhs
3	Nature of employment, whether contractual or otherwise	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 the Company with effect from October 3, 2012 when the Aavishkaar Group became the institutional promoter. He holds a Bachelor's degree in Mechanical Engineering from VJTI Mumbai and a Master's degree in Management Studies from the JBIMS, University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, Boston USA and has also successfully completed "Strategem – Strategy Meets Leadership" Programme from INSEAD, Fontainebleau, France. Previously, he has worked with 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, KSA and Ahli Bank Oman. He has been on the governing board of MFIN, the Self-Regulatory Organization for NBFC-MFIs recognized by the RBI, for 6 years including as the President/Chairman in 2015/16, 2019/20 and 2020/21. He is currently the Lead of the Steering Committee of 39 MFI lenders in Assam working with the state government on AMFIRS'21.
5	Date of commencement of employment	September 28, 2012
6	Age	56
7	The last employment held	MD & CEO of IntelleCash Microfinance Network Company (P) Limited
8	% of equity shares held	Nil

- 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: 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.





## ANNEXURE - V

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

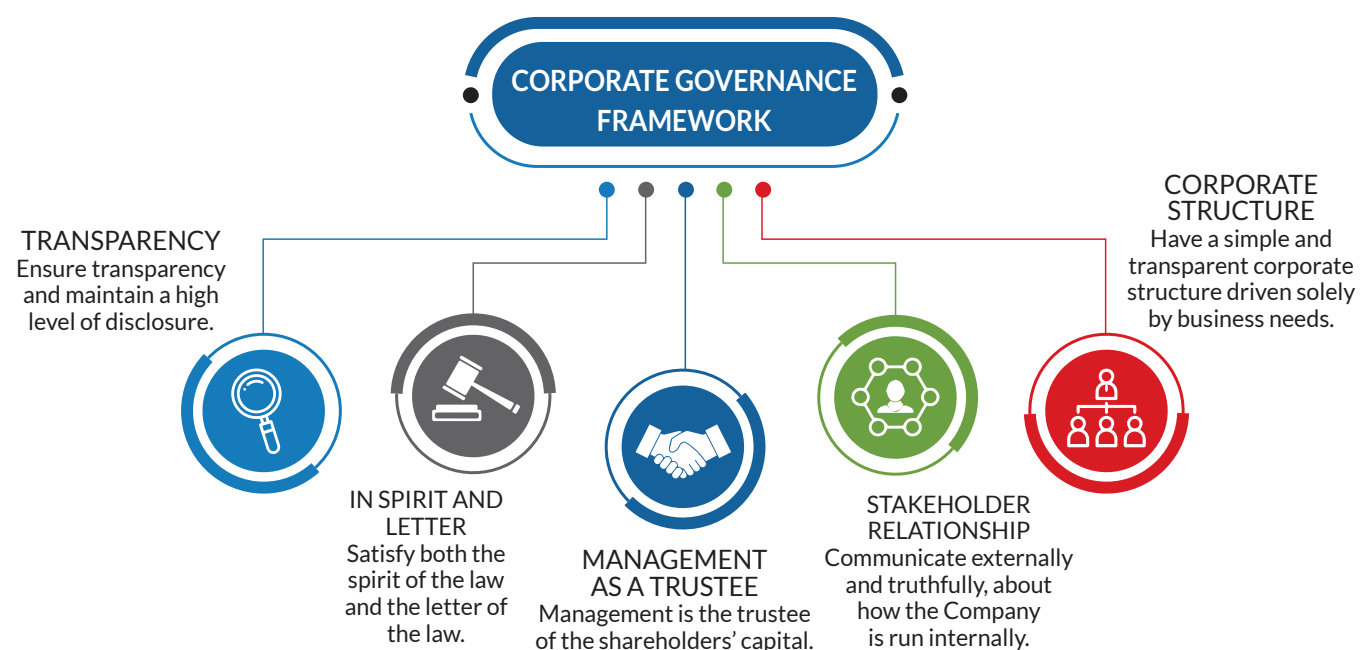
Corporate Governance refers to the way by which corporation is governed, can be said a unique technique by which companies are directed and managed. Corporate Governance can be stated as carrying the business as per the stakeholders' desires and for creating a long term sustainable value for our stakeholders' comprising of employees, regulators, customers, investors, vendors and society at large, through the best drawn ethical and legal practices. Arohan Financial Services Limited 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 Companies 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). In addition to the above, corporate governance standards for Non-Banking Finance 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 principle 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 Annual General Meeting and the Board appoints the Managing Director and Chief Executive Officer 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 Section 45-IA of the RBI Act, 1934 and Companies Act, 2013, 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 companies' 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 over-see specific operational areas. As on March 31, 2022, the Company's Board comprised of twelve (12) Directors including, four (4) Non-Executive Independent Directors (out of which includes one (1) Women Independent Director), One (1) Executive Director and Seven (7) Non-Executive Nominee Directors.

During the year under review, the Board met 8(Eight) times on June 04, 2021, July 10, 2021, August 07, 2021, November 11, 2021, December 7, 2021, February 11, 2022, March 17, 2022 and March 24, 2022. 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 Directors	No. of meetings held in FY 2021-22	No. of meetings attended (including through electronic mode in FY2021-22)	Whether attended last AGM	No. of other Directors-ship held in other public companies	No. of other Board Committee Memberships/ Chairmanship*	Details of directorship held in Listed Entity (including debt listed)	Category of Directorship
1.	Mr. Manoj Kumar Narayan Nambiar	Managing Director	8	8	Yes	0	Nil	Nil	Nil
2.	Mr. Anurag Agrawal	Director	8	7	Yes	1	Nil	1. Ashv Finance Limited	Director
3.	Mr. Vineet Chandra Rai	Nominee Director	8	7	Yes	1	Nil	1. Ashv Finance Limited	Director
4.	Mr. Dinesh Kumar Mittal	Independent Director	8	8	Yes	7	6 (including 5 as a Chairman)	1. Max Ventures and Industries Limited 2. Max Financial Services Limited 3. Trident Limited 4. Balrampur Chini Mills Ltd 5. Bharti Airtel Limited	1. Independent Director 2. Non-Executive - Independent Director-Shareholder Director 3, 4 and 5. Non-Executive - Independent Director
5.	Mr. Sumantra Banerjee	Independent Director	8	8	Yes	1	Nil	Nil	Nil
6.	Mr. Rajat Mohan Nag	Independent Director	8	8	Yes	Nil	Nil	Nil	Nil

Sl. No.	Name of the Director	Category of Directors	No. of meetings held in FY 2021-22	No. of meetings attended (including through electronic mode in FY2021-22)	Whether attended last AGM	No. of other Directors-ship held in other public companies	No. of other Board Committee Memberships/ Chairmanship*	Details of directorship held in Listed Entity (including debt listed)	Category of Directorship
7.	Ms. Matangi Gowrishankar	Independent Director	8	8	Yes	5	4	1. Cyient Limited 2. Gabriel India Limited 3. Greenlam Industries Limited 4. Ashv Finance Limited	1, 2 and 3. Non-Executive - Independent Director
8.	Mr. Piyush Goenka	Nominee Director	8	6	Yes	2	Nil	1. Safari Industries (India) Limited	Non-Executive - Non Independent Director
9.	Mr. Kasper Svarrer **	Nominee Director	8	0	No	Nil	Nil	Nil	Nil
10.	Mr. Wilhelmus Marthinus Maria Van Der Beek	Nomine Director	8	4	No	Nil	Nil	Nil	Nil
11.	Mr. Paul Gratien Robine	Nominee Director	8	1	No	1	Nil	1. Sapphire Foods India Limited	Non-Executive - Nominee Director
12.	Mr. Shri Ram Meena	Nominee Director	8	1	No	3	1	Nil	Nil

1. None of the Directors held directorships in more than ten (10) public limited companies;
  2. None of the Directors is related to any Director or is a member of an extended family;
  3. None of the employees of the Company is related to any of the Directors in terms the Companies Act, 2013;
  4. None of the Directors has received any loans or advances from the Company during the year.
  5. Mr. Sumantra Banerjee, Non-Executive Independent Director, holds 10,000 equity shares.
- \* Only covers Membership/ Chairmanship of Audit Committee and Stakeholders' Relationship Committee of other Public Limited Companies.
- \*\* Mr. Kasper Svarrer has vacated his office w.e.f. May 11, 2022 u/s 167 of the Companies Act, 2013.

### Board Member 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 include:

- 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.





## Committee of the Board- Composition as on March 31, 2022.

### 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 auditor to the Board. The Committee also looks into those matters specifically referred to it by the Board.

#### Composition:

- Mr. Rajat Mohan Nag, Chairperson
- Mr. Sumantra Banerjee, Member
- Ms. Matangi Gowrishankar, Member
- Mr. Piyush Goenka, Member

The Board at its meeting held on February 11, 2022 has reconstituted the Audit Committee and thereby Mr. Anurag Agarwal ceased to be a member of the Audit Committee. As on March 31, 2022 the Committee comprised of three (3) Independent Directors and one (1) Nominee Director, all of whom are financially literate and

have relevant finance exposure. The Managing Director, the Chief Financial Officer, the SVP & Head- Internal Audit, the EVP- Business, the SVP & Head- Risk & Credit, the SVP- Central Operations, the VP- MSME Lending Head of HR, ADMIN & CSR and the DVP- Heads of Accounts are the invitees to the meetings of the Committee. The other directors are invited to attend the Audit Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Audit Committee met Six (6) times during the year on June 03, 2021, August 06, 2021, November 10, 2021, December 07, 2021, February 10, 2022 and March 17, 2022. The time gap between any two meetings was less than four (4) months.

#### Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	6	6
Mr. Sumantra Banerjee	Independent Director	6	6
Ms. Matangi Gowrishankar	Independent Director	6	6
Mr. Piyush Goenka	Nominee Director	6	6
Mr. Anurag Agrawal*	Promoter Nominee Director	6	5

\* Mr. Anurag Agrawal is not a member of the Committee w.e.f February 11, 2022

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. 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
- Ms. Matangi Gowrishankar, Member
- Mr. Piyush Goenka, Member
- Mr. Wilhelmus Marthinus Maria Van Der Beek, Member

As on March 31, 2022 the Committee comprised of three (3) 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 are invited to attend the Risk Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Risk Committee met four (4) times during the year on June 04, 2021, August

07, 2021, November 11, 2021 and February 11, 2022.

#### 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	4
Ms. Matangi Gowrishankar	Independent Director	4	4
Mr. Piyush Goenka	Nominee Director	4	4
Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	4	2

### 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. Sumantra Banerjee, Chairperson
- Mr. Anurag Agrawal, Member
- Mr. Wilhelmus Marthinus Maria Van Der Beek, Member
- Mr. Manoj Kumar Narayan Nambiar, Member

As on March 31, 2022 the Committee comprised of one (1) Independent Director, one (1) Promoter Director, one (1) Nominee Director and the Managing Director. The Chief





Financial Officer and the Head of HR, Admin, Training & CSR is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the Corporate Social Responsibility Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Committee met twice (2) during the year on June 03, 2021 and November 10, 2021.

#### Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
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 Bek	Nominee Director	2	Nil

#### 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 AGM 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 the independent non-executive 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 1% of the net profits for the year, calculated as per the provisions of the Companies Act, 2013.

#### Composition:

- Ms. Matangi Gowrishankar, Chairperson
- Mr. Rajat Mohan Nag, Member
- Mr. Sumantra Banerjee, Member
- Mr. Piyush Goenka, Member
- Mr. Vineet Chandra Rai, Member

As on March 31, 2022 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director. The Chief Financial Officer and the Head of HR, Admin, Training & CSR is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the Corporate Social Responsibility Committee meetings as when required. The

Company Secretary acts as the secretary to the Committee. The Committee met five (5) times during the year on June 4, 2021, July 10, 2021, August 7, 2021, November 11, 2021 and February 11, 2022.

#### Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Ms. Matangi Gowrishankar	Independent Director	5	5
Mr. Sumantra Banerjee	Independent Director	5	5
Mr. Rajat Mohan Nag	Independent Director	5	5
Mr. Piyush Goenka	Nominee Director	5	5
Mr. Vineet Chandra Rai	Promoter Nominee Director	5	4

#### 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 guidelines of 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, 2022 the Committee comprised of Managing Director, one (1) Nominee Director and two (2) Promoter 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 when required. The Company Secretary acts as the secretary to the Committee. The Committee met once (1) during the year on March 31, 2022.

#### Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	1	1
Mr. Anurag Agrawal	Promoter Nominee Director	1	1
Mr. Vineet Chandra Rai	Promoter Nominee Director	1	1
Mr. Piyush Goenka	Nominee Director	1	1

#### 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. Sumantra Banerjee, Chairman
- Mr. Piyush Goenka, Member
- Mr. Manoj Kumar Narayan Nambiar, Member
- Mr. Arvind Murarka, Member

The Committee comprised of one (1) Independent director, one (1) Nominee





Director, Managing Director and the Head of IT. 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 when required. The Company Secretary acts as the secretary to the Committee. The Committee met Thrice (3) times during the year on August 06, 2021, November 10, 2021, and February 10, 2022.

#### Attendance of Director & Head of IT:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	3	3
Mr. Sumantra Banerjee	Independent Director	3	3
Mr. Arvind Murarka	Head- IT	3	3
Mr. Piyush Goenka	Nominee Director	3	3

## 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 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:

- Ms. Matangi Gowrishankar, Chairperson
- Mr. Anurag Agrawal, Member
- Mr. Manoj Kumar Narayan Nambiar, Member

As on March 31, 2022 the Committee comprised of One (1) Non-Executive Independent Director, Managing Director, one (1) Promoter 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 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, 2022. The Committee met once (1) time during the year on February 10, 2022.

#### Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Ms. Matangi Gowrishankar	Independent Director	1	1
Mr. Anurag Agrawal	Promoter Nominee Director	1	0
Mr. Manoj Kumar Narayan Nambiar	Managing Director	1	1

## 8. IPO Committee

The IPO Committee of the Board is responsible for ensuring that all the regulatory compliances and other incidental matters relating to initial public issue of shares should be complied.

#### Composition:

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

As on March 31, 2022, the Committee comprised of Managing Director, one (1) Nominee Director and two (2) Promoter

Directors. The Chief Financial Officer is the permanent invitee to the meetings of the Committee. The other directors are invited to attend the IPO Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Committee met once (1) time during the year on April 8, 2021.

#### Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Vineet Chandra Rai	Promoter Nominee Director	1	1
Mr. Piyush Goenka	Nominee Director	1	1
Mr. Anurag Agrawal	Promoter Nominee Director	1	1
Mr. Manoj Kumar Narayan Nambiar	Managing Director	1	1

## 9. Meeting of Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules thereunder 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 June 03, 2021 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
2020-2021	AGM	Registered Office	August 05, 2021	3:00 PM
2019-2020	AGM	Registered Office	August 03, 2020	11:30 AM
2018-2019	AGM	Registered Office	August 05, 2019	11:00 AM

Two (2) Extra Ordinary General Meeting of the Company was held on December 30, 2021 and March 28, 2022.

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

#### FY 2018-19:

1. Increase the borrowing power of the Company;
2. Creation of charge and providing security;
3. Issue of Non-Convertible Debentures;
4. Payment of Commission to Directors.

#### FY 2019-20:

1. Increase the borrowing power of the Company;
2. Creation of charge and providing security;
3. Issue of Non-Convertible Debentures;
4. Payment of Commission to Directors;
5. Approval of Arohan Employee Stock Option Plan 2018 (Grant 2020).

#### FY 2020-21

1. Increase the borrowing power of the Company;





2. Creation of charge and providing security;
3. To issue non-convertible debentures;
4. Reappointment of Ms. Matangi Gowrishankar, Independent Director;
5. Reappointment of Mr. Manoj Kumar Nambiar as Managing Director of the Company.

#### **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 affirms that no personnel has been denied access to the Audit Committee. 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. 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 fourteen geographies at present, Assam, Bihar, Chattisgarh, Jharkhand, West Bengal, Odisha, Meghalaya, Manipur, Uttar Pradesh, Madhya Pradesh, Tripura, Maharashtra, Karnataka and Telengana.

**CIN:** U74140WB1991PLC053189

**RBI registration no.:** B.05.02932

**Scrip Code:** 955550

#### **Annual General Meeting Date, Time and Venue:**

**Date:** Time: August 11, 2022, at 2:00 PM

**Venue:** Registered Office: PTI Building, 4th Floor, DP Block, DP-9, Sector-V, Salt Lake, Kolkata - 700091 (through audio/visual mode).

**Financial Year:** April 1, 2021 to March 31, 2022

**Book closure date:** April 01 to May 13 2022 (both days inclusive)

**Listing on Stock Exchange:** The Company's NCD's are listed on the Wholesale Debt Market (WDM) segment of Bombay Stock Exchange.

#### **Debenture Trustees:**

##### **IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001.

##### **Catalyst Trusteeship Limited**

Office No-83-87, 8th Floor,  
Mittal Tower, 'B' Wing, Nariman Point  
Mumbai-400 021

**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**

Unit: Arohan Financial Services Limited

Vaishno Chamber, 5th Floor, Flat Nos. 502 & 503

6, Brabourne Road, Kolkata- 700001

Ph: 033 4004 9728, 033 4073 1698; Email : [kolkata@linkintime.co.in](mailto:kolkata@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	93371	9,33,710	0.08	137	49.64
Above 5,000 to 10,000	75957	7,59,570	0.06	10	3.62
Above 10,000	12,00,07,975	1,20,00,79,750	99.86	129	46.74

**Dematerialization of shares and liquidity:**

Percentage of shares held in physical form: 0.04%

Electronic form with NSDL: 95.67%

Electronic form with CDSL: 4.29%

**Details of Credit Ratings obtained**

ICRA Limited: A-

CARE Ratings Limited: A-

**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](mailto:compliance@arohan.in)

Ph: 033 4015 4000

**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](http://www.arohan.in).

The financial results of the Company are published in the leading newspaper 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, except a penalty of INR 27,495 which was laid by the RBI for delay in filing of the FCGPR Return.

**Policy on Dealing with 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/2021-11-29-08-11-44-Related%20Party%20Transactions%20Policy.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 and erstwhile Statutory Auditor M/s. Walker Chandiok & Co. LLP, Chartered Accountants, are given below:

(INR in Lakhs)

Payment to Statutory Auditor	FY2021-22
Statutory Audit including Limited Review	74.00
Other Services including reimbursement of expenses	12.27
<b>Total</b>	<b>86.27</b>

**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.





## 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, 2022 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, wherever applicable, 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

**Manoj Kumar Narayan Nambiar**  
Managing Director  
DIN: 03172919

**Milind Nare**  
Chief Financial Officer

Place: Kolkata  
Date: May 11, 2022

## 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 financial statements of Arohan Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Institute of Chartered Accountants of India (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 we have obtained 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, 2022 (current period). 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.





## 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, 2022. (contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p><b>Measurement of Impairment on Financial Assets - Loans</b></p> <p>Refer Note 3(k) for significant accounting policies and Note 41 for credit risk disclosures.</p> <p>The Company has reported gross loan assets of INR 4,14,836.82 lakhs against which an impairment loss of INR 43,816.89 lakhs 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'.</p> <p>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 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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the revised repayment schedules of the borrowers which included the impact of the moratorium and restructuring;</li> </ul>

## 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, 2022. (contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>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. Significant management judgement and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> <li>• determining the criteria for a significant increase in credit risk</li> <li>• factoring in future economic assumptions</li> <li>• techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>These parameters are derived from the Company's internally developed statistical models and other historical data.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Understood and challenged the aforesaid assumptions adjusted for COVID-19 pandemic through our understanding of the risk profile of the customers of the Company;</li> <li>• Verified the disclosures made in relation to the ECL allowance and fair valuation to confirm compliance with Ind AS provisions.</li> </ul>
2	<p><b>Information Technology ("IT") Systems and Controls</b></p> <p>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.</p> <p>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.</p>	<p>Our audit procedures with respect to this matter include, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> </ul>





## 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, 2022. (contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>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 (which include review of data migration activity), 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 due impact of COVID-19 was also part of our audit procedure;</li> <li>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. We also tested few controls using negative testing technique;</li> <li>Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.</li> </ul>

## 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, 2022. (contd.)

### 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 information included in 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.

### 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 (the "Ind AS") specified under section 133 of the Act. 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 Board of Directors is 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.

Those 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





## 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, 2022. (contd.)

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 our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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, 2022 (current period) 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

## 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, 2022. (contd.)

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.

### Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by another auditor whose report dated June 04, 2021 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

### 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, 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 Ind AS specified under section 133 of the Act.

- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 58 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.





## 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, 2022. (contd.)

iv.

- (1) The Management has represented that, to the best of its knowledge and belief, 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;
- (2) The Management has represented, that, to the best of its knowledge and belief, 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, as on the date of this audit report, 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;

- (3) 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 neither declared nor paid any dividend during the year.

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 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: 22118580AITSOQ7955  
Kolkata  
May 11, 2022

## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022.

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

- a) A. The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.  
B. The Company has maintained proper records showing full particulars of intangible assets.
- b) All the Property, Plant and Equipment are physically verified by the management 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 requirements under paragraph 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 its intangible assets. Accordingly, the requirements under paragraph 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 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.

ii.

- a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.
- b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks/financial institutions on the basis of security of current assets. Quarterly returns are filed with such Banks/financial institutions are in agreement with the books of account.

iii.

- a) The Company involved in the business of giving loans. Accordingly, the provision stated in paragraph 3(iii) (a) of the Order are not applicable to the Company.
- b) Based on our examination and the information and explanations given to us, in respect of the aforesaid loans, investments/ guarantees/ securities/ loans/ advances in nature of the loan, in our opinion, the terms and conditions under which such loans were granted/ investments were made/ guarantees provided/ security provided are not prejudicial to the Company's interest.
- c) In respect of the [aforesaid] loans/ advances in nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of micro finance lending [to small individual borrowers], the borrower-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported





## Arohan Financial Services Limited

### Annexure A to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022. (contd.)

because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 7 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- d) In respect of the loans/ advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 is Rs. 7,948.83 lakhs. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 48 in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2022.
- e) The Company involved in the business of giving loans. Accordingly, provision stated in paragraph 3(iii) (e) of the Order are not applicable to the Company.
- f) According to the information explanation provided to us, the Company has not granted any loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the

Order are not applicable to the Company.

- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- 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 in paragraph 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 goods and service tax, provident fund, employees' state insurance, income-tax and service tax have been regularly deposited by the company with appropriate authorities though there has been a slight delay in few cases.

## Arohan Financial Services Limited

### Annexure A to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022. (contd.)

- b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. (In Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6.18	AY 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	22.89	AY 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	9.13	AY 2017-18	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 Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 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, 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 explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- 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-term basis have been used for long-term purposes by the company.
- e) According to the information and explanations given to us, the Company does not have any subsidiary, Associate or Joint Venture. Accordingly, the provisions stated in paragraph clause 3 (ix)(e) of the Order are not applicable to the Company.
- f) According to the information and explanations given to us, the Company does not have any subsidiary, Associate or Joint Venture. Accordingly, the provisions stated in paragraph clause 3 (ix)(f) of the Order are not applicable to the Company.
- x.
  - a) 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 in paragraph 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 not made any preferential





## Arohan Financial Services Limited

### Annexure A to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022. (contd.)

- allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.
- xi.
- a) During the course of our audit, 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 have neither come across any instance of material fraud by the Company or on the Company.
- b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph (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. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 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 Act, where applicable and details of such transactions have been disclosed in 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 internal audit reports issued by internal auditors during our audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are 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 as a non deposit taking non-banking financial institution.
- b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company
- c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi) (c) of the Order are not applicable to the Company.

## Arohan Financial Services Limited

### Annexure A to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022. (contd.)

- d) The Company does not have any CIC as a part of its group. Hence, the provisions stated in paragraph clause 3 (xvi)(d) of the Order are not applicable to the Company.
- xvii. According to the information explanation provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been resignation of the statutory auditors during the year in compliance with RBI circular dated April 27, 2021 on "Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" and there were no issues, objections or concerns raised by the outgoing auditors.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the financial statements (also refer Note 51 to the financial statements), our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is 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.
- xx.
- a) According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. In respect of other than ongoing projects, the Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report;
- b) In respect of ongoing projects, the Company has transferred unspent amount to a special fund within a period of thirty days from the end of the financial year in compliance of section 135(6) of the said Act.
- 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: 22118580AITSOQ7955

Kolkata

May 11, 2022





## Arohan Financial Services Limited

**Annexure B** to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022.

[Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Arohan Financial Services Limited on the Financial Statements for the year ended March 31, 2022]

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").**

### Opinion

We have audited the internal financial controls with reference to financial statements of Arohan Financial Services Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, 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, 2022, 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 Responsibility for Internal Financial Controls

The Company's Management is 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 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.

### Auditors' 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 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

## Arohan Financial Services Limited

**Annexure B** to the Independent Auditor's Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2022. (contd.)

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.

### 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: 22118580AITSOQ7955  
Kolkata  
May 11, 2022





## Arohan Financial Services Limited

### Balance Sheet as at 31 March, 2022

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	95,362.92	1,15,801.75
Other bank balances	5	35,372.38	19,249.42
Trade receivables	6	200.59	113.67
Loans	7	3,71,019.93	3,92,590.53
Investments	8	5.00	-
Other financial assets	9	547.14	1,051.46
		<b>5,02,507.96</b>	<b>5,28,806.83</b>
<b>Non-financial assets</b>			
Current tax assets (net)	10	4,820.31	635.96
Deferred tax assets (net)	11	13,773.52	15,896.74
Property, plant and equipment	12	400.71	502.28
Intangible assets under development	13	45.04	52.55
Other intangible assets	13	269.47	385.46
Right of use asset	14	393.43	506.76
Other non-financial assets	15	711.69	1,332.10
		<b>20,414.17</b>	<b>19,311.85</b>
<b>Total assets</b>		<b>5,22,922.13</b>	<b>5,48,118.68</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
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	28,338.42	1,00,735.92
Borrowings (other than debt securities)	17	3,41,078.35	3,19,775.64
Subordinated liabilities	18	43,309.37	21,008.31
Other financial liabilities	20	3,675.95	6,701.39
		<b>4,16,402.09</b>	<b>4,48,221.26</b>
<b>Non-financial liabilities</b>			
Provisions	21	2,099.70	1,788.51
Other non-financial liabilities	22	2,072.25	2,245.38
		<b>4,171.95</b>	<b>4,033.89</b>
<b>Equity</b>			
Equity share capital	23	12,017.73	12,017.73
Other equity	24	90,330.36	83,845.80
		<b>1,02,348.09</b>	<b>95,863.53</b>
<b>Total liabilities and equity</b>		<b>5,22,922.13</b>	<b>5,48,118.68</b>

Note 1 to 62 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: 11 May 2022

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: 11 May 2022

**Vineet Chandra Rai**

Director

DIN: 00606290

Place: Kolkata

**Milind R Nare**

Chief Financial Officer

Place: Kolkata

## Arohan Financial Services Limited

### Statement of Profit and Loss for the year ended 31 March, 2022

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Revenue from operations</b>			
Interest income	26	85,872.70	94,582.42
Dividend income	27	3.50	-
Fees and commission income	28	4,172.35	2,324.54
Net gain on derecognition of financial instruments	29	-	1,565.00
Other operating income	30	124.02	147.25
<b>Total revenue from operations</b>		<b>90,172.57</b>	<b>98,619.21</b>
Other income	31	1,870.03	2,748.31
<b>Total Income</b>		<b>92,042.60</b>	<b>1,01,367.52</b>
<b>Expenses</b>			
Finance costs	32	40,176.34	46,798.67
Impairment on financial instruments	33	13,566.80	50,386.29
Employee benefits expenses	34	21,039.10	18,897.61
Depreciation and amortisation	35	586.07	668.52
Other expenses	36	8,380.19	6,395.76
<b>Total Expenses</b>		<b>83,748.50</b>	<b>1,23,146.85</b>
<b>Profit/ (loss) before tax</b>		<b>8,294.10</b>	<b>(21,779.33)</b>
<b>Tax expense:</b>	38		
Current tax		8.93	6,213.95
Deferred tax expenses/ (credit)		2,178.62	(12,006.77)
Tax expense for earlier years		11.52	8.43
<b>Total tax expenses/ (credit)</b>		<b>2,199.07</b>	<b>(5,784.39)</b>
<b>Profit/ (loss) for the year</b>		<b>6,095.03</b>	<b>(15,994.94)</b>
<b>Other Comprehensive Income</b>			
<b>(A) Items that will not be reclassified to profit or loss</b>			
(i) Remeasurement of post employment benefit obligations		(223.42)	(166.14)
(ii) Equity instruments through other comprehensive income		5.00	-
(iii) Income tax relating to these items		55.40	41.81
<b>Subtotal (A)</b>		<b>(163.02)</b>	<b>(124.33)</b>
<b>(B) Items that will be reclassified to profit or loss</b>			
(i) Fair valuation of financial assets		-	(1,389.86)
(ii) Income tax relating to these items		-	320.52
<b>Subtotal (B)</b>		<b>-</b>	<b>(1,069.34)</b>
<b>Total other comprehensive income (A + B)</b>		<b>(163.02)</b>	<b>(1,193.67)</b>
<b>Total comprehensive income for the year</b>		<b>5,932.01</b>	<b>(17,188.61)</b>
<b>Earnings per equity share</b>	39		
Basic (₹)		5.07	(14.56)
Diluted (₹)		5.05	(14.56)

Note 1 to 62 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: 11 May 2022

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: 11 May 2022

**Vineet Chandra Rai**

Director

DIN: 00606290

Place: Kolkata

**Milind R Nare**

Chief Financial Officer

Place: Kolkata





## Arohan Financial Services Limited

### Statement of change in equity for the year ended 31 March, 2022

(All amounts in ₹ lakhs unless otherwise stated)

#### (a) Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	12,017.73	11,032.10
Changes in equity share capital during the year	-	985.63
Balance at the end of the year	<b>12,017.73</b>	<b>12,017.73</b>

#### (b) Other equity

Particulars	Reserves and Surplus						Other Comprehensive Income		Total other equity
	Securities premium	Statutory reserves	Retained Earnings	General reserve	Share option outstanding account	Treasury shares	Equity instruments through other comprehensive income	Fair valuation of financial assets	
Balance as at March 31, 2020	52,018.15	6,805.78	26,950.59	80.27	395.23	(2,084.85)	(3.57)	1,069.34	85,230.94
Loss for the year	-	-	(15,994.94)	-	-	-	-	-	(15,994.94)
Other comprehensive income (net)	-	-	(124.33)	-	-	-	-	(1,069.34)	(1,193.67)
Share based payment to employees	-	-	-	-	334.54	-	-	-	334.54
Issue of equity shares	19,372.66	-	-	-	-	-	-	-	19,372.66
Share issue expense	(358.73)	-	-	-	-	-	-	-	(358.73)
Issue of shares to trust	-	-	-	-	-	(3,545.00)	-	-	(3,545.00)
Transfer to Statutory reserve (*)	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	71,032.08	6,805.78	10,831.32	80.27	729.77	(5,629.85)	(3.57)	-	83,845.80
Profit for the year	-	-	6,095.03	-	-	-	-	-	6,095.03
Other comprehensive income (net)	-	-	(166.59)	-	-	-	3.57	-	(163.02)
Share based payments to employees	29.38	-	-	-	425.31	122.17	-	-	576.86
Adjustment of loan to ESOP trust	(24.31)	-	-	-	-	-	-	-	(24.31)
Transfer to Statutory reserve	-	1,219.01	(1,219.01)	-	-	-	-	-	-
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

(\*) During the previous year the Company had incurred losses and accordingly no amount was transferred to Statutory reserve.

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: 11 May 2022

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: 11 May 2022

**Vineet Chandra Rai**  
Director  
DIN: 00606290  
Place: Kolkata

**Milind R Nare**  
Chief Financial Officer  
Place: Kolkata

## Arohan Financial Services Limited

### Cash Flow Statement for the year ended 31 March, 2022

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>(A) Cash flows from operating activities</b>		
Profit/ (loss) before tax	8,294.10	(21,779.33)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortization	586.07	668.52
Interest on lease liability	53.09	71.35
Impairment on financial instruments	13,566.80	50,386.29
Interest income on unwinding of assigned portfolio	(352.92)	(3,094.19)
Adjustment of loan to ESOP trust	(24.31)	-
Expense on employee stock option scheme	454.69	334.54
Effective interest rate adjustment for financial instruments (*)	(2,310.11)	2,618.82
Unwinding impact on security deposit	0.34	0.06
<b>Operating profit before working capital changes</b>	<b>20,267.75</b>	<b>29,206.06</b>
<b>Working capital adjustments</b>		
(Increase)/ decrease in assets		
Loans	8,003.80	(9,647.58)
Trade receivables	(86.92)	386.59
Other bank balances	(16,122.96)	(4,083.83)
Other financial assets	862.65	4,203.40
Other non-financial assets	614.67	(525.40)
Increase/ (decrease) in liabilities		
Others financial liabilities	(2,911.19)	(2,110.84)
Provisions	87.77	199.42
Other non-financial liabilities	(173.13)	236.68
<b>Cash generated from operating activities</b>	<b>10,542.44</b>	<b>17,864.50</b>
Income taxes paid (net of refunds)	(4,204.80)	(6,491.93)
<b>Net cash generated from operating activities (A)</b>	<b>6,337.64</b>	<b>11,372.57</b>
<b>(B) Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(97.76)	(136.30)
Purchase of intangible assets and intangible assets under development	(76.68)	(109.55)
Proceeds from sale of property, plant and equipment	2.63	34.47
Proceeds from sale of intangible assets	-	9.73
<b>Net cash used in investing activities (B)</b>	<b>(171.81)</b>	<b>(201.65)</b>
<b>(C) Cash flows from financing activities (*)</b>		
Proceeds from issue of equity shares including premium	122.17	16,813.29
Share issue expenses	-	(358.73)
Proceeds from debt securities	-	97,197.11
Repayment of debt securities	(69,977.67)	-
Proceeds from borrowings (other than debt securities)	4,67,025.59	4,16,449.73
Repayment of borrowings (other than debt securities)	(4,45,766.13)	(4,94,057.02)
Proceeds from subordinated liabilities	22,234.60	-
Payment of lease liabilities	(243.22)	(271.86)
<b>Net cash generated/ (used in) financing activities (C)</b>	<b>(26,604.66)</b>	<b>35,772.52</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(20,438.83)</b>	<b>46,943.44</b>
Cash and cash equivalents as at the beginning of the year	1,15,801.75	68,858.31
Cash and cash equivalents as at the end of the year	<b>95,362.92</b>	<b>1,15,801.75</b>
<b>Components of cash and cash equivalents: [Refer Note 4]</b>		
Cash on hand	55.57	171.55
Balances and deposits with banks	95,307.35	1,15,630.20
<b>Cash and cash equivalents considered for cash flow</b>	<b>95,362.92</b>	<b>1,15,801.75</b>

(\*) 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: 11 May 2022

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: 11 May 2022

**Vineet Chandra Rai**  
Director  
DIN: 00606290  
Place: Kolkata  
**Milind R Nare**  
Chief Financial Officer  
Place: Kolkata





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022

#### 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 25 May 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 31 March 2022 has been authorised and approved by the Board of Directors in their meeting held on 11 May 2022.

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 Significant 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.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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.

##### 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.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

#### 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.

#### 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

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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
Furniture and fixtures	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed. 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 or disposal. 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 acquire property, plant and equipment. Assets which are not ready to its intended use are also shown under capital work-in-progress.

#### 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





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

- b. The project is technically and commercially feasible
- c. The company intends to and has sufficient resources to complete the project
- d. The company has the ability to use or sell such intangible asset
- e. 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 business correspondent 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 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 an establishes provisions where appropriate.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

- 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 and current

tax 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, pension 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, 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





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (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





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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 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. The Company nets off the balance of bank overdraft with cash and cash equivalents for cash flow statement.

#### 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.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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 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 of 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





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and selling financial assets
- 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 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 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

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

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 organization 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 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.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 4: Cash and cash equivalents	As at 31 March 2022	As at 31 March 2021
Cash on hand	55.57	171.55
Balances with banks		
- in current accounts	9,747.32	9,278.90
- deposits for original maturity of less than 3 months	85,560.03	1,06,351.30
<b>Total</b>	<b>95,362.92</b>	<b>1,15,801.75</b>

Note 5: Other bank balances	As at 31 March 2022	As at 31 March 2021
Deposits with remaining maturity of more than 3 months but less than 12 months	1.02	9.86
Deposits with remaining maturity of more than 12 months	-	6.32
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	-	298.66
- with maturity more than 3 months but less than 12 months	12,642.33	11,619.67
- with maturity more than 12 months	22,729.03	7,314.91
<b>Total</b>	<b>35,372.38</b>	<b>19,249.42</b>

(a) The deposits are under lien as security against term loans and overdraft facilities availed, assets securitised, business correspondent services, etc as below:

Particulars	As at 31 March 2022	As at 31 March 2021
Term loans from banks and financial Institutions	21,147.42	18,661.50
Overdraft facilities	53.75	65.55
Collateral against securitisations	14,170.19	-
Partnership arrangements (as business correspondent)	-	506.19
<b>Total</b>	<b>35,371.36</b>	<b>19,233.24</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 6: Trade receivables (at amortised cost)	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good (*)	200.59	113.67
Less: Impairment allowance	-	-
<b>Total</b>	<b>200.59</b>	<b>113.67</b>

(\*) Unbilled dues are not included.

#### Outstanding for following year from the due date of payment/ date of transaction

As at March 31, 2022

Trade receivables aging schedule	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - considered good (*)	200.59	-	-	-	-	200.59
<b>Total</b>	<b>200.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200.59</b>

As at March 31, 2021

Trade receivables aging schedule	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - considered good (*)	113.67	-	-	-	-	113.67
<b>Total</b>	<b>113.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113.67</b>

(\*) Outstanding are from the due date of payment. Where no due date of payment specified in that case ageing is done from the transaction date.





Note 7: Loans	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
<b>Term loans</b>						
Secured Loans	9,405.09	-	9,405.09	15,808.73	-	15,808.73
Unsecured Loans	4,05,431.73	-	4,05,431.73	4,47,775.95	-	4,47,775.95
<b>Total - Gross</b>	<b>4,14,836.82</b>	<b>-</b>	<b>4,14,836.82</b>	<b>4,63,584.68</b>	<b>-</b>	<b>4,63,584.68</b>
Less: Impairment allowance (**)	(43,816.89)	-	(43,816.89)	(70,994.15)	-	(70,994.15)
<b>Total - Net</b>	<b>3,71,019.93</b>	<b>-</b>	<b>3,71,019.93</b>	<b>3,92,590.53</b>	<b>-</b>	<b>3,92,590.53</b>
(i) Secured by tangible assets (*)	9,405.09	-	9,405.09	15,808.73	-	15,808.73
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	4,05,431.73	-	4,05,431.73	4,47,775.95	-	4,47,775.95
<b>Total - Gross</b>	<b>4,14,836.82</b>	<b>-</b>	<b>4,14,836.82</b>	<b>4,63,584.68</b>	<b>-</b>	<b>4,63,584.68</b>
Less: Impairment allowance (**)	(43,816.89)	-	(43,816.89)	(70,994.15)	-	(70,994.15)
<b>Total - Net</b>	<b>3,71,019.93</b>	<b>-</b>	<b>3,71,019.93</b>	<b>3,92,590.53</b>	<b>-</b>	<b>3,92,590.53</b>
<b>Loans in India</b>						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	4,14,836.82	-	4,14,836.82	4,63,584.68	-	4,63,584.68
<b>Total - Gross</b>	<b>4,14,836.82</b>	<b>-</b>	<b>4,14,836.82</b>	<b>4,63,584.68</b>	<b>-</b>	<b>4,63,584.68</b>
Less: Impairment allowance (**)	(43,816.89)	-	(43,816.89)	(70,994.15)	-	(70,994.15)
<b>Total - Net</b>	<b>3,71,019.93</b>	<b>-</b>	<b>3,71,019.93</b>	<b>3,92,590.53</b>	<b>-</b>	<b>3,92,590.53</b>

(\*) Includes advance against book debts.

(\*\*) Impairment allowance includes management overlay of ₹ 719.81 lakhs as on March 31, 2022 (March 31, 2021 : ₹ Nil).

Arohan Financial Services Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022

(Contd.) (All amounts in ₹ lakhs unless otherwise stated)

Note 8: Investments	As at 31 March 2022			As at 31 March 2021		
	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
<b>Unquoted</b>						
<b>Equity instruments</b>						
Alpha Micro Finance Consultant Private Limited (50,000 equity shares of ₹ 10 each, fully paid-up)	-	5.00	5.00	-	5.00	5.00
<b>Total - Gross</b>	<b>-</b>	<b>5.00</b>	<b>5.00</b>	<b>-</b>	<b>5.00</b>	<b>5.00</b>
Less: Impairment allowance	-	-	-	-	(5.00)	(5.00)
<b>Total - Net</b>	<b>-</b>	<b>5.00</b>	<b>5.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investments in India	-	5.00	5.00	-	5.00	5.00
Investments outside India	-	-	-	-	-	-
<b>Total - Gross</b>	<b>-</b>	<b>5.00</b>	<b>5.00</b>	<b>-</b>	<b>5.00</b>	<b>5.00</b>
Less: Impairment allowance	-	-	-	-	(5.00)	(5.00)
<b>Total - Net</b>	<b>-</b>	<b>5.00</b>	<b>5.00</b>	<b>-</b>	<b>-</b>	<b>-</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 9: Other financial assets	As at 31 March 2022	As at 31 March 2021
<i>Unsecured, considered good</i>		
Security deposits	249.29	268.29
Receivable on assigned loans	8.26	449.35
Insurance receivables	105.43	125.57
Unbilled receivables	40.31	39.00
Others	220.36	169.25
	<b>623.65</b>	<b>1,051.46</b>
Less: Impairment allowance on insurance receivables	(76.51)	-
<b>Total</b>	<b>547.14</b>	<b>1,051.46</b>

Note 10: Current tax assets (net)	As at 31 March 2022	As at 31 March 2021
Advance tax and TDS (net of provisions)	4,820.31	635.96
<b>Total</b>	<b>4,820.31</b>	<b>635.96</b>

Note 11: Deferred tax assets (net)	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax asset:</b>		
Impairment loss allowance on loan assets	10,217.96	15,435.56
Provision for employee benefits	528.43	446.16
Financial assets measured at amortised cost	384.38	3.65
Fair valuation of financial instruments through other comprehensive income	0.17	1.43
Provision for expense allowed for tax purpose on payment basis	27.15	28.65
Other adjustments	2,588.46	15.40
	<b>13,746.55</b>	<b>15,930.85</b>
<b>Deferred tax liabilities:</b>		
Difference in written down value as per books and as per income tax act	(26.97)	1.46
Fair valuation of financial assets through other comprehensive income	-	0.01
Others	-	32.64
	<b>(26.97)</b>	<b>34.11</b>
<b>Net deferred tax asset</b>	<b>13,773.52</b>	<b>15,896.74</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 11: Deferred tax assets (net) (Contd.)

##### Movement in deferred tax assets for the year ended March 31, 2022

Particulars	As at 01 April 2021	Statement of profit and loss	Other comprehensive income	As at 31 March 2022
<b>Deferred tax assets:</b>				
Impairment loss allowance on loan assets	15,435.56	(5,217.60)	-	10,217.96
Provision for employee benefits	446.16	25.61	56.66	528.43
Financial assets measured at amortised cost	3.65	380.73	-	384.38
Fair valuation of financial instruments through other comprehensive income	1.43	-	(1.26)	0.17
Provision for expense allowed for tax purpose on payment basis	28.65	(1.50)	-	27.15
Other adjustments	15.40	2,573.06	-	2,588.46
<b>Total</b>	<b>15,930.85</b>	<b>(2,239.70)</b>	<b>55.40</b>	<b>13,746.55</b>
<b>Deferred tax liabilities:</b>				
Difference in written down value as per books and as per income tax act	1.46	(28.43)	-	(26.97)
Fair valuation of financial assets through other comprehensive income	0.01	(0.01)	-	-
Others	32.64	(32.64)	-	-
<b>Total</b>	<b>34.11</b>	<b>(61.08)</b>	<b>-</b>	<b>(26.97)</b>
<b>Deferred tax assets (net)</b>	<b>15,896.74</b>	<b>(2,178.62)</b>	<b>55.40</b>	<b>13,773.52</b>

##### Movement in deferred tax assets for the year ended March 31, 2021

Particulars	As at 01 April 2020	Statement of profit and loss	Other comprehensive income	As at 31 March 2021
<b>Deferred tax assets:</b>				
Impairment loss allowance on loan assets	3,659.06	11,776.50	-	15,435.56
Provision for employee benefits	378.56	25.79	41.81	446.16
Financial assets measured at amortised cost	3.56	0.09	-	3.65
Fair valuation of financial instruments through other comprehensive income	1.43	-	-	1.43
Provision for expense allowed for tax purpose on payment basis	30.15	(1.50)	-	28.65
Other adjustments	10.99	4.41	-	15.40
<b>Total</b>	<b>4,083.75</b>	<b>11,805.29</b>	<b>41.81</b>	<b>15,930.85</b>
<b>Deferred tax liabilities:</b>				
Difference in written down value as per books and as per income tax act	32.68	(31.22)	-	1.46
Financial assets measured at amortised cost	320.53	-	(320.52)	0.01
Gain on derecognition of financial instruments	202.90	(202.90)	-	-
Others	-	32.64	-	32.64
<b>Total</b>	<b>556.11</b>	<b>(201.48)</b>	<b>(320.52)</b>	<b>34.11</b>
<b>Deferred tax assets (net)</b>	<b>3,527.64</b>	<b>12,006.77</b>	<b>362.33</b>	<b>15,896.74</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 12: Property, plant and equipment	Furniture and fixtures	Computer and accessories	Office equipment	Total
<b>Gross carrying amount</b>				
Balance as at March 31, 2020	333.67	638.95	201.39	1,174.01
Additions for the year	21.95	80.89	33.46	136.30
Disposals for the year	44.22	17.52	4.51	66.25
<b>Balance as at March 31, 2021</b>	<b>311.40</b>	<b>702.32</b>	<b>230.34</b>	<b>1,244.06</b>
Additions for the year	27.24	36.88	33.64	97.76
Disposals for the year	0.67	13.10	9.90	23.67
<b>Balance as at March 31, 2022</b>	<b>337.97</b>	<b>726.10</b>	<b>254.08</b>	<b>1,318.15</b>
<b>Accumulated depreciation</b>				
Up to March 31, 2020	71.61	367.61	85.72	524.94
Depreciation charge for the year	40.44	167.05	41.14	248.63
Adjustment on account of disposal	17.25	11.39	3.15	31.79
<b>Up to March 31, 2021</b>	<b>94.80</b>	<b>523.27</b>	<b>123.71</b>	<b>741.78</b>
Depreciation charge for the year	39.15	110.51	47.04	196.70
Adjustment on account of disposal	0.67	12.80	7.57	21.04
<b>Up to March 31, 2022</b>	<b>133.28</b>	<b>620.98</b>	<b>163.18</b>	<b>917.44</b>
<b>Net block</b>				
Balance as at March 31, 2021	216.60	179.05	106.63	502.28
<b>Balance as at March 31, 2022</b>	<b>204.69</b>	<b>105.12</b>	<b>90.91</b>	<b>400.71</b>

Refer note 58 on contractual commitments for the acquisition of property, plant and equipment.

Note 13 : Intangible assets	Intangible assets	
	Under development	Software
<b>Gross carrying amount</b>		
Balance as at March 31, 2020	4.82	875.89
Additions for the year	56.29	53.26
Disposals for the year	8.56	3.30
<b>Balance as at March 31, 2021</b>	<b>52.55</b>	<b>925.85</b>
Additions for the year	70.72	84.19
Disposals for the year	78.23	-
<b>Balance as at March 31, 2022</b>	<b>45.04</b>	<b>1,010.04</b>
<b>Accumulated amortisation</b>		
Up to March 31, 2020	-	337.09
Amortisation charge for the year	-	205.43
Adjustment on account of disposal	-	2.13
<b>Up to March 31, 2021</b>	<b>-</b>	<b>540.39</b>
Amortisation charge for the year	-	200.18
Adjustment on account of disposal	-	-
<b>Up to March 31, 2022</b>	<b>-</b>	<b>740.57</b>
<b>Net block</b>		
Balance as at March 31, 2021	52.55	385.46
<b>Balance as at March 31, 2022</b>	<b>45.04</b>	<b>269.47</b>

Refer note 58 on contractual commitments for the development of intangible assets.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 13 : Intangible assets (Contd.)

##### Ageing schedule of intangible assets under development

As at March 31, 2022

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	45.04	-	-	-	45.04
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>45.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.04</b>

As at March 31, 2021

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	52.55	-	-	-	52.55
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>52.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52.55</b>

There are no continuing projects where completion date are overdue or cost of project exceeded compared to original plan.

Note 14 : Right of use assets	Right of use assets
<b>Gross carrying amount</b>	
Balance as at March 31, 2020	1,014.97
Additions for the year	105.59
Disposals for the year	236.50
<b>Balance as at March 31, 2021</b>	<b>884.06</b>
Additions for the year	84.36
Disposals for the year	142.27
<b>Balance as at March 31, 2022</b>	<b>826.15</b>
<b>Accumulated depreciation</b>	
Up to March 31, 2020	274.68
Depreciation for the year	214.46
Adjustment on account of disposal	111.84
<b>Up to March 31, 2021</b>	<b>377.30</b>
Depreciation for the year	189.19
Adjustment on account of disposal	133.77
<b>Up to March 31, 2022</b>	<b>432.72</b>
<b>Net block</b>	
Balance as at March 31, 2021	506.76
<b>Balance as at March 31, 2022</b>	<b>393.43</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 15: Other non-financial assets	As at 31 March 2022	As at 31 March 2021
<i>(Measured at amortised cost)</i>		
Prepaid expenses	237.96	153.47
Advances to employees	214.86	198.32
Balances with government authorities	112.51	65.90
Advance against expenses	108.30	148.98
Others	38.06	765.43
<b>Total</b>	<b>711.69</b>	<b>1,332.10</b>

Note 16: Debt securities	As at 31 March 2022	As at 31 March 2021
<i>(Measured at amortised cost)</i>		
Non convertible debentures (secured)	28,338.42	1,00,735.92
<b>Total</b>	<b>28,338.42</b>	<b>1,00,735.92</b>
Debt securities in India	28,338.42	1,00,735.92
Debt securities outside India	-	-
<b>Total</b>	<b>28,338.42</b>	<b>1,00,735.92</b>

(#) Terms of repayment given in the repayment schedule

Non convertible debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on identified receivables 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 2022	As at 31 March 2021
10.50% Union Bank (Face Value 10 lakhs) - no. of units Nil (March 31, 2021 - 1,000 units)	Bullet repayment in January 2022.	-	10,724.85
10.50% Punjab National Bank (Face Value 10 lakhs) - no. of units Nil (March 31, 2021 - 500 units)	Bullet repayment in February 2022.	-	5,317.36
10.50% State Bank of India (Face Value 10 lakhs) - no. of units Nil (March 31, 2021 - 2,500 units)	Repayment in equal quarterly instalments ending at February 2022.	-	25,342.84
10.50% Indian Bank (Face Value 10 lakhs) - no. of units Nil (March 31, 2021 - 750 units)	Bullet repayment in March 2022.	-	7,884.21
10.50% Indian Bank (Face Value 10 lakhs) - no. of units 250 (March 31, 2021 - 250 units)	Bullet Repayment in May 2022	2,697.52	2,603.26
10.40% Punjab National Bank (Face Value 10 lakhs) - no. of units 250 (March 31, 2021 - 250 units)	Bullet repayment in May 2022.	2,527.03	2,515.76
10.45% Bank of Baroda (Face Value 10 lakhs) - no. of units 1,500 (March 31, 2021 - 1,500 units)	Four equal instalments on August 2021, November 2021, February 2022 and May 2022.	3,791.73	15,142.92
11.00% Bank of India (Face Value 10 lakhs) - no. of units 250 (March 31, 2021 - 250 units)	Bullet repayment in June, 2023.	2,701.89	2,689.91
11.50% Indian Bank (Face Value 10 lakhs) - no. of units 250 (March 31, 2021 - 250 units)	Bullet Repayment in July 2023	2,606.19	2,689.35
11.00% Bank of Baroda (Face Value 10 lakhs) - no. of units 250 (March 31, 2021 - 250 units)	Three annual instalment on July 2021, July 2022 and July 2023.	1,694.50	2,531.08
10.25% Bank of India (Face Value 10 lakhs) - no. of units Nil (March 31, 2021 - 1,000 units)	Bullet repayment in November 2021.	-	10,623.75
12.06% Japanese ASEAN Women Empowerment Fund (Face Value 10 lakhs) - no. of units 650 (March 31, 2021 - 650 units)	Repayment in three instalments on June 2023, December 2023, June 2024.	6,717.22	6,717.12
10.09% CDC Group (Face Value 10 lakhs) - no. of units - 600 (March 31, 2021 - 600 units)	Redeemed on a pro rata basis and shall be fully redeemed by March 2025.	5,602.34	5,953.51
<b>Total</b>		<b>28,338.42</b>	<b>1,00,735.92</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 17: Borrowings (other than debt securities)	As at 31 March 2022	As at 31 March 2021
<i>(Measured at amortised cost)</i>		
<i>(Secured)</i>		
(a) Term loans [refer note (i) below]		
Term loan from banks	1,27,561.53	2,12,642.34
Term loan from financial institutions	94,339.66	1,06,190.79
(b) Loans repayable on demand		
Cash credit from banks [refer note (ii) below]	9,349.54	942.51
(c) Liability against securitisation [refer note (iii) below]	1,09,827.62	-
<b>Total</b>	<b>3,41,078.35</b>	<b>3,19,775.64</b>
Borrowings in India	3,41,078.35	3,19,775.64
Borrowings outside India	-	-
<b>Total</b>	<b>3,41,078.35</b>	<b>3,19,775.64</b>

(#) Terms of repayment given in the repayment schedule

#### 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 2022	As at 31 March 2021
<i>(Measured at amortised cost)</i>		
<i>(Unsecured)</i>		
Non-convertible debentures	33,238.59	13,447.83
Term loans from banks	7,570.57	7,560.48
Term loans from financial institution	2,500.21	-
<b>Total</b>	<b>43,309.37</b>	<b>21,008.31</b>
Subordinated liabilities in India	43,309.37	21,008.31
Subordinated liabilities outside India	-	-
<b>Total</b>	<b>43,309.37</b>	<b>21,008.31</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 18: Subordinated liabilities (Contd.)

##### Details of subordinated liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
<b>(a) Term loans from banks (unsecured)</b>		
Term loan from banks	7,570.57	7,560.48
Term Loan from financial institutions	2,500.21	-
<b>Subtotal</b>	<b>10,070.78</b>	<b>7,560.48</b>
<b>(b) Non-convertible debentures (unsecured)</b>		
14.25% IFMR Capital Finance Private Limited (Face Value ₹10 lakhs) 100 debentures maturing in September 2022 (March 31, 2021 - 100 units)	1,073.07	1,068.70
13.50% Northern Arc Capital Limited (Face Value ₹10 lakhs) 650 debentures; maturing in April 2025 (March 31, 2021 - 650 units)	6,470.61	6,473.76
12.85% Karvy Capital Limited (Face Value ₹10 each) 2,50,00,000 debentures, maturing in October 2026 (March 31, 2021 - 2,50,00,000 units)	2,447.22	2,434.97
13.50% Northern Arc Capital Limited (Face Value ₹10 each) 3,50,00,000 debentures; maturing in September 2025 (March 31, 2021 - 3,50,00,000 units)	3,485.84	3,470.40
13.65% Piramal Structured Credit Opportunity Fund (Face Value ₹100 lakhs) 200 debentures; maturing in June 2027 (March 31, 2021 - 200 units)	19,761.85	-
<b>Subtotal</b>	<b>33,238.59</b>	<b>13,447.83</b>
<b>Total (a+b)</b>	<b>43,309.37</b>	<b>21,008.31</b>

(#) Terms of repayment given in the repayment schedule

#### 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
<b>March 31, 2020</b>	-	<b>3,98,340.94</b>	<b>20,970.29</b>	<b>4,19,311.23</b>
<i>Cash flows:</i>				
Proceeds	97,197.11	4,16,449.73	-	5,13,646.84
Repayment	-	(4,94,057.02)	-	(4,94,057.02)
<i>Non cash:</i>				
Amortisation of upfront fees and interest accrual	3,538.81	(958.01)	38.02	2,618.82
<b>March 31, 2021</b>	<b>1,00,735.92</b>	<b>3,19,775.64</b>	<b>21,008.31</b>	<b>4,41,519.87</b>
<i>Cash flows:</i>				
Proceeds	-	4,67,025.59	22,234.59	4,89,260.18
Repayment	(69,977.67)	(4,45,766.13)	-	(5,15,743.80)
<i>Non cash:</i>				
Amortisation of upfront fees and interest accrual	(2,419.83)	43.25	66.47	(2,310.11)
<b>March 31, 2022</b>	<b>28,338.42</b>	<b>3,41,078.35</b>	<b>43,309.37</b>	<b>4,12,726.14</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

(#) Terms of repayment of debt securities, other borrowings and subordinated liabilities as on 31 March 2022 are as follows:

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% 9% to 12% 12% to 15%	53 261 -	19,979.21 64,567.56 -	28 102 -	4,697.03 23,242.59 -	12 29 -	1,818.08 9,333.33 -	- -	-	- 1 -	- 2,500.00 -	26,494.32 97,143.48 2,500.00
Bi-monthly	9% to 12% Up to 9%	- 2	- 485.68	- -	- -	6 -	4,500.00 -	- -	-	- -	-	4,500.00
Quarterly	Up to 9% 9% to 12% 9% to 12%	2 65 10	485.68 48,451.70 7,077.00	- 41 5	- 30,647.31 2,780.00	12 1 1	1,966.64 750.00 3,250.00	4 -	800.00	- -	-	81,865.65 10,607.00
Semi-annually	12% to 15%	-	-	2	3,250.00	1	3,250.00	-	-	-	-	6,500.00
Annually	9% to 12%	1	830.00	2	3,340.00	-	-	-	-	-	-	4,170.00
Bullet	Up to 9% 9% to 12% Variable rates	6 1 -	5,163.64 1,000.00 9,358.26	3 -	14,900.35 -	- -	- -	-	-	-	-	20,063.99 38,500.00 9,358.26
On demand	10%	146	1,00,206.30	28	9,616.33	-	-	-	-	-	-	1,09,822.63
<b>Total</b>			<b>2,57,119.35</b>		<b>92,473.61</b>		<b>21,618.05</b>		<b>15,800.00</b>		<b>25,000.00</b>	<b>4,12,011.01</b>

(\*) This represents securitised liability.

(#) Terms of repayment of debt securities, other borrowings and subordinated liabilities as on 31 March 2021 are as follows:

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% 9% to 12% 12% to 15%	40 393 11	7,446.00 84,881.81 4,583.33	21 166 -	2,979.17 42,596.43 -	12 7 -	1,666.67 470.96 -	- -	-	- -	-	12,091.84 1,27,949.20 4,583.33
Bi-monthly	9% to 12% Up to 9%	- 7	- 8,916.64	- 1	- 485.68	- -	- -	6 -	4,500.00	- -	-	4,500.00 9,402.32
Quarterly	Up to 9% 9% to 12% 9% to 12%	119 14 -	1,00,210.43 13,727.00 -	53 10 -	35,424.26 7,077.00 -	23 5 2	10,242.85 2,780.00 3,250.00	4 1 1	800.00 750.00 3,250.00	4 -	800.00	1,47,477.54 24,334.00 6,500.00
Semi-annually	12% to 15%	-	-	-	-	2	3,250.00	-	-	-	-	5,000.00
Annually	9% to 12%	1	830.00	1	830.00	2	3,340.00	-	-	-	-	5,000.00
Bullet	Up to 9% 9% to 12% 12% to 15%	12 27 -	3,636.36 47,665.91 -	4 6 1	1,212.12 5,163.64 1,000.00	4 3 -	1,212.12 14,900.00 -	- -	-	- -	-	8,484.84 67,729.55 18,500.00
On demand	Variable rates	-	973.17	-	-	-	-	-	-	4	17,500.00	973.17 18,500.00
<b>Total</b>			<b>2,72,870.65</b>		<b>99,192.54</b>		<b>37,862.60</b>		<b>9,300.00</b>		<b>18,300.00</b>	<b>4,37,525.79</b>

Notes: All the above repayments disclosed as per the contractual maturities of debt securities, borrowings other than debt securities and subordinate liabilities as 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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 20: Other financial liabilities	As at 31 March 2022	As at 31 March 2021
<i>(Measured at amortised cost)</i>		
Payable towards assignment transactions	50.66	1,791.57
Employees dues	1,687.25	1,282.43
Lease liabilities [Refer Note 57]	450.82	565.07
Liability for expenses	128.97	1,306.13
Other payables	1,358.25	1,756.19
<b>Total</b>	<b>3,675.95</b>	<b>6,701.39</b>

Note 21: Provisions	As at 31 March 2022	As at 31 March 2021
Provision for gratuity	959.25	951.02
Provision for pension fund	168.73	-
Provision for compensated absences	971.72	837.49
<b>Total</b>	<b>2,099.70</b>	<b>1,788.51</b>

Refer note 37 on actuarial valuation

Note 22: Other non-financial liabilities	As at 31 March 2022	As at 31 March 2021
Statutory dues	497.83	483.25
Expenses payable	1,016.11	914.37
Advance from customers	477.89	709.49
Others	80.42	138.27
<b>Total</b>	<b>2,072.25</b>	<b>2,245.38</b>

Note 23: Share capital	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised share capital (*)				
Equity shares of ₹10 each	13,50,00,000	13,500.00	16,00,00,000	16,000.00
Compulsorily convertible preference shares of ₹10 each	2,50,00,000	2,500.00	-	-
<b>Balance at the end of the year</b>	<b>16,00,00,000</b>	<b>16,000.00</b>	<b>16,00,00,000</b>	<b>16,000.00</b>

(\*) The shareholders of the Company at their extraordinary general meeting held on March 28, 2022 has approved the reclassification of authorized share capital of the Company.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 23: Share capital (Contd.)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
<b>Issued, subscribed and fully paid up</b>				
<i>Equity shares of ₹ 10 each</i>				
At the beginning of the year	12,01,77,303	12,017.73	11,03,20,974	11,032.10
Additions during the year (*)	-	-	98,56,329	985.63
<b>Balance at the end of the year</b>	<b>12,01,77,303</b>	<b>12,017.73</b>	<b>12,01,77,303</b>	<b>12,017.73</b>

#### (a) Additions made during the year (\*)

Share holders	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Intellectual Capital Advisory Services Private Limited	-	-	-	-
Aavishkaar Venture Management Services Private Limited	-	-	9,52,380	95.24
Arohan ESOP Trust	-	-	18,50,000	185.00
ASK Financial Holdings Private Limited	-	-	55,30,329	553.03
Kiran Vyapar Limited	-	-	4,76,190	47.62
Rajesh Sachdeva	-	-	10,47,430	104.74
<b>Additions during the year</b>	<b>-</b>	<b>-</b>	<b>98,56,329</b>	<b>985.63</b>

#### (b) 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 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Balance at the beginning of the year	34,14,524	341.45	15,64,524	156.45
Add: Shares issued to ESOP trust (*)	-	-	18,50,000	185.00
Less: Allotted to employees during the year (**)	99,129	9.91	-	-
<b>Outstanding at the end of the year</b>	<b>33,15,395</b>	<b>331.54</b>	<b>34,14,524</b>	<b>341.45</b>

(\*) During the year ended March 31, 2022, the Company has issued Nil (March 31, 2021 : 8,50,000 equity shares of ₹10 each under the Arohan ESOP plan 2018 and 10,00,000 equity shares of ₹10 each under the Arohan ESOP plan 2021 aggregating to ₹3,545.00 lakhs including premium) equity shares.

(\*\*) During the year ended March 31, 2022, Arohan ESOP Trust has transferred 30,000 equity shares at ₹84.70/-, 10,000 shares at ₹130/- to Mr. Arvind Murarka, 33,254 shares at ₹130.00/- & 15,200 shares at ₹162.80/- to Mr. Sirish Panda and 6,675 shares at ₹162.80/- & 4,000 shares at ₹170.00/- to Mr. Anirban Sinha under various ESOP schemes of Arohan Financial Services Limited (March 31, 2021: Nil).





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 23: Share capital (Contd.)

##### (c) 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 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.

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.

(d) 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.

##### (e) Shareholding of promoters

Shares held by promoters at the end of the year	As at 31 March 2022		As at 31 March 2021		% change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
1. Aavishkaar Venture Management Services Private Limited	2,47,63,774	20.61%	2,47,63,774	20.61%	-
2. Intellectual Capital Advisory Services Private Limited	1,64,72,146	13.71%	1,64,72,146	13.71%	-

##### (f) Details of shareholders holding more than 5% shares

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	%	Number	%
<b>Equity shares of ₹ 10 each</b>				
Aavishkaar Venture Management Services Private Limited	2,47,63,774	20.61%	2,47,63,774	20.61%
Aavishkaar Goodwill India Microfinance Development Company II Limited	1,85,39,529	15.43%	1,85,39,529	15.43%
Tano India Private Equity Fund II	1,69,14,279	14.07%	1,69,14,279	14.07%
Intellectual Capital Advisory Services Private Limited	1,64,72,146	13.71%	1,64,72,146	13.71%
Maj Invest Financial Inclusion Fund II	1,54,01,267	12.82%	1,54,01,267	12.82%
TR Capital III Mauritius	97,18,722	8.09%	97,18,722	8.09%

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 24: Other equity	As at 31 March 2022	As at 31 March 2021
Securities premium	71,037.15	71,032.08
Statutory reserves	8,024.79	6,805.78
Retained earnings	15,540.75	10,831.32
General reserves	80.27	80.27
Share option outstanding account	1,155.08	729.77
Treasury shares	(5,507.68)	(5,629.85)
Other comprehensive income	-	(3.57)
<b>Total</b>	<b>90,330.36</b>	<b>83,845.80</b>

#### 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 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 based payment reserve

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.

##### Other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income.

##### Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income.

##### Changes in fair value of loan assets

This represents the cumulative gains and losses arising on the fair valuation of loan assets classified under business model of hold and hold to collect.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 25: 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 43,00,000 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

#### (i) Employee stock option schemes:

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021
Date of Grant	29-Aug-17	16-May-18	16-May-19	04-Aug-20	05-Jun-21
Date of Board approval	19-May-17	27-Apr-18	15-May-19	26-Jun-20	04-Jun-21
Date of committee meeting where grant of options were approved	19-May-17	27-Apr-18	18-Feb-19	26-Jun-20	04-Jun-21
Date of shareholders' approval	29-Aug-17	15-May-18	18-Mar-19	03-Aug-20	08-Feb-21
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867
Method of settlement	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
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
Exercise period	2 years from the date of vesting or Initial Public Offer listing by company, whichever is later	1 year from the date of vesting or Initial Public Offer, whichever is later	For KMP: 1 year from the date of vesting or Initial Public Offer listing date plus 4 months, whichever is later For Other than KMP: 1 year from the date of vesting or Initial Public Offer listing date plus 3 months, whichever is later	For KMP: 1 year from the date of vesting or Initial Public Offer listing date plus 4 months, whichever is later For Other than KMP: 1 year from the date of vesting or Initial Public Offer listing date plus 3 months, whichever is later	For KMP and others: 2 year from the date of vesting or Initial Public Offer listing date, whichever is later

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 25: Employee stock option scheme ('ESOP Scheme') (Contd.)

#### (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
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867
Outstanding number of options	1,45,280	4,47,384	5,95,748	6,97,909	9,27,123

#### (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 2022	As at 31 March 2021
<b>ESOP 2017</b>		
Exercise price	84.70	84.70
Weighted average remaining contractual life (in years)	-	-
<b>ESOP 2018 (grant 2018)</b>		
Exercise price	130.00	130.00
Weighted average remaining contractual life (in years)	-	0.12
<b>ESOP 2018 (grant 2019)</b>		
Exercise price	162.80	162.80
Weighted average remaining contractual life (in years)	0.12	1.12
<b>ESOP 2018 (grant 2020)</b>		
Exercise price	170.00	170.00
Weighted average remaining contractual life (in years)	1.35	2.35
<b>ESOP 2021</b>		
Exercise price	210.00	-
Weighted average remaining contractual life (in years)	2.18	-

#### (iv) Reconciliation of stock options:

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021
<b>Outstanding as at 31 March 2020</b>	<b>1,75,280</b>	<b>5,43,264</b>	<b>7,34,278</b>	<b>-</b>	<b>-</b>
Stock option issued during the year	-	-	-	8,42,858	-
Exercised and vested	-	-	-	-	-
Forfeited/ lapsed	-	-	-	-	-
<b>Outstanding as at 31 March 2021</b>	<b>1,75,280</b>	<b>5,43,264</b>	<b>7,34,278</b>	<b>8,42,858</b>	<b>-</b>
Stock option issued during the year	-	-	-	-	9,82,867
Exercised and vested	30,000	43,254	21,875	4,000	-
Forfeited/ lapsed	-	52,626	1,16,655	1,40,949	55,744
<b>Outstanding as at 31 March 2022</b>	<b>1,45,280</b>	<b>4,47,384</b>	<b>5,95,748</b>	<b>6,97,909</b>	<b>9,27,123</b>

(v) The Company has recognized share based payment expense of ₹454.69 Lakhs (March 31, 2021: ₹334.54 Lakhs) during the year as proportionate cost.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 25: Employee stock option scheme ('ESOP Scheme') (Contd.)

(vi) Following employees have received a grant in the reporting period of option amounting to 5% or more of total option granted:

Name of Employee	Designation	Number of Options granted
Manoj Kumar N Nambiar	Managing Director	1,75,000
Milind R Nare	Chief Financial Officer	68,429
Ranjan Das	Chief Risk Officer	57,024
Anirudh Singh G Thakur	Company Secretary	51,183

**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
(A) Date of grant of options	29-Aug-17	16-May-18	16-May-19	04-Aug-20	05-Jun-21
(B) Fair market value of option on the date of grant	14.71	37.61	49.53	56.83	75.94
(C) Exercise price	84.70	130.00	162.80	170.00	210.00
(D) Expected volatility (%)	35.95	34.25	39.02	47.60	46.31
(E) Expected forfeiture percentage on each vesting date	-	-	-	-	-
(F) Expected option life (weighted average)	1.04	2.50	2.50	2.57	3.00
(G) Expected dividends yield	-	-	-	-	-
(H) Risk free interest rate (%)	6.07%	7.51%	6.75%	4.39%	4.95%

**Note:** The expected volatility was determined based on historical volatility data of the other comparable Company's shares listed on the Stock Exchange.

Note 26: Interest Income	Year ended 31 March 2022		
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Interest on loans	-	84,396.54	84,396.54
Interest on deposits with banks [refer note (a) below]	-	1,095.37	1,095.37
Interest income on unwinding of assigned portfolio	-	352.92	352.92
Other interest Income	-	27.87	27.87
<b>Total</b>	-	<b>85,872.70</b>	<b>85,872.70</b>

Interest Income (contd.)	Year ended 31 March 2021		
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Interest on loans	698.74	91,377.79	92,076.53
Interest on deposits with banks [refer note (a) below]	-	954.81	954.81
Interest income on unwinding of assigned portfolio	-	1,529.19	1,529.19
Other interest Income	-	21.89	21.89
<b>Total</b>	<b>698.74</b>	<b>93,883.68</b>	<b>94,582.42</b>

(a) Represents interest on margin money deposits placed to avail term loan from banks and financial institutions.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 27: Dividend Income	Year ended 31 March 2022	Year ended 31 March 2021
Dividend Income	3.50	-
<b>Total</b>	<b>3.50</b>	<b>-</b>

Note 28: Fees and commission Income	Year ended 31 March 2022	Year ended 31 March 2021
Income from cross sale business	4,172.35	2,308.87
Income from partnership business	-	8.51
Income from insurance business	-	7.16
<b>Total</b>	<b>4,172.35</b>	<b>2,324.54</b>

Note 29: Net gain on derecognition of financial instruments	Year ended 31 March 2022	Year ended 31 March 2021
Gain on sale of loan portfolio through assignment/ transfer (*)	-	1,565.00
<b>Total</b>	<b>-</b>	<b>1,565.00</b>

(\*) Includes ₹ Nil (March 31, 2021: ₹ 1,565.00) being gain on transfer of MSME business along with other related assets to Ashv Financials Limited through slump sale.

Note 30: Other operating income	Year ended 31 March 2022	Year ended 31 March 2021
Other operating income	124.02	147.25
<b>Total</b>	<b>124.02</b>	<b>147.25</b>

Note 31: Other income	Year ended 31 March 2022	Year ended 31 March 2021
Interest income on deposits with banks	1,836.15	2,736.06
Miscellaneous income	33.88	12.25
<b>Total</b>	<b>1,870.03</b>	<b>2,748.31</b>

Note 32: Finance costs	Year ended 31 March 2022	Year ended 31 March 2021
(Measured at amortised cost)		
Interest on debt securities	8,008.75	5,493.42
Interest on borrowings (other than debt securities)	28,289.38	37,550.22
Interest on subordinated liabilities	2,868.82	2,872.86
Other interest expenses	1,009.39	882.17
<b>Total</b>	<b>40,176.34</b>	<b>46,798.67</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 33: Impairment on financial instruments	Year ended 31 March 2022		
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised Cost	Total
Impairment on loans	-	(24,959.65)	(24,959.65)
Bad debt written off (net of recoveries) (*)	-	38,526.45	38,526.45
<b>Total</b>	-	<b>13,566.80</b>	<b>13,566.80</b>

Note 33: Impairment on financial instruments (Contd.)	Year ended 31 March 2021		
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised Cost	Total
Impairment on loans	(1.82)	48,168.96	48,167.14
Bad debt written off (net of recoveries) (*)	-	2,219.15	2,219.15
<b>Total</b>	<b>(1.82)</b>	<b>50,388.11</b>	<b>50,386.29</b>

(\*) ₹1,357.86 lakhs (March 31, 2021: ₹ 936.14 lakhs) of recoveries netted off with bad debt written off.

Note 34: Employee benefits expenses	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	17,892.00	16,342.75
Contribution to provident and other funds	2,102.71	1,549.19
Share based payments to employees	454.69	334.54
Staff welfare expenses	589.70	671.13
<b>Total</b>	<b>21,039.10</b>	<b>18,897.61</b>

Note 35: Depreciation and amortisation	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	196.70	248.63
Depreciation on right of use assets	189.19	214.46
Amortisation of intangible assets	200.18	205.43
<b>Total</b>	<b>586.07</b>	<b>668.52</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 36: Other expenses	Year ended 31 March 2022	Year ended 31 March 2021
Rent [Refer note 57]	1,110.51	1,095.29
Repairs and maintenance	873.38	685.43
Insurance	438.28	345.77
Power and fuel	162.92	122.32
Rates and taxes	49.05	25.08
Office expenses	152.10	95.63
Membership and subscription	85.54	68.38
Office maintenance	253.04	200.03
Printing and stationery	327.79	276.37
Legal and professional expenses	1,904.70	1,212.32
Director's commission [Refer note 45]	65.40	-
Recruitment and induction expenses	93.97	53.95
Communication expenses	91.50	96.99
Travelling and conveyance	2,284.64	1,681.40
Payment to auditors [Refer note (a) below]	87.77	48.11
Corporate social responsibility expenses [Refer note 55]	68.67	244.13
Miscellaneous expenses	330.93	144.56
<b>Total</b>	<b>8,380.19</b>	<b>6,395.76</b>
<b>Note (a) Payments to auditors (excluding applicable taxes)</b>		
Statutory audit including limited reviews	74.00	38.50
Tax audit (other than statutory auditors)	1.50	1.26
<b>In other capacity</b>		
Other services	11.44	7.46
Reimbursement of expenses	0.83	0.89
	<b>87.77</b>	<b>48.11</b>

### 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 2022	Year ended 31 March 2021
Employers contribution to provident and other fund	2,102.71	1,549.19





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 37: Employee benefits (Contd.)

##### 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	If Plan is funded then 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 2022	As at 31 March 2021
Present value of obligation	1,803.19	1,375.75
Fair value of plan assets	843.94	424.73
<b>Net obligation recognised in balance sheet as provision</b>	<b>959.25</b>	<b>951.02</b>

###### (ii) Amount recognised in the statement of profit and loss is as under:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	241.30	184.08
Net interest cost on defined benefit obligation	46.18	43.12
<b>Net impact on profit (before tax)</b>	<b>287.48</b>	<b>227.20</b>

##### Amount recognised in the other comprehensive income:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Actuarial losses recognized in OCI	223.42	166.14

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 37: Employee benefits (Contd.)

##### B) Defined benefit plans (Contd.)

###### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation as at the beginning of the year	1,375.75	999.05
Current service cost	241.30	184.08
Interest cost	86.54	62.78
Benefits paid	(129.07)	(36.30)
Actuarial loss/(gain) on obligation		
Actuarial (gain)/loss on arising from change in financial assumption	(114.46)	(43.64)
Actuarial loss on arising from experience adjustment	343.13	209.78
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>1,803.19</b>	<b>1,375.75</b>

###### (iv) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at 31 March 2022	As at 31 March 2021
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 2022	As at 31 March 2021
Fair value of plan assets at beginning of the year	424.73	209.40
Interest income on plan assets	40.36	19.66
Employer's contribution	502.67	231.97
Benefits paid	(129.07)	(36.30)
Expected return on plan assets	5.25	-
<b>Fair value of plan assets at the end of the year</b>	<b>843.94</b>	<b>424.73</b>

###### (vi) Actuarial assumptions

Particulars	As at 31 March 2022	As at 31 March 2021
Discounting rate	7.00%	6.60%
Future salary increase	8.00%	8.00%
Retirement age (years)	60	60
Withdrawal rate		
upto 5 years of service	52%	52%
More than 5 years of service	1%	1%
Weighted average duration (years)	16	16

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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 37: Employee benefits (Contd.)

##### B) Defined benefit plans (Contd.)

###### (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 2022	As at 31 March 2021
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(244.52)	(190.47)
- Impact due to decrease of 1%	307.35	240.24
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	301.17	234.42
- Impact due to decrease of 1%	(244.62)	(189.92)

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 2022	As at 31 March 2021
<b>Year</b>		
0 to 1 year	192.49	139.05
1 to 2 year	146.47	98.23
2 to 3 year	96.26	97.94
3 to 4 year	176.82	70.10
4 to 5 year	70.69	144.67
5 year onwards	660.47	302.87
<b>Total</b>	<b>1,343.20</b>	<b>852.86</b>

##### (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.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 37: Employee benefits (Contd.)

##### B) Defined benefit plans (Contd.)

###### (i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation	168.73	-
<b>Net obligation recognised in balance sheet as provision</b>	<b>168.73</b>	<b>-</b>

###### (ii) Amount recognised in the statement of profit and loss is as under:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	18.13	-
Past service cost	145.45	-
Net interest on net defined benefit liability/ (asset)	7.02	-
Immediate recognition of (gains)/ losses	5.23	-
Payment made during the year	(7.10)	-
<b>Net impact on profit (before tax)</b>	<b>168.73</b>	<b>-</b>

###### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation as at the beginning of the year	-	-
Current service cost	163.58	-
Interest cost	7.02	-
Benefits paid	(7.10)	-
Actuarial loss/(gain) on obligation		
Actuarial (gain)/loss on arising from change in financial assumption	5.23	-
Actuarial loss on arising from experience adjustment	-	-
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>168.73</b>	<b>-</b>

###### (vi) Actuarial assumptions

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Discounting rate	7.00%	-
Future salary increase	8.00%	-
Retirement age (years)	-	-
Withdrawal rate		
upto 5 years of service	52%	-
More than 5 years of service	1%	-
Weighted average duration (years)	10	-





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 37: Employee benefits (Contd.)

##### B) Defined benefit plans (Contd.)

##### (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 2022	Year ended 31 March 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(14.39)	-
- Impact due to decrease of 1%	17.20	-

##### (vii) Maturity profile of defined benefit obligation (discounted)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Year</b>		
0 to 1 year	28.23	-
1 to 2 year	22.32	-
2 to 3 year	10.81	-
3 to 4 year	4.09	-
4 to 5 year	4.28	-
5 to 6 year	29.55	-
<b>Total</b>	<b>99.28</b>	<b>-</b>

##### (c) Compensated absences

##### (i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation	971.72	837.49
Fair value of plan assets	-	-
<b>Net obligation recognised in balance sheet as provision</b>	<b>971.72</b>	<b>837.49</b>

##### (ii) Amount recognised in the statement of profit and loss is as under:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	191.99	173.42
Past service cost	-	-
Net interest on net defined benefit liability/ (asset)	43.85	33.53
Immediate recognition of (gains)/ losses	11.74	11.45
Payment made during the year	-	-
<b>Net impact on profit (before tax)</b>	<b>247.58</b>	<b>218.40</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 38: Tax expense

(a) Income tax recognised in the Statement of Profit and Loss:	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	8.93	6,213.95
Deferred tax (credit)	2,178.62	(12,006.77)
Tax expense for earlier years	11.52	8.43
	<b>2,199.07</b>	<b>(5,784.39)</b>

(b) Reconciliation of income tax expense and the accounting profit for the period:	Year ended 31 March 2022	Year ended 31 March 2021
Profit before tax	8,294.10	(21,779.33)
Enacted tax rates (%)	25.17%	25.17%
Income tax expense calculated at corporate tax rate	2,087.46	(5,481.42)
<b>Reconciliation items</b>		
Impact of tax relating to earlier years	11.52	8.43
Impact due to different tax rate	(0.71)	(33.00)
Tax impact of expenses not deductible	18.00	61.46
Impact on account of deductions claimed under Income Tax Act	-	(421.31)
Others	82.80	81.45
	<b>2,199.07</b>	<b>(5,784.39)</b>

#### Note 39: Earning per equity share

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders	6,095.03	(15,994.94)
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares for basic earning per share	12,01,77,303	10,98,50,337.73
Add: Diluting effect of potential equity shares issued as employee stock options	5,23,952	6,37,123.55
Weighted average number of equity shares for diluted earning per share	12,07,01,255	11,04,87,461.28
<b>Earnings per share</b>		
- Basic earnings per share (₹)	5.07	(14.56)
- Diluted earnings per share (₹)	5.05	(14.56)





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### 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, 2022

Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial Assets:</b>					
Cash and cash equivalents	4	-	-	95,362.92	95,362.92
Other bank balances	5	-	-	35,372.38	35,372.38
Trade receivables	6	-	-	200.59	200.59
Loans	7	-	-	3,71,019.93	3,71,019.93
Investments	8	-	-	5.00	5.00
Other financial assets	9	-	-	547.14	547.14
<b>Total</b>				<b>5,02,507.96</b>	<b>5,02,507.96</b>
<b>Financial Liabilities:</b>					
Debt securities	16	-	-	28,338.42	28,338.42
Borrowings (other than debt securities)	17	-	-	3,41,078.35	3,41,078.35
Subordinated liabilities	18	-	-	43,309.37	43,309.37
Others financial liabilities	20	-	-	3,675.95	3,675.95
<b>Total</b>				<b>4,16,402.09</b>	<b>4,16,402.09</b>

##### As at March 31, 2021

Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial Assets:</b>					
Cash and cash equivalents	4	-	-	1,15,801.75	1,15,801.75
Other bank balances	5	-	-	19,249.42	19,249.42
Trade receivables	6	-	-	113.67	113.67
Loans	7	-	-	3,92,590.53	3,92,590.53
Other financial assets	9	-	-	1,051.46	1,051.46
<b>Total</b>				<b>5,28,806.83</b>	<b>5,28,806.83</b>
<b>Financial Liabilities:</b>					
Debt securities	16	-	-	1,00,735.92	1,00,735.92
Borrowings (other than debt securities)	17	-	-	3,19,775.64	3,19,775.64
Subordinated liabilities	18	-	-	21,008.31	21,008.31
Others financial liabilities	20	-	-	6,701.39	6,701.39
<b>Total</b>				<b>4,48,221.26</b>	<b>4,48,221.26</b>

##### (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).

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 40: Financial Instruments - fair value measurements (Contd.)

##### (C) Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022	Level 1	Level 2	Level 3
Financial Assets:			
Loans at fair value through other comprehensive income	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2021	Level 1	Level 2	Level 3
Financial Assets:			
Loans at fair value through other comprehensive income	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 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 has considered 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, 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 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	95,362.92	95,362.92	1,15,801.75	1,15,801.75
Other bank balance	35,372.38	35,372.38	19,249.42	19,249.42
Trade receivables	200.59	200.59	113.67	113.67
Loans	3,71,019.93	3,82,864.62	3,92,590.53	3,95,536.85
Other financial assets	547.14	547.14	1,051.46	1,051.46
<b>Total</b>	<b>5,02,502.96</b>	<b>5,14,347.65</b>	<b>5,28,806.83</b>	<b>5,31,753.15</b>
<b>Financial liabilities</b>				
Debt securities	28,338.42	22,395.27	1,00,735.92	1,01,706.58
Borrowings (other than debt securities)	3,41,078.35	3,53,948.70	3,19,775.64	3,20,863.08
Subordinated liabilities	43,309.37	36,725.19	21,008.31	23,452.28
Other financial liabilities	3,675.95	3,675.95	6,701.39	6,701.39
<b>Total</b>	<b>4,16,402.09</b>	<b>4,16,745.11</b>	<b>4,48,221.26</b>	<b>4,52,723.33</b>

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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (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, 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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

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 March 31, 2022	As at March 31, 2021
<b>(i) Low credit risk</b>		
Cash and cash equivalents (**)	95,307.35	1,15,630.20
Other bank balances	35,372.38	19,249.42
Trade receivables	200.59	113.67
Investments	5.00	-
Loans (*)	3,47,813.23	3,60,257.37
Other financial assets	547.14	1,051.46
<b>(ii) Moderate credit risk</b>		
Loans (*)	48,322.90	51,230.98
<b>(iii) High credit risk</b>		
Loans (*)	18,700.69	52,096.33

(\*) These 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, advances recoverable on behalf of business correspondence arrangements, 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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

##### 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 indebtedness 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 organization and
5. Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organization undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organization 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 not made expected credit losses for financial assets other than loans as the maturity is within twelve months from the balance sheet date.

Particulars	Cash and cash equivalents (*)	Other bank balances	Trade receivables	Investments	Other financial assets
<b>Year ended 31 March 2022</b>					
Estimated gross carrying amount	95,307.35	35,372.38	200.59	5.00	623.65
Less: Expected credit losses	-	-	-	-	76.51
<b>Carrying amount net of impairment allowance</b>	<b>95,307.35</b>	<b>35,372.38</b>	<b>200.59</b>	<b>5.00</b>	<b>547.14</b>
<b>Year ended 31 March 2021</b>					
Estimated gross carrying amount	1,15,630.20	19,249.42	113.67	5.00	1,051.46
Less: Expected credit losses	-	-	-	5.00	-
<b>Carrying amount net of impairment allowance</b>	<b>1,15,630.20</b>	<b>19,249.42</b>	<b>113.67</b>	<b>-</b>	<b>1,051.46</b>

(\*) 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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

Particulars	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount as at March 31, 2020</b>	<b>4,30,578.26</b>	<b>11,709.19</b>	<b>11,183.84</b>
Assets originated*	2,01,695.99	0.10	11,689.58
Net transfer between stages **			
Transfer to stage 1	38.11	(32.59)	(5.51)
Transfer to stage 2	(48,745.89)	48,752.55	(6.66)
Transfer to stage 3	(23,949.07)	(9,917.62)	33,866.69
Assets derecognised or collected (excluding write offs)	(1,99,360.03)	719.35	(1,566.25)
Write - offs (including death cases)	-	-	(3,065.36)
<b>Gross carrying amount as at March 31, 2021</b>	<b>3,60,257.37</b>	<b>51,230.98</b>	<b>52,096.33</b>
Assets originated*	2,75,892.29	45,293.57	5,991.82
Net transfer between stages			
Transfer to stage 1	172.40	(142.46)	(29.94)
Transfer to stage 2	(2,238.99)	2,279.60	(40.61)
Transfer to stage 3	(5,029.53)	(1,765.99)	6,795.52
Assets derecognised or collected (excluding write offs)	(2,81,240.31)	(48,572.80)	(6,709.04)
Write - offs (including death cases)	-	-	(39,403.39)
<b>Gross carrying amount as at March 31, 2022</b>	<b>3,47,813.23</b>	<b>48,322.90</b>	<b>18,700.69</b>

\* Assets originated during the year has been presented on net basis i.e. the collections towards fresh loans has been netted off.

\*\* Includes capitalisation of interest on account of moratorium.

##### Reconciliation of loss allowance from beginning to end of reporting period:

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
<b>Loss allowance on March 31, 2020</b>	<b>2,749.79</b>	<b>4,818.56</b>	<b>11,183.84</b>
Increase of provision due to assets originated during the year	8,068.50	0.04	7,742.51
Net transfer between stages **			
Transfer to stage 1	1.77	(13.02)	(3.65)
Transfer to stage 2	(1,992.55)	20,287.95	(4.40)
Transfer to stage 3	(1,045.49)	(3,949.58)	22,455.70
Assets derecognised or collected	(10,371.78)	(588.87)	(1,836.45)
Impact of ECL on exposures transferred between stages during the year	17,149.99	758.37	(1,351.72)
Write - offs (including death cases)	-	-	(3,065.36)
<b>Loss allowance on March 31, 2021</b>	<b>14,560.23</b>	<b>21,313.45</b>	<b>35,120.47</b>
Increase of provision due to assets originated during the year	8,610.37	17,979.81	4,053.56
Net transfer between stages			
Transfer to stage 1	7.33	(64.51)	(20.25)
Transfer to stage 2	(73.39)	934.05	(36.23)
Transfer to stage 3	(186.21)	(1,371.65)	5,024.39
Assets derecognised or collected	(8,808.35)	(20,348.85)	(4,808.17)
Impact of ECL on exposures transferred between stages during the year	(3,087.83)	1,168.37	13,253.69
Write - offs (including death cases)	-	-	(39,403.39)
<b>Loss allowance on March 31, 2022 (#)</b>	<b>11,022.15</b>	<b>19,610.67</b>	<b>13,184.07</b>

\*\* Includes interest capitalised on account of moratorium

(#) If the probability of default increases or decreases by 10 basis point the expected credit loss will increase or decrease by ₹ 249.94 lakhs respectively. Similarly, if the loss given default increases or decreases by 100 basis point the expected credit loss will increase or decrease by ₹ 465.7 lakhs respectively.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

##### (c) Concentration of loans (\*)

Particulars	As at 31 March 2022	As at 31 March 2021
Micro finance loans	4,03,215.49	4,39,212.67
Micro, small and medium enterprise (MSME)	2,216.24	8,563.28
Secured term loans to corporates (#)	9,405.09	15,808.73
<b>Total</b>	<b>4,14,836.82</b>	<b>4,63,584.68</b>

(#) The secured term loans disbursed to corporates are all secured by book debts

(\*) The above figures represents the gross loan value along with interest accrued

##### 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 March 31, 2022	Total facility	Drawn	Undrawn
- Expiring within one year	1,00,000.00	65,000.00	35,000.00
<b>Total</b>	<b>1,00,000.00</b>	<b>65,000.00</b>	<b>35,000.00</b>

As at March 31, 2021	Total facility	Drawn	Undrawn
- Expiring within one year	21,000.00	5,000.00	16,000.00
<b>Total</b>	<b>21,000.00</b>	<b>5,000.00</b>	<b>16,000.00</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

##### (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 31 March 2022	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial assets</b>					
Cash and cash equivalents	95,642.56	-	-	-	95,642.56
Other bank balances	13,157.21	18,180.85	3,858.79	2,527.40	37,724.25
Trade receivables	200.59	-	-	-	200.59
Loans	3,55,933.99	1,07,340.08	700.50	16,825.42	4,80,799.99
Other financial assets	457.86	44.41	12.73	47.18	562.18
<b>Total undiscounted financial assets</b>	<b>4,65,397.21</b>	<b>1,25,565.34</b>	<b>4,572.02</b>	<b>19,400.00</b>	<b>6,14,934.57</b>
<b>Financial liabilities</b>					
Debt Securities	12,079.93	11,135.43	8,111.23	-	31,326.59
Borrowings other than debt securities	3,66,211.29	95,583.88	14,589.52	849.58	4,77,234.27
Subordinated liabilities	6,811.69	8,126.86	5,459.41	47,731.27	68,129.23
Other financial liabilities	3,374.14	124.45	74.76	249.52	3,822.87
<b>Total undiscounted financial liabilities</b>	<b>3,88,477.05</b>	<b>1,14,970.62</b>	<b>28,234.92</b>	<b>48,830.37</b>	<b>5,80,512.96</b>
<b>Net undiscounted financial assets/ (liabilities)</b>	<b>76,920.16</b>	<b>10,594.72</b>	<b>(23,662.90)</b>	<b>(29,430.37)</b>	<b>34,421.61</b>

As at 31 March 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial assets</b>					
<b>Non-derivatives</b>					
Cash and cash equivalents	1,15,921.33	-	-	-	1,15,921.33
Other bank balances	12,052.77	6,400.33	1,277.19	222.83	19,953.12
Trade receivables	113.67	-	-	-	113.67
Loans	3,29,318.61	1,46,641.52	9,167.01	48,307.22	5,33,434.36
Other financial assets	944.87	6.36	44.65	71.86	1,067.74
<b>Total undiscounted financial assets</b>	<b>4,58,351.25</b>	<b>1,53,048.21</b>	<b>10,488.85</b>	<b>48,601.91</b>	<b>6,70,490.22</b>
<b>Financial liabilities</b>					
<b>Non-derivatives</b>					
Debt Securities	77,800.99	12,121.50	11,135.43	8,111.23	1,09,169.15
Borrowings other than debt securities	2,24,218.22	94,654.16	27,384.15	2,556.96	3,48,813.49
Subordinated liabilities	2,827.96	3,725.40	5,032.02	20,688.59	32,273.97
Other financial liabilities	6,369.81	117.36	90.29	309.04	6,886.50
<b>Total undiscounted financial liabilities</b>	<b>3,11,216.98</b>	<b>1,10,618.42</b>	<b>43,641.89</b>	<b>31,665.82</b>	<b>4,97,143.11</b>
<b>Net undiscounted financial assets/ (liabilities)</b>	<b>1,47,134.27</b>	<b>42,429.79</b>	<b>(33,153.04)</b>	<b>16,936.09</b>	<b>1,73,347.11</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

##### (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 31 March 2022, 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 2022	As at 31 March 2021
<b>Variable rate liabilities</b>		
Debt securities	6,250.00	-
Borrowings (other than debt securities)	1,24,395.11	1,44,706.25
Subordinated liabilities	10,000.35	-
<b>Fixed rate liabilities</b>		
Debt securities	21,310.00	97,500.00
Borrowings (other than debt securities)	1,06,732.93	1,74,319.54
Subordinated liabilities	33,500.00	21,000.00
Liability against securitisation	1,09,822.62	-
<b>Total</b>	<b>4,12,011.01</b>	<b>4,37,525.79</b>

(\*) 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 2022	Year ended 31 March 2021
Interest sensitivity*		
Interest rates – increase by 0.50%	1,878.41	2,158.88
Interest rates – decrease by 0.50%	(1,878.41)	(2,158.88)

\* Holding all other variables constant

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 41: Financial risk management (Contd.)

##### (C) Market risk (Contd.)

###### (ii) Assets

The Company's fixed deposits are carried at amortised cost bearing fixed rate of interest, hence sensitivity analysis is not been presented.

###### (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 March 31, 2022, 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, Credit and Internal Control & Quality 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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (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 2022	As at 31 March 2021
Net debt	4,12,726.14	4,41,519.87
Total equity	1,02,348.09	95,863.53
<b>Net debt to equity ratio</b>	<b>4.03</b>	<b>4.61</b>

#### 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 2022		As at 31 March 2021	
	Within 12 months	After 12 months	Within 12 months	After 12 months
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	95,362.92	-	1,15,801.75	-
Other bank balance	12,643.35	22,729.03	11,928.19	7,321.23
Trade receivables	200.59	-	113.67	-
Loans	2,77,074.62	93,945.31	2,49,674.21	1,42,916.32
Investments	5.00	-	-	-
Other financial assets	457.86	89.28	932.78	118.68
	<b>3,85,744.34</b>	<b>1,16,763.62</b>	<b>3,78,450.60</b>	<b>1,50,356.23</b>
<b>Non-financial assets</b>				
Current tax assets (Net)	4,820.31	-	635.96	-
Deferred tax assets (Net)	2,574.39	11,199.13	-	15,896.74
Property, Plant and Equipment	135.45	265.26	176.97	325.31
Intangible assets under development	45.04	-	52.55	-
Other Intangible assets	125.81	143.66	199.58	185.88
Right to use asset	109.52	283.91	178.61	328.15
Other non-financial assets	711.69	-	1,328.66	3.44
	<b>8,522.21</b>	<b>11,891.96</b>	<b>2,572.33</b>	<b>16,739.52</b>
<b>Total assets</b>	<b>3,94,266.55</b>	<b>1,28,655.58</b>	<b>3,81,022.93</b>	<b>1,67,095.75</b>

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Maturity analysis of assets and liabilities (Contd.)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Within 12 months	After 12 months	Within 12 months	After 12 months
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial liabilities</b>				
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	10,736.36	17,602.06	73,230.39	27,505.53
Borrowings (other than debt securities)	2,46,617.25	94,461.10	2,03,924.64	1,15,851.00
Subordinated liabilities	1,102.94	42,206.43	128.10	20,880.21
Others financial liabilities	3,331.43	344.52	6,319.86	381.53
	<b>2,61,787.98</b>	<b>1,54,614.11</b>	<b>2,83,602.99</b>	<b>1,64,618.27</b>
<b>Non-financial liabilities</b>				
<b>Current tax liabilities (Net)</b>				
Current tax liabilities (Net)	-	-	-	-
Provisions	439.57	1,660.13	392.09	1,396.42
Other non-financial liabilities	1,970.55	101.70	1,943.94	301.44
	<b>2,410.12</b>	<b>1,761.83</b>	<b>2,336.03</b>	<b>1,697.86</b>
<b>TOTAL LIABILITIES</b>	<b>2,64,198.10</b>	<b>1,56,375.94</b>	<b>2,85,939.02</b>	<b>1,66,316.13</b>
<b>Net Equity</b>	<b>1,30,068.45</b>	<b>(27,720.36)</b>	<b>95,083.91</b>	<b>779.62</b>

#### 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 and unconsolidated entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee ranging from 17% to 18% 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 2022	As at 31 March 2021
Gross carrying amount of securitised assets	1,16,087.73	-
Gross carrying amount of associated liabilities	1,09,822.63	-
Carrying value and fair value of securitised assets	1,16,087.73	-
Carrying value and fair value of associated liabilities	1,09,822.63	-
<b>Net position</b>	<b>6,265.10</b>	<b>-</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 45: Information on related party transactions as required by Ind AS - 24:**

#### A. List of related parties

Relationship	Name
Key Managerial Personnel (KMP)	Manoj Kumar N Nambiar - Managing Director
	Milind R Nare - Chief Financial Officer
	Bharath Sondur - Chief Business Officer (since December 29, 2021)
	Ranjan Das - Chief Risk Officer
	Anirudh Singh G Thakur - Company Secretary
Directors	Dinesh Kumar Mittal (Independent Director)
	Vineet Chandra Rai (Director)
	Anurag Agarwal (Director)
	Matangi Gowrishankar (Independent Director)
	Rajat Mohan Nag (Independent Director)
	Sumantra Banerjee (Independent Director)
Entities which are able to exercise control or have significant influence	Aavishkaar Goodwill India Microfinance Development Company-II Limited
	Tano India Private Equity Fund II
Entities under common control	Ashv Finance Limited (Erstwhile Jain Sons Finance Limited)
	Aavishkaar Venture Management Services Private Limited
	Intellectual Capital Advisory Services Private Limited
	Ulink Agritech Private Limited
	Aavishkaar Foundation
	Aavishkaar Capital Advisory LLP
Enterprise over which KMP have significant influence or control	Intellectap Advisory Services Private Limited
	Tribetech Private Limited

#### B. Nature of transactions with related parties:

Name of party with nature of transaction	Year ended 31 March 2022	Year ended 31 March 2021
<b>Issue of equity shares (including securities premium)</b>		
Aavishkaar Venture Management Services Private Limited	-	2,000.00
Intellectual Capital Advisory Services Private Limited	-	-
<b>Loan taken</b>		
Aavishkaar Venture Management Services Private Limited	-	1,500.00
<b>Loan repaid</b>		
Aavishkaar Venture Management Services Private Limited	-	1,500.00
<b>Transfer of MSME business</b>		
Ashv Finance Limited	-	6,305.16
<b>Security deposit received</b>		
Tribetech Private Limited	-	0.12

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 45: Information on related party transactions as required by Ind AS - 24: (Contd.)**

#### B. Nature of transactions with related parties: (Contd.)

Name of party with nature of transaction	Year ended 31 March 2022	Year ended 31 March 2021
<b>Security deposit invoked</b>		
Tribetech Private Limited	-	2.92
<b>Interest paid</b>		
Aavishkaar Venture Management Services Private Limited	-	20.55
<b>Reimbursement of cost received</b>		
Ashv Finance Limited	0.42	22.84
Intellectual Capital Advisory Services Private Limited	-	1.87
Intellectap Advisory Services Private Limited	-	1.75
Aavishkaar Venture Management Services Private Limited	-	0.29
<b>Reimbursement of expenses paid</b>		
Intellectap Advisory Services Private Limited	0.19	3.34
Aavishkaar Venture Management Services Private Limited	2.68	-
Intellectap Advisory Services Private Limited	2.68	-
Ashv Finance Limited	16.06	0.14
<b>Professional/ business support fees</b>		
Tribetech Private Limited	-	0.59
Aavishkaar Venture Management Services Private Limited	29.28	34.09
Intellectap Advisory Services Private Limited	9.40	169.69
Ashv Finance Limited		
<b>Remittance under business transfer agreement</b>		
Ashv Finance Limited	1,850.45	1,703.51
<b>Corporate Social responsibility</b>		
Aavishkaar Foundation (*)	75.64	-
<b>Commission income</b>		
Ulink Agritech Private Limited	-	28.79
<b>Director's commission (#)</b>		
Dinesh Kumar Mittal	25.00	-
Matangi Gowrishankar	15.00	-
Rajat Mohan Nag	10.00	-
Sumantra Banerjee	10.00	-
<b>Remuneration</b>		
Manoj Kumar N Nambiar (**)	138.61	164.49
Milind R Nare	105.54	99.10
Ranjan Das	65.87	62.54
Bharath Sondur	75.19	-
Anirudh Singh G Thakur	74.29	69.56
<b>Sitting Fees (#)</b>		
Dinesh Kumar Mittal	3.20	4.80
Matangi Gowrishankar	6.40	8.00
Rajat Mohan Nag	6.20	7.40
Sumantra Banerjee	7.20	8.40

(\*) Includes CSR contribution by Arohan employees of ₹ 34.71 lakhs (March 31, 2021 : ₹Nil).

(\*\*) Includes an amount of ₹Nil (March 31, 2021: ₹48.34 lakhs) pertaining commission paid for previous year.

(#) The above amounts are excluding taxes





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 45: Information on related party transactions as required by Ind AS - 24: (Contd.)

#### C. Short-term employee benefits for Key management personnel

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Short-term employee benefits (including remunerations)	438.23	382.91
Post-employment benefits (***)	21.26	12.78

(\*\*\*) 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

#### D. Outstanding balances with related parties:

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Other receivables</b>		
Ulink Agritech Private Limited	-	0.07
Ashv Finance Limited	0.92	0.08
<b>Other payables</b>		
Ashv Finance Limited	1.86	1,198.14
Intellect Advisory Services Private Limited	3.28	107.35
Aavishkaar Venture Management Services Private Limited	17.75	
Dinesh Kumar Mittal	25.00	-
Matangi Gowrishankar	15.00	-
Rajat Mohan Nag	10.00	-
Sumantra Banerjee	10.00	-

Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17

i) Capital to risk asset ratio (CRAR)	As at 31 March 2022	As at 31 March 2021
Capital to Risk/Weighted Assets Ratio (CRAR) (%)	34.58%	24.27%
CRAR-Tier I Capital (%)	27.18%	19.36%
CRAR-Tier II Capital (%)	7.40%	4.91%
Amount of subordinated debt raised as Tier-II Capital	22,500	-
Amount raised by issue of Perpetual Debt Instruments	-	-

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (Contd.)

ii) Investments	As at 31 March 2022	As at 31 March 2021
<b>A. Value of Investments</b>		
Gross value of investments:		
a) In India	5.00	5.00
b) Outside India	-	-
Provisions for depreciation:		
a) In India	-	5.00
b) Outside India	-	-
Net value of investments		
a) In India	-	-
b) Outside India	-	-
<b>B. Movement of provisions held towards depreciation on investments</b>		
Opening balance	5.00	5.00
Add: Provisions made during the year	-	-
Less: Write-off/Write-back of excess provisions during the year	5.00	-
Closing balance	-	5.00

#### 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 2022	As at 31 March 2021
1) No of SPEs holding assets for securitisation transactions originated by the originator	14	-
2) Total amount of securitised assets as per books of the SPEs (*)	1,28,686.43	-
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	-	-
B) On-balance sheet exposures		
(a) First loss in the form of	32,802.30	-
(i) Fixed deposits	13,938.50	-
(ii) Over collateral	18,863.80	-
(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	-	-





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (Contd.)

#### iv) Disclosures relating to Securitisation (Contd.)

A) Securitisation	As at 31 March 2022	As at 31 March 2021
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	1,67,561.87	-
6. Outstanding value of services provided by way of, liquidity support, post-securitisation asset servicing, etc. (*)	1,28,686.43	-
7. Performance of facility provided viz. Credit enhancement, liquidity support, servicing agent etc.		
Credit enhancement:		
(a) Amount paid	-	-
(b) Repayment received	-	-
(c) Outstanding amount	32,802.30	-
(d) Outstanding amount percentage	17.27%	-
Servicing agent:		
(a) Amount paid	1.40	-
(b) Repayment received	-	-
(c) Outstanding amount	-	-
8. Average default rate of portfolios observed in the past in respect of microfinance loans	Nil	-
9. Amount and number of additional/ top up loan given on same underlying asset.	Nil	-
10. Investor complaints		
(a) Directly/Indirectly received and;	Nil	-
(b) Complaints outstanding	Nil	-

(\*) The total amount of securitised assets includes over collateral of ₹18,863.80 lakhs (March 31, 2021: ₹ Nil)

#### B) Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

The Company has not sold any financial assets to securitisation/ reconstruction company for asset reconstruction during the current and previous year.

#### C) Details of assignment transactions undertaken by the Company

There are no assignment transactions undertaken by the Company during the current and previous year.

#### D) Details of non-performing financial assets purchased/sold

The Company has not purchased/ sold any non-performing financial assets during the current and previous year.

#### v) Asset Liability Management

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 51.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (Contd.)

#### vi) 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.

#### vii) Miscellaneous

##### A) Registration obtained from other financial sector regulators

The Company is having Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

##### B) Disclosure of penalties imposed by RBI and other regulators

An amount of ₹0.27 lakhs (March 31, 2021: ₹Nil) has been paid to Reserve Bank of India towards late submission fees of FCGPR under Foreign Exchange Management Act, 1999 (as amended).

##### C) Related Party Transactions

Details of all material related party transactions are disclosed in Note 45.

##### D) Ratings assigned by credit rating agencies and migration of ratings during the year

The details of ratings assigned by Credit Analysis & Research Limited (CARE) vide report number CARE/DRO/RL/2021-22/2581, CARE/DRO/RL/2021-22/2583 & CARE/DRO/RL/2021-22/2584 all dated 01 December 2021 and ICRA Limited dated 25 March 2022 during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	ICRA A (-ve) / CARE A (-ve) (Negative outlook)	Reaffirmed
Non-Convertible Debentures	ICRA A (-ve) / CARE A (-ve) (Negative outlook)	Reaffirmed
Unsecured Subordinated Tier II Debt	CARE A (-ve) (Negative Outlook)	Reaffirmed





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (Contd.)

#### vii) Miscellaneous (Contd.)

##### E) Remuneration including sitting fees of Directors (other than Managing Director) (refer note 45)

Name of Directors	As at 31 March 2022	As at 31 March 2021
<b>A. Director's commission</b>		
Dinesh Kumar Mittal	25.00	-
Matangi Gowrishankar	15.00	-
Rajat Mohan Nag	10.00	-
Sumantra Banerjee	10.00	-
<b>B. Sitting fees:</b>		
Dinesh Kumar Mittal	3.20	4.80
Matangi Gowrishankar	6.40	8.00
Rajat Mohan Nag	6.20	7.40
Sumantra Banerjee	7.20	8.40

#### 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 2022	As at 31 March 2021
Provision towards standard assets	(5,015.51)	28,207.30
Provision towards non performing assets (*)	(19,944.14)	19,959.84
Provision made towards Income tax (including for earlier period and deferred tax)	2,199.07	(5,784.39)
Other provisions and contingencies (employee benefits)	311.19	365.56

(\*) Does not include provision on accrued NPA interest as the same is netted off in income.

##### 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	As at 31 March 2022	As at 31 March 2021
<b>a) Concentration of Advances</b>		
Total Advances to twenty largest borrowers	9,030.67	15,277.80
Percentage of advances to twenty largest borrowers to total advances	2.16%	3.26%
<b>b) Concentration of Exposures</b>		
Total exposure to twenty largest borrowers/customers	10,905.67	16,977.80
Percentage of exposures to twenty largest borrowers/customers to total exposure	2.57%	3.62%
<b>c) Concentration of NPAs</b>		
Total exposure to top four NPA accounts	191.94	227.21

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (Contd.)

#### viii) Additional Disclosures (Contd.)

D) Sector-wise NPAs - Percentage of NPAs to total advances in that sector	As at 31 March 2022	As at 31 March 2021
Agriculture & allied activities	3.91%	10.25%
MSME	Nil	Nil
Corporate borrowers (*)	Nil	Nil
Services	11.42%	45.75%
Unsecured personal loans	2.33%	20.76%
Auto loans	Nil	Nil
Other personal loans	Nil	Nil

(\*) Corporate borrowers are included in the respective sector.

E) Movement of NPAs	As at 31 March 2022	As at 31 March 2021
i) Net NPAs to Net Advances (%)	1.37%	3.96%
ii) Movement of NPAs (Gross)		
a) Opening Balance	52,096.33	11,183.84
b) Additions during the year	12,787.34	45,556.27
c) Reductions during the year	(46,182.98)	(4,643.78)
d) Closing balance	18,700.69	52,096.33
iii) Movement of Net NPAs		
a) Opening Balance	16,975.86	-
b) Additions during the year	-	15,358.06
c) Reductions during the year	(11,459.24)	1,617.80
d) Closing balance	5,516.62	16,975.86
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	35,120.47	11,183.84
b) Provisions made during the year	22,331.64	30,198.21
c) Write-off/write-back of excess provision	(44,268.04)	(6,261.58)
d) Closing balance	13,184.07	35,120.47

##### F) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company did not have any overseas assets during the current and previous year.

##### G) Off-balance sheet SPVs sponsored

(which are required to be consolidated as per accounting norms)

The Company did not sponsor any SPVs during the current and previous year.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (Contd.)**

ix) Disclosure of customer complaints	As at 31 March 2022	As at 31 March 2021
a) No. of complaints pending at the beginning of the year	60	20
b) No. of complaints received during the year	872	736
c) No. of complaints redressed during the year	861	696
d) No. of complaints pending at the end of the year	71	60

x) Information on instances of fraud identified during the year	As at 31 March 2022	As at 31 March 2021
Nature of fraud		
<b>A. Cash embezzlement</b>		
No. of cases	282	300
Amount of fraud	50.93	98.07
Recovery (*)	27.77	45.97
Amount provided for	23.16	52.10
<b>B. Loans given against fictitious documents</b>		
No. of cases	6	17
Amount of fraud	16.65	64.02
Recovery (*)	12.00	7.36
Amount provided for	4.65	56.66
<b>C. Others (Snatching etc.)</b>		
No. of cases	34	32
Amount of fraud	25.10	22.78
Recovery (*)	17.15	13.08
Amount provided for	7.95	9.70

(\*) Includes claims filed with the insurance company.

xi) Information on net interest margin (qualifying asset)	As at 31 March 2022	As at 31 March 2021
Average Interest (a)	20.05%	20.45%
Average effective cost of borrowing (b)	10.14%	10.53%
Net Interest margin (a-b)	9.91%	9.92%

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 46: Additional disclosures pursuant to Para 19 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016.**

#### 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 2022		As at 31 March 2021	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) Debentures		-		
Secured	28,410.70	-	1,00,958.62	-
Unsecured	33,584.40	-	13,587.26	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
Secured	2,22,730.81	-	3,19,758.72	-
Unsecured	10,106.42	-	7,580.49	-
(d) Inter-corporate loans and borrowing				
(e) Commercial Paper		-	-	-
(f) Public Deposits			-	
(g) Other Loans (working capital loan and securitisation liability)	1,19,432.20	-	973.16	-

(\*) The above figure excludes adjustments of loan processing fees

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	As at 31 March 2022		As at 31 March 2021	
	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 2022	As at 31 March 2021
a) Secured, gross	9,405.09	15,808.73
b) Unsecured, gross	4,05,431.73	4,47,775.95
<b>Total</b>	<b>4,14,836.82</b>	<b>4,63,584.68</b>

Figures of loans and advances also includes accrued interest, unamortised loan processing fees, unamortised acquisition costs and are based on Ind AS numbers.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to Para 19 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016. (Contd.)

(4) Break up of leased assets	As at 31 March 2022	As at 31 March 2021
(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	-	-

(5) Breakup of investments	As at 31 March 2022	As at 31 March 2021
<b>Current Investments:</b>		
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	-	-

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to Para 19 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016. (Contd.)

Long Term investments:	As at 31 March 2022	As at 31 March 2021
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	-	-

(6) Borrower group-wise classification of assets financed as in (2) and (3)	Net of provision as at 31 March 2022		
Category	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	9,327.29	3,61,692.64	3,71,019.93
<b>Total</b>	<b>9,327.29</b>	<b>3,61,692.64</b>	<b>3,71,019.93</b>

(6) Borrower group-wise classification of assets financed as in (2) and (3) (contd.)	Net of provision as at 31 March 2021		
Category	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	15,710.17	3,76,880.36	3,92,590.53
<b>Total</b>	<b>15,710.17</b>	<b>3,76,880.36</b>	<b>3,92,590.53</b>





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 46: Additional disclosures pursuant to Para 19 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016. (Contd.)**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	As at 31 March 2022	
	Market value / Breakup or fair value or NAV	Book value (net of provisions)
Category		
1. Related parties	-	-
2. Other than related parties	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	As at 31 March 2021	
	Market value / Breakup or fair value or NAV	Book value (net of provisions)
Category		
1. Related parties	-	-
2. Other than related parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(8) Other information	As at 31 March 2022	As at 31 March 2021
<b>(i) Gross non-performing assets</b>		
(a) Related parties	-	-
(b) Other than related parties	18,700.69	52,096.33
<b>(ii) Net non-performing assets</b>		
(a) Related parties	-	-
(b) Other than related parties	5,516.62	16,975.86
<b>(iii) Assets acquired on satisfaction of debt</b>	-	-

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 47: Additional disclosures pursuant to para 25 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016:**

SL. No.	Type of Restructuring Asset Classification Details	As on 31 March 2022					As on 31 March 2021				
		Others				Total	Others				Total
		Standard	Sub Standard	Doubtful	Loss		Standard	Sub Standard	Doubtful	Loss	
1	Restructured accounts at the beginning of the period (*)	-	45,968	-	-	45,968	-	-	-	-	-
		-	11,297.03	-	-	11,297.03	-	-	-	-	-
		-	7,606.46	-	-	7,606.46	-	-	-	-	-
2	Fresh restructuring during the period	-	22,054	-	-	22,054	-	47,120	-	-	47,120
		-	5,816.39	-	-	5,816.39	-	11,803.50	-	-	11,803.50
		-	3,713.23	-	-	3,713.23	-	7,492.69	-	-	7,492.69
3	Upgradations to restructured standard category during the period	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the period	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the period	-	32,937	-	-	32,937.00	-	-	-	-	-
		-	8,105.02	-	-	8,105.02	-	-	-	-	-
		-	8,105.02	-	-	8,105.02	-	-	-	-	-
7	Restructured accounts at the end of the period (*)	-	31,479	-	-	31,479	-	45,968	-	-	45,968
		-	7,555.27	-	-	7,555.27	-	11,297.03	-	-	11,297.03
		-	5,724.03	-	-	5,724.03	-	7,606.46	-	-	7,606.46

\* 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 is after considering recoveries made during the year

2. CDR and SME debt restructuring segments are nil.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to Reserve Bank of India notification no. DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.**

#### Asset Classification as per RBI Norms

As on March 31, 2022

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)
<b>Performing Assets</b>						
Standard	Stage 1	3,47,813.23	11,022.15	3,36,791.08	6,759.99	4,262.16
	Stage 2	48,322.90	19,610.67	28,712.23	4,368.71	15,241.96
<b>Subtotal (A)</b>		<b>3,96,136.13</b>	<b>30,632.82</b>	<b>3,65,503.31</b>	<b>11,128.70</b>	<b>19,504.12</b>
<b>Non-Performing Assets (NPA) (*)</b>						
Substandard	Stage 3	18,700.69	13,184.07	5,516.62	4,504.13	8,679.94
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	-	-	-	-	-
<b>Subtotal (B)</b>		<b>18,700.69</b>	<b>13,184.07</b>	<b>5,516.62</b>	<b>4,504.13</b>	<b>8,679.94</b>
<b>Total (A+B)</b>	Stage 1	<b>3,47,813.23</b>	<b>11,022.15</b>	<b>3,36,791.08</b>	<b>6,759.99</b>	<b>4,262.16</b>
	Stage 2	<b>48,322.90</b>	<b>19,610.67</b>	<b>28,712.23</b>	<b>4,368.71</b>	<b>15,241.96</b>
	Stage 3	<b>18,700.69</b>	<b>13,184.07</b>	<b>5,516.62</b>	<b>4,504.13</b>	<b>8,679.94</b>
	<b>Total</b>	<b>4,14,836.82</b>	<b>43,816.89</b>	<b>3,71,019.93</b>	<b>15,632.83</b>	<b>28,184.06</b>

(\*) Includes 1,25,719 accounts having principal overdue of ₹ 6,217.24 lakhs and interest overdue of ₹ 1,731.60 lakhs as at March 31, 2022

As on March 31, 2021

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)
<b>Performing Assets</b>						
Standard	Stage 1	3,60,257.37	14,560.23	3,45,697.14	17,574.18	(3,013.95)
	Stage 2	51,230.98	21,313.45	29,917.53	7,122.60	14,190.85
<b>Subtotal (A)</b>		<b>4,11,488.35</b>	<b>35,873.68</b>	<b>3,75,614.67</b>	<b>24,696.78</b>	<b>11,176.90</b>
<b>Non-Performing Assets (NPA) (*)</b>						
Substandard	Stage 3	52,096.33	35,120.47	16,975.86	15,615.71	19,504.76
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	-	-	-	-	-
<b>Subtotal (B)</b>		<b>52,096.33</b>	<b>35,120.47</b>	<b>16,975.86</b>	<b>15,615.71</b>	<b>19,504.76</b>
<b>Total (A+B)</b>	Stage 1	<b>3,60,257.37</b>	<b>14,560.23</b>	<b>3,45,697.14</b>	<b>17,574.18</b>	<b>(3,013.95)</b>
	Stage 2	<b>51,230.98</b>	<b>21,313.45</b>	<b>29,917.53</b>	<b>7,122.60</b>	<b>14,190.85</b>
	Stage 3	<b>52,096.33</b>	<b>35,120.47</b>	<b>16,975.86</b>	<b>15,615.71</b>	<b>19,504.76</b>
	<b>Total</b>	<b>4,63,584.68</b>	<b>70,994.15</b>	<b>3,92,590.53</b>	<b>40,312.49</b>	<b>30,681.66</b>

(\*) Gross carrying amount as per Ind AS represents gross carrying amount, accrued interest, loan processing fees and securitised assets.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (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, 2021 (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, 2022
Personal loans	-	-	-	-	-
Corporate persons (*)	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	1,50,252.30	3,494.88	1.39	32,596.74	1,14,159.29
<b>Total</b>	<b>1,50,252.30</b>	<b>3,494.88</b>	<b>1.39</b>	<b>32,596.74</b>	<b>1,14,159.29</b>

(\*) As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(\*\*) represents microfinance loans to customer

#### Note:

Under COVID-19 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, 2022 is ₹16,350.98 lakhs and ₹1,11,682.65 lakhs respectively.

Under COVID-19 resolution 1.0, 336 number of MSME borrower accounts were sanction for modification and implemented whose aggregate exposure as on March 31, 2022 is ₹2,083.03 lakhs.

**Note 50 : Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 in terms of RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021:**

Particulars	During the year ended 31 March 2022
Details of loans not in default that are transferred or acquired	-
Details of stressed loans transferred or acquired	-





## Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

## Note 51: Asset Liability Management

## Maturity pattern of assets and liability as on March 31, 2022

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)	15,081.87	14,300.00	54,834.05	3,062.24	2,875.12	997.38	6,308.08	20,142.30	2,250.00	-	1,19,851.04
Advances (Micro Finance Portfolio)	3,592.62	4,609.13	9,779.75	22,798.02	25,300.02	78,221.43	1,35,540.26	97,476.35	15,543.15	-	3,92,860.73
Advances (Other than Micro Finance)	183.84	235.86	500.45	899.09	912.70	2,283.40	3,634.95	1,297.27	1,282.27	-	11,229.83
Investments	-	-	-	-	-	-	-	-	-	5.00	5.00
Borrowings	16,215.04	1,461.59	21,422.53	27,066.78	23,623.61	64,801.91	1,02,527.90	1,14,091.65	18,300.00	22,500.00	4,12,011.01
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

## Maturity pattern of assets and liability as on March 31, 2021

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)	29,776.93	22,587.93	54,965.11	449.20	2,288.07	2,095.12	5,192.34	6,841.63	180.00	-	1,24,376.33
Advances (Micro Finance Portfolio)	4,343.36	7,238.93	17,373.44	22,095.56	22,260.19	64,628.43	1,16,364.27	1,34,862.98	44,230.46	-	4,33,397.62
Advances (Other than Micro Finance)	234.73	391.21	938.91	1,391.69	1,257.81	3,531.99	5,442.15	6,870.90	3,560.42	-	23,619.81
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,006.19	9,248.83	13,773.13	22,046.23	20,142.72	67,654.88	1,34,998.66	1,37,055.15	25,100.00	2,500.00	4,37,525.79
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

## Notes:

- The above borrowings and deposits excludes accrued interest.
- The advances comprise of loan portfolio and does not include interest accrued and other Ind AS adjustments.
- The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.
- Advances and borrowings are adjusted for moratorium.
- The Company is capable of meeting its liabilities existing as on March 2022 as and when they fall due within the period of one year from March 31, 2022.

## Arohan Financial Services Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 52: Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 have been given below:

(i) Funding concentration based on significant counterparty on borrowings	As at 31 March, 2022	As at 31 March, 2021
Number of significant counterparties	23	24
Amount of borrowed funds from significant counterparties	3,86,210.60	4,07,542.07
Percentage of total deposits	Not applicable	Not applicable
Percentage of total liabilities	91.83%	90.11%

## 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 10 borrowings	As at 31 March, 2022	As at 31 March, 2021
Amount of borrowed funds from top ten significant counterparties (*)	2,86,996.37	2,88,076.57
% of total borrowings (#)	69.66%	65.84%

## Notes:

- Accrued interest on borrowings have not been considered in above calculation.
- 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, 2022		As at 31 March, 2021	
	Amount (**)	% of total liabilities	Amount (**)	% of total liabilities
Debt securities	27,560.00	7.00%	97,500.00	22.00%
Borrowings (other than debt securities)	3,40,950.99	81.00%	3,19,025.79	70.00%
Subordinated liabilities	43,500.00	10.00%	21,000.00	5.00%

## Notes:

- 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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 52: Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 have been given below: (Contd.)

(V) Stock ratios in percentage	As at 31 March 2022	As at 31 March 2021
1. Commercial papers as a % of total liabilities	Not Applicable	Not Applicable
2. Commercial papers as a % of total assets	Not Applicable	Not Applicable
3. Commercial papers as a % of public fund	Not Applicable	Not Applicable
4. Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%	0%
5. Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%	0%
6. Non-convertible debentures (original maturity of less than one year) as a % of public fund	0%	0%
7. Other short-term liabilities as a % of total liabilities	62.82%	63.23%
8. Other short-term liabilities as a % of total assets	50.52%	52.17%
9. Other short-term liabilities as a % of public fund	64.01%	64.76%

#### (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

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 53: Disclosures of liquidity coverage ratio (LCR)

For financial year: 2021-2022

Sl No.	Particulars	As on 30 June 2021		As on 30 September 2021		As on 31 December 2021		As on 31 March 2022	
		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)
	<b>High Quality Liquid Assets</b>								
1	High Quality Liquid Assets (HQLA)								
(i)	Cash Balance	148.66	148.66	151.87	151.87	132.75	132.75	55.57	55.57
(ii)	Cash on Bank	8,292.69	8,292.69	4,690.98	4,690.98	9,346.74	9,346.74	9,747.32	9,747.32
(iii)	Un encumbered demand deposits with scheduled commercial Bank	1,12,782.06	1,12,782.06	69,897.02	69,897.02	19,376.62	19,376.62	85,561.04	85,561.04
	<b>Total High Quality Liquid Assets (HQLA)</b>	<b>1,21,223.41</b>	<b>1,21,223.41</b>	<b>74,739.87</b>	<b>74,739.87</b>	<b>28,856.11</b>	<b>28,856.11</b>	<b>95,363.93</b>	<b>95,363.93</b>
	<b>Cash Outflows:</b>								
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	35,005.20	40,255.98	34,741.52	39,952.75	44,288.56	50,931.84	41,342.06	47,543.37
6	Other contractual funding obligations	1,699.85	1,954.83	3,207.24	3,688.33	3,207.12	3,688.19	1,122.00	1,290.30
7	Other contingent funding obligations	1,050.00	1,207.50	-	-	-	-	-	-
8	<b>Total cash outflows</b>	<b>37,755.05</b>	<b>43,418.31</b>	<b>37,948.76</b>	<b>43,641.08</b>	<b>47,495.68</b>	<b>54,620.03</b>	<b>42,464.06</b>	<b>48,833.67</b>
	<b>Cash Inflows:</b>								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	28,382.87	21,287.15	19,898.80	14,924.10	24,690.67	18,518.00	28,800.09	21,600.07
11	Other cash inflows	1,163.77	872.82	188.72	141.54	213.63	160.22	249.63	187.22
12	<b>Total cash inflows</b>	<b>29,546.64</b>	<b>22,159.97</b>	<b>20,087.52</b>	<b>15,065.64</b>	<b>24,904.30</b>	<b>18,678.22</b>	<b>29,049.72</b>	<b>21,787.29</b>
	<b>Total Adjusted Value</b>								
	<b>Total High Quality Liquid Assets (HQLA)</b>	<b>1,21,223.41</b>	<b>1,21,223.41</b>	<b>74,739.87</b>	<b>74,739.87</b>	<b>28,856.11</b>	<b>28,856.11</b>	<b>95,363.93</b>	<b>95,363.93</b>
13	<b>Total net outflows</b>	<b>21,258.34</b>	<b>21,258.34</b>	<b>28,575.44</b>	<b>28,575.44</b>	<b>35,941.81</b>	<b>35,941.81</b>	<b>27,046.38</b>	<b>27,046.38</b>
14	<b>Liquidity coverage ratio (%)</b>	<b>570%</b>	<b>570%</b>	<b>262%</b>	<b>262%</b>	<b>80%</b>	<b>80%</b>	<b>353%</b>	<b>353%</b>





## Note 53: Disclosures of liquidity coverage ratio (LCR) (Contd.)

For financial year: 2020-2021

Sl No.	Particulars	As on 30 June 2020		As on 30 September 2020		As on 31 December 2020		As on 31 March 2021	
		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)
	<b>High Quality Liquid Assets</b>								
1	High Quality Liquid Assets (HQLA)								
(i)	Cash Balance	291.69	291.69	332.35	332.35	196.02	196.02	171.55	171.55
(ii)	Cash on Bank	9,026.44	9,026.44	10,149.49	10,149.49	8,448.15	8,448.15	9,278.90	9,278.90
(iii)	Un encumbered demand deposits with scheduled commercial Bank	45,888.12	45,888.12	1,04,206.00	1,04,206.00	1,19,234.00	1,19,234.00	1,06,310.99	1,06,310.99
	<b>Total High Quality Liquid Assets (HQLA)</b>	<b>55,206.25</b>	<b>55,206.25</b>	<b>1,14,687.84</b>	<b>1,14,687.84</b>	<b>1,27,878.17</b>	<b>1,27,878.17</b>	<b>1,15,761.44</b>	<b>1,15,761.44</b>
	<b>Cash Outflows:</b>								
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	36,278.41	41,720.18	28,883.36	33,215.86	36,628.59	42,122.88	33,360.60	38,364.69
6	Other contractual funding obligations	4,956.25	5,699.69	5,488.00	6,311.21	5,161.98	5,936.27	3,001.10	3,451.27
7	Other contingent funding obligations	-	-	-	-	250.00	287.50	300.00	345.00
8	<b>Total cash outflows</b>	<b>41,234.66</b>	<b>47,419.87</b>	<b>34,371.36</b>	<b>39,527.07</b>	<b>42,040.57</b>	<b>48,346.65</b>	<b>36,661.70</b>	<b>42,160.96</b>
	<b>Cash Inflows:</b>								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	-	-	42,955.14	32,216.36	21,200.13	15,900.10	33,012.82	24,759.62
11	Other cash inflows	1,103.40	827.55	1,117.80	838.35	1,070.38	802.79	648.07	486.05
12	<b>Total cash inflows</b>	<b>1,103.40</b>	<b>827.55</b>	<b>44,072.94</b>	<b>33,054.71</b>	<b>22,270.51</b>	<b>16,702.89</b>	<b>33,660.89</b>	<b>25,245.67</b>
	<b>Total</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
13	<b>Total High Quality Liquid Assets (HQLA)</b>		<b>55,206.25</b>		<b>1,14,687.84</b>		<b>1,27,878.17</b>		<b>1,15,761.44</b>
14	<b>Total net outflows</b>		<b>46,592.32</b>		<b>9,881.77</b>		<b>31,643.76</b>		<b>16,915.28</b>
15	<b>Liquidity coverage ratio (%)</b>		<b>118%</b>		<b>1161%</b>		<b>404%</b>		<b>684%</b>

## Arohan Financial Services Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

## Note 54: Foreign Currency Disclosure

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Earnings in foreign currency		
Sale of accumulated carbon credit	12.74	27.36
	<b>12.74</b>	<b>27.36</b>
(b) Expenditure in foreign currency		
Legal Expenses	-	152.09
Professional fees	2.58	9.22
	<b>2.58</b>	<b>161.31</b>

## Note 55: 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, CSR expenses have been incurred throughout the period on the activities as specified in schedule VII of the Act.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Gross amount required to be spent during the year	68.67	244.13
(b) Amount of expenditure incurred during the year	68.67	244.13
(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	40.93	-
(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	35.09	-
Fresh provision made during the year	5.45	35.09
Payment made during the year	30.66	-
At the closing of the year	9.88	35.09

(\*) work was not yet completed as a results the payments were on hold.

(\*\*) CSR activities includes environmental and social initiatives. In environmental initiatives there are certain projects like disaster relief, COVID-19 relief, safe drinking water & sanitisation and water conservation whereas social initiatives includes activities as women empowerment & education, livelihood trainings, menstrual hygiene and health and well being.





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 56: 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 57: 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 costs has positively impacted EBITDA by ₹ 243.20 lakhs (March 31, 2021 : ₹ 269.18 lakhs) and negatively impacted the PBT by ₹ 0.49 lakhs (March 31, 2021 : ₹ 20.14 lakhs).

##### (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, 2022

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	8	2 months to 71 months	26 months	8	-	-
Furniture	3	87 months	87 months	3	-	-

As on March 31, 2021

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	8	9 months to 83 months	27 months	8	-	-
Furniture	3	99 months	99 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 2022	Year ended 31 March 2021
Short-term leases	1,110.51	1,095.29

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 57: Lease related disclosures (Contd.)

##### (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 2022
Lease payments	149.01	124.45	74.76	59.68	59.85	130.00	597.75
Less: Finance cost	42.71	31.91	23.93	19.20	14.74	14.44	146.93
Net present values	106.30	92.54	50.83	40.48	45.11	115.56	450.82

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at 31 March 2021
Lease payments	233.49	117.36	90.29	59.51	59.68	189.86	750.19
Less: Finance cost	49.95	35.56	28.00	23.21	19.20	29.20	185.12
Net present values	183.54	81.80	62.29	36.30	40.48	160.66	565.07

##### (e) Total cash outflow for leases for the year ended March 31, 2022 was ₹234.22 Lakhs (March 31, 2021: ₹271.86 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 58: Contingent liabilities and commitments

Particulars	As at 31 March 2022	As at 31 March 2021
(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.	38.20	38.20
(b) Corporate guarantee provided to IndusInd Bank towards partnership agreement.	-	75.00
(c) Guarantee against borrowings	1,772.50	1,080.00
(d) Sanctioned loan undisbursed	1,975.00	1,800.00
(e) Capital commitment for purchase/ development of tangible and intangible asset (net of advances).	86.96	178.04





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 59:** During FY2021, the COVID-19 pandemic resulted in a nation-wide lockdown in April-May 2020 which substantially impacted economic activity. Regulatory measures like moratorium on payment of dues and standstill in asset classification were implemented to mitigate the economic consequences on borrowers. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy from the second half of FY2021. During FY2022, the second wave of the COVID-19 pandemic in April-May 2021 led to the re-imposition of localised/ regional lock-down measures in various parts of the country. The lock-down measures were lifted gradually, as the second wave subsided from June 2021 onwards. The impact of the outbreak of third wave of COVID-19 has been mild. However, it led to re-imposition of some localised/ regional restrictive measures in the country.

While there has been significant progress in vaccination programme and the impact of the third wave of COVID-19 in India has been mild, the impact, including with respect to credit quality and provisions, of the COVID-19 pandemic on the Company's result will depend on the trajectory of the pandemic, effectiveness of the vaccinations, the effectiveness of current and future steps taken by the government and central bank to mitigate the economic impact.

The Company has recognized provisions as on March 31, 2022 towards its loan assets, based on the information available at this point of time, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these Financial Statements. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic condition.

### Note 60: 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, 2022, 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.

## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

### Note 60: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (Contd.)

#### 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, 2022 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
Punjab National Bank	NA	13-Aug-20	5,000.00	19-Feb-22
Small Industrial Development Bank of India (SIDBI)	100236803	01-Jan-19	12,500.00	10-Feb-22
State Bank of India	100432145	05-Aug-20	25,000.00	11-Feb-22
Tata Capital	100329021	29-Jan-20	2,500.00	15-Feb-22
Kotak Mahindra Bank	10558410	15-Apr-21	2,000.00	07-Feb-22

#### 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.

#### I. Ratios

Particulars	31 March 2022	31 March 2021	Percentage change in ratio	Explanation
(a) Debt equity <sup>(2)</sup> [refer note 42]	4.03	4.61	(13%)	The company incurred losses due to COVID-19 pandemic for which the revenue was affected in last financial year
(b) Return on equity ratio <sup>(3)</sup>	6.15%	(16.65%)	(137%)	
(c) Net profit ratio <sup>(4)</sup>	6.62%	(15.78%)	(142%)	
(d) Return on capital employed <sup>(1)</sup>	6.15%	(16.65%)	-	
(e) Current ratio <sup>(1)</sup>	Not applicable		-	
(f) Debt service coverage ratio <sup>(1)</sup>	Not applicable		-	
(g) Inventory turnover ratio <sup>(1)</sup>	Not applicable		-	
(h) Trade receivables turnover ratio <sup>(1)</sup>	Not applicable		-	
(i) Trade payables turnover ratio <sup>(1)</sup>	Not applicable		-	
(j) Net capital turnover ratio <sup>(1)</sup>	Not applicable		-	
(k) Return on investment <sup>(1)</sup>	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 after tax/ total income





## Arohan Financial Services Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 60: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (Contd.)

##### 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.

##### L. Undisclosed income

There are no transactions not 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 55

##### 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 61:** 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 62:** 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: 11 May 2022

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: 11 May 2022

**Vineet Chandra Rai**  
Director  
DIN: 00606290  
Place: Kolkata

**Milind R Nare**  
Chief Financial Officer  
Place: Kolkata







## Arohan Financial Services Limited

PTI building, 4th floor, DP-9, Sector V, Kolkata 700 091  
W: [www.arohan.in](http://www.arohan.in) | P: +91 33 40156000