



The Arohan Story



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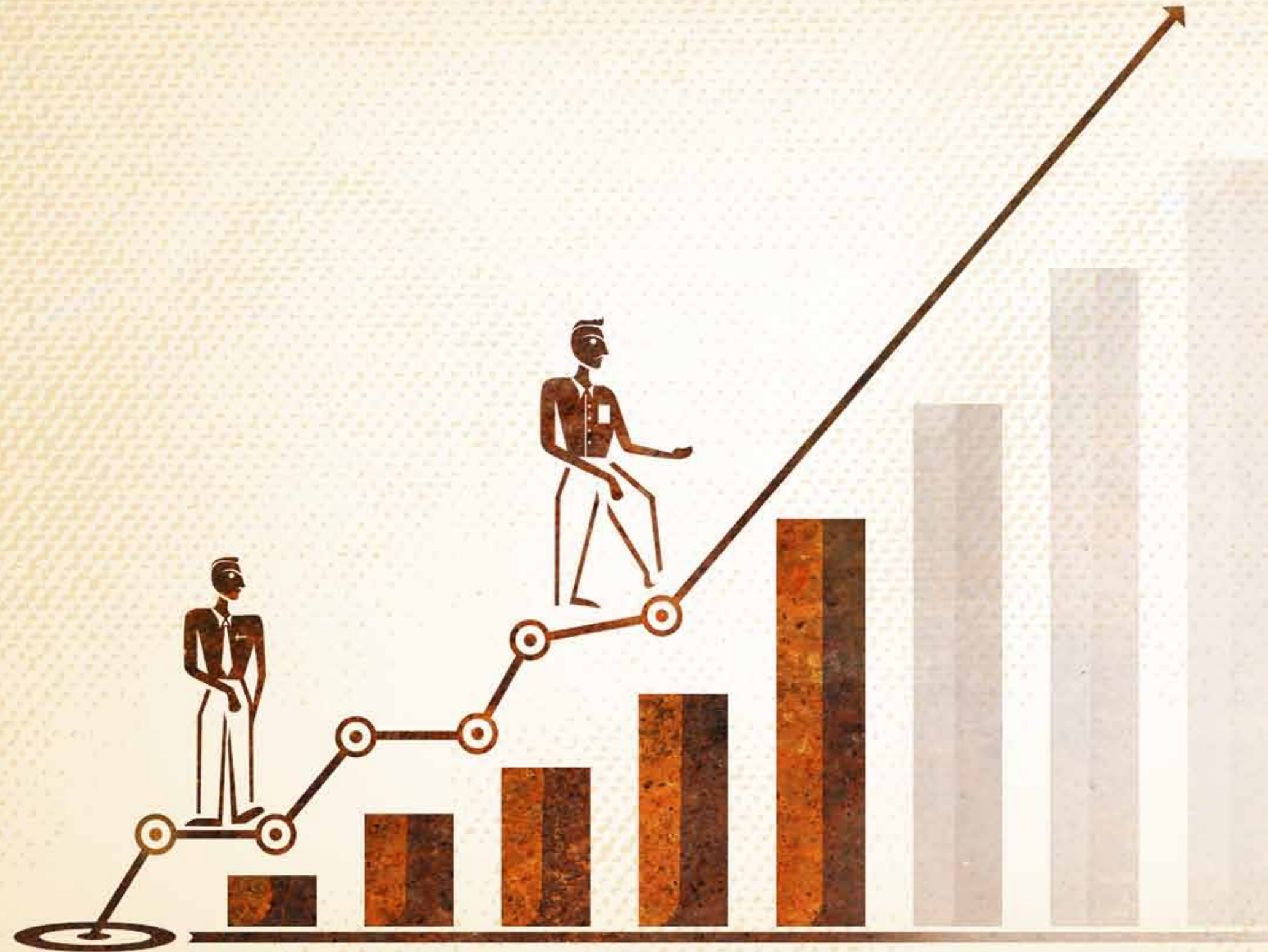
There was once a traveler who set out on a journey for the greater good. Through rocky terrains and beautiful meadows, he marched forward and came thence to the present that leads to a promising future.

Arohan has chosen for itself a path seldom traveled. From when it became a part of the Aavishkaar Group in the year 2012 to when it chose to open operations in the most challenging yet needy geographies, Arohan has always been a torchbearer as it has turned many a new leaf in its exciting book of journey. Through innovation, learning and purpose it has re-imagined its story to make it worth the journey forward.

Founded in the year 2006, Arohan continued to serve the under-served in its limited capacity until it became a part of the Aavishkaar Group, global pioneers in taking an entrepreneurship-based approach towards development, post one of the most challenging external conditions that the microfinance industry faced in 2011. That was the turning point that led Arohan to become what it is today.

Guided by its value system, Arohan has taken the lead to venture into a new world of innovative solutions with a digital approach emerging stronger through every challenge, and meaningfully contributing to the Indian financial inclusion landscape.

Join us as we take you through an exciting journey that tells you 'The Arohan Story'!



Ranked among the TOP 25 India's Best Workplaces in BFSI - Great Place to Work®

In a significant achievement, Arohan Financial Services Limited, has been certified as a Great Place to Work by the Great Place To Work® Institute. Arohan has been ranked 86th among the 100 Best Companies to Work For in India, 2020 and has also been identified in the list of top 25 Best Companies to Work For in the BFSI sector and among the top most in the Microfinance sector.





**Arohan wins the Institute
for Competitiveness
Strategy Award in
Financial Services,
2019 by *Times Network***

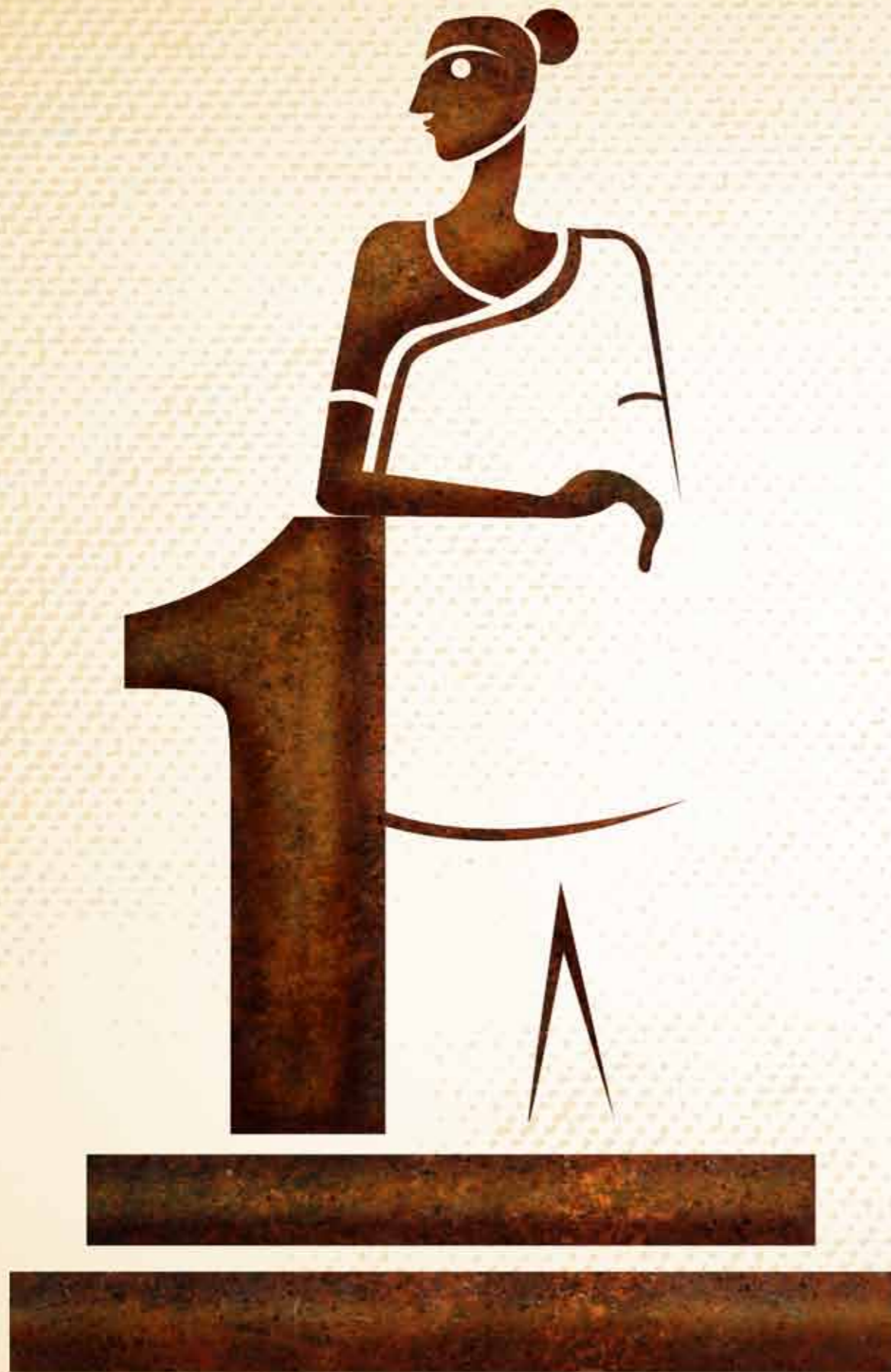
In a notable achievement, Arohan won the prestigious Institute for Competitiveness (IFC) Strategy Award in financial inclusion for 2019 by Times Network. The Award has been conferred in recognition of Arohan's role in shaping the industry, creating unique positioning and altering the basis of competitiveness for the Finance, Banking and Insurance sectors.



Arohan's Internal Audit Department certified with **ISO 9001:2015 by BSI**

The Internal Audit Department of Arohan Financial Services Limited has been successfully certified with the ISO 9001:2015 certificate from the British Standards Institution (BSI). This certificate has been awarded to Arohan's state-of-the-art Quality Management System which complies with the requirement of ISO 9001:2015 for conducting Internal Audit for Operations and all other support functions.





Arohan's social performance receives the highest-rated SP1 grading

Arohan Financial Services Limited has been awarded the top-notch SP1 grading from ICRA. The grading is the highest on a five-point scale. Defined as 'Excellent', an SP1 grade indicates that an MFI's infrastructure and processes are consistent with a very high likelihood of operating in the best interests of its customers, that this is among its highest priorities.



Arohan wins the “Most Digitally Advanced NBFC of the Year 2019” Award

Arohan Financial Services Limited has been conferred the award for the “Most Digitally Advanced NBFC of the Year 2019” at the India NBFC Summit & Awards 2019. The recognition is a testimony of the collective efforts of the organisation to steadily and consistently evolve its technology platform into an indispensable tool for achieving and maintaining premier standards of customer service and efficiency.



Awards & Accolades

- ◆ Institute for Competitiveness (IFC) Strategy Award in financial services by Times Network (2019)
- ◆ Most Digitally Advanced NBFC of the Year 2019 Awards by India NBFC Forum
- ◆ CII Special Jury Recognition for 'Environment Sustainability' (2019)

Certifications

- ◆ ISO 9001:2015 certification by BSI for Arohan's Internal Audit Function
- ◆ CARE MFI 1 Grading, highest on an 8-point scale, third year in a row (2017/ 2018/2019)
- ◆ COCA Assessment score of C1 (top grade indicating "Excellent Performance on COCA Dimensions" (2018/2019)
- ◆ SP 1 rating for our Social Performance by ICRA (2019)
- ◆ CARE Credit Rating A- (2016/2017/2018/2019)
- ◆ SMART Campaign Certification to award our client protection principle (2015, Recertified 2019)
- ◆ Great Place to Work certified, among India's top 100 Best Companies to Work For, among top 25 Best Workplaces in the BFSI sector and among the top most Best Workplaces in the Microfinance sector

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

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

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

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

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

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

Shareholder Value Focus: Arohan 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.



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rounds of discussions with the various stakeholders including the Government of Assam, senior bureaucrats and the other local associations' leaders. This helped bring about consensus in recognising the role of the industry in not just financial inclusion but also job creation in India, among the socio-economically disadvantaged. The implementation of the Code for Responsible Lending is a reflection of exemplary thought leadership and foresight, which has been taken forward by MFIN under the guidance of its Governing Board, chaired by Manoj Nambiar, Managing Director of your company, Arohan Financial Services Limited.

As for Arohan, I am pleased to state that the management has thought, acted, worked, conducted and collaborated in an outstanding manner to record considerable growth, despite various local disruptions in its areas of operations in Assam and natural disasters in Odisha, Bihar and Bengal. The challenges scaled its highest with the spread of the global pandemic, COVID-19. While with COVID-19, financial markets across the world are experiencing extreme volatility, in India it has impacted economic activities directly due to lockdowns, affecting global trade and growth. In these challenging times, financial inclusion through microfinance is the most desirable activity, both for social impact and also as a business venture.

Arohan, as always turning a crisis into an opportunity, has scaled up activities related to automation of internal processes with increased intensity of communication with their borrowers, directed towards ensuring security for them, from a financial, as well as, health perspective. It has set up processes and products to deliver to the target population with ease and efficiency. But perfection has no end goal and it is a continuous effort on the organisation's part, to do better every time. These timely steps will place Arohan in a much better position to face the challenges of a post-COVID world while creating an edge going forward, by when the economic scenario is expected to be near normal. The efforts of the management of the organisation are ably supported by the promoter group's commitment and guided by good corporate governance practices. The Board and all Committees of the Board meet regularly and go deep into required details. The Independent Directors meet Statutory Auditors without the management representatives to understand any challenges being faced by them. Related Party transactions are also looked at carefully and Human Resources practices always form a key focus area. Discussion on Business Strategy is a focus area at the board level towards Arohan's vision of emerging into an INR 25,000 Cr plus asset company.

I wish the management of Arohan all the best in their endeavours to make it a vehicle of effective impact in the lives of the millions of customers from the vulnerable sections of society, whom we have an opportunity to serve.

Warm Regards,

Dinesh Kumar Mittal

Chairman, Board of Directors

Chairman's Address

Dear Friends and Shareholders,

The financial year 2019-20 has been a year of many challenges and great learnings for the Indian financial sector. The interlinking nature of political and environmental turmoil to that of the growth appetite and macro-economic capacity of the country is no new realisation, but indeed reinstated strongly in the last financial year.

The Indian economy faced many headwinds and events during the last year. Starting with the General Elections in Q1 of the year, the agitations brewed by a number of issues such as the Citizenship Amendment Act, the revoking of special status in Jammu & Kashmir etc. and the many environmental extremities such as cyclones and floods brought additional stress on the Indian economy especially in the background of a slow global economic growth scenario.

Amidst an extremely volatile environment, the Indian microfinance industry with its operations in the most financially excluded states in the country, continued to surprise us with its power of reach and resilience as a key financial inclusion vehicle in India. The industry, operating from the most volatile geographies and under-served markets, faced the heat of the various political and environmental disruptions in many pockets, especially in Assam but managed to stabilise considerably by the end of the financial year. It is notable how the industry, represented by its Self-Regulatory Organisations, Microfinance Institutions Network (MFIN) and Sa-Dhan, made strong efforts in pushing the envelope, and conducted several



Group Chairman's Address

Dear Friends, Colleagues and Leaders,

As I sit down to pen this note, the world is in the midst of one of the biggest disruptions ever witnessed. As this disruption brought the richest and the most powerful to their knees, and we in India walked into an unprecedented country-wide lockdown, I penned a note to myself "Crystal Gazing the recovery from the pandemic" with my belief that the recovery would be led on the strong shoulders of the resilient, inspirational and committed women from the lower economic strata, millions of whom deal with crises every day and build businesses to support their families. The reality of these determined women, whose competence is to manage meagre capital and convert it into return delivering businesses with more than 99% of recovery, outshines any comparison with the formal economy.

I am using this opportunity to bow my head and pay my respect to the often forgotten superwomen of the Indian society who have helped build an INR 3 Lakh Cr (US \$ 40 Billion) business for investors, managers, Banks, and NBFCs while also creating jobs, supporting livelihoods - creating a picture of dignity, self-respect and resilience of the economically challenged and excluded. These are the microfinance borrowers on whose frail, yet determined shoulders Arohan has built its journey over the last 14 years and whose commitment, confidence and resilience gives us the faith, that we as promoters and managers of microfinance institutions would continue to support the recovery of the Indian economy.

Arohan Financial Services Limited, with its headquarters in Kolkata, West Bengal, was founded by Shubhankar Sengupta in the year 2006. It was in the year 2012 that the Aavishkaar Group decided to take control of Arohan towards capacitating its desire to build a digital microfinance architecture for low-income states to deliver on its vision "To Bridge the Opportunity Gap for the Emerging 3 Billion" of humanity. Aavishkaar Group believed that microfinance had been focussing too much on cash logistics and little on real financial inclusion and identified early, the increasing role of digital finance in this space.

Over the last seven years, under the stellar leadership of Manoj Kumar Nambiar, Vice-Chair of the Group Executive Committee of Aavishkaar Group and Managing Director of Arohan, we have achieved some extraordinary success in reaching that goal. We are deeply indebted to our Chairman Shri D.K. Mittal for his unwavering support and laser-like focus on cashless transactions that have kept us on our toes to reach the ambitious milestone of almost 100% cashless disbursement and nearly 50% of our targeted collection, in a digital mode.

We are of the firm belief that to keep pushing the envelope and reach many a million women who seek credit, it is imperative to bring to the table unique services to help them move up the socio-economic pyramid. India has less than 30% penetration of microfinance, a key financial inclusion vehicle, and a large number of those who need loans are based remotely making it difficult to deliver capital to them in a viable form. We believe that our technology architecture would allow us to strategically identify the white spaces that have not been reached yet and find unique customers while onboarding them on to a formal financial inclusion platform. We also believe that the future of microfinance would evolve significantly from where it is today to a much more streamlined digital interface. I do consider that the young daughter of our spirited customer would be far more digitally literate and may even seek a closed-loop engagement with us which would probably replace the physical meeting of today, over the next decade.

This evolution is only some distance away and would soon be the reality of the next decade, and we at Arohan are envisioning that world and preparing for it. I would like to conclude by thanking our Independent Directors whose wisdom has guided our leadership team, our investors whose support has helped up withstand the challenges we have faced and finally our lenders who allowed us to scale and meet the challenges of serving our most valuable customers.

As stated at the start of my message, let me end by dedicating this note to the 2.3 million-plus women customers on whose shoulders we have built this institution and whose interest has and will remain to be most important for us to serve.

Warm Regards,

Vineet Rai

Founder and Chairman, Aavishkaar Group



INR 4850 Cr portfolio outstanding.

Our focus on business has been sharp and based on a very simple objective: on an end-to-end basis, strengthen each of the 3 critical segments of **distribution network, client origination and account management** till renewal. This has led us to manage and differentiate ourselves from our peers, despite extremely challenging field conditions, and launch many new initiatives.

On the distribution side, our Organic MFI business has expanded to over 700 branches – supervised by the 6 zonal and 25 regional offices across 11 states in the central, east and north east parts of the country. Our Inorganic MFI channel, today, works with over 24 partners in the sourcing and collection, term loans and portfolio buyout models. Our unique MSME business, today, operates out of 10 locations – 5 stand alone and rest co-locating with the MFI regional and zonal offices. Our Cross Sell focus has strengthened with the launch of Arohan “Apna Bazaar” app to help facilitate a seamless on-boarding of clients by the loan officers. Our re-launched Bazaar loan product, a unique product catering to male customers in JLG model, has grown to an INR 100 Cr plus portfolio and is servicing the credit needs of ~50K customers in this segment.

On the client origination side, we undertook several process upgrades, including the 360-degree credit bureau check on customers, voters ID validation in the absence of Aadhaar KYC, enhanced residence verification and a centralised approval process with override facilities. We continued our efforts on maintaining our position on being the most IT enabled MFI by launching the “Sanjaya” app to help monitor the field activities and the OD portal towards our collection and recovery efforts. Further strengthening the organisation structure and creating an additional line of defence to strengthen quality, Arohan has set up an Internal Control & Quality vertical with last mile connectivity, right till the branch level. We have also established a separate Credit function to oversee all businesses and have appointed a full-time independent Chief Risk Officer while also on-boarding a Strategic Initiatives Head to help lead the organisation and adhere to our Vision 2025 statement.

Arohan has managed its transition to IND AS well with the statutory auditors including a quarterly review process. Our liquidity position has remained a strong point and the organisation has also managed to raise close to INR 4000 Cr of debt across different instruments at very fine rates, which in turn has helped us to be the second lowest priced NBFC-MFI in the country. We have further enhanced our compliance team with a legal cell which has played a key role in recovery cases, especially in the MSME business. Arohan has also launched an employee ESOP portal to help keep track of the holdings.

On the account management side, moving to cashless has been a strategic initiative for the business and I am happy to report that as of end March 2020, almost 100% of the disbursement is directly in to the bank accounts of the customers. On repayments front, with tie-ups with Payment banks, we have crossed 50% on the cash-light mode. Given the reality of higher delinquencies in the sector, we innovated and created a separate cadre of field employees as Recovery CSRs.

This team takes over the client relationship at 90 days past due and focuses on ensuring reactivation and restarting of repayments. This team, comprising over 100 field employees, has contributed a great deal in the recoveries and write backs that we have seen in the previous year while helping us in maintaining our track record of net NPA zero for five years consecutively, and I am sure will keep us in good stead in the future as well.

Attuned to the changing field scenario, Arohan's control functions of Audit and Risk management are now generating analytics driven insights, while also leading Portfolio Quality Review on a monthly basis ensuring we have a strong control on the quality narrative. Our focused Corporate Social Responsibility activities play a dual role in helping clients access basic services and also create a positive image of the company, thus creating a long term relationship, beyond just credit.

Our promoters, Aavishkaar Group did a complete rethink of its Vision and Mission and launched its new statement of purpose complete with a brand new logo and house colours. Our group linkages are now even stronger, with an INR 130 Cr infusion done into Arohan in September 2019 and the various Group Committees in which our senior management play a key role. The group also launched a Management Development Programme with an intention to build and develop a second-line leadership within the group framework.

Our biggest recognition last year has been the Great Places to Work certification where we scored well enough to also make it to the “**Hall of Fame**” of the 100 Best Companies to Work for in India in the 86th position. Arohan has also been identified in the list of the **Top 25 Best Workplaces in India in BFSI sector** and **One of the best workplaces in the Microfinance sector**. We won the ‘Institute for Competitiveness Strategy Award’ in the financial services segment by Times Network; secured top-notch ratings on Social Performance Management, MFI Grading, Code of Conduct Assessment, and also got recertified for our Client Protection Principles under the **SMART Campaign** global initiative. In addition to these, our internal audit department has been successfully certified with the **ISO 9001:2015 certificate** from the British Standards Institution (BSI).

To summarise, it has been a challenging last year but one where we did differentiate ourselves by various initiatives and more importantly, learning from the experiences and building for an even stronger future. Let me now highlight what we are focussed on in terms of priorities for the year 2020-21:

- Sharp focus on managing the foreseeable challenges that will result from the impact of COVID-19: How long will the lockdown continue with people working from home and client collections being stopped due to moratorium? How much time would it take for our customers to get back to normalcy and how would the business and behavioural transactions shape up etc. are some of the most vital and existential questions of the industry, of the time

- Laser-like focus on quality in all aspects of our business: As a leading financial inclusion player, Arohan is aware that the

credibility of a lending company is defined by the quality of its portfolio. Therefore, all our efforts will be towards continuing to make that happen - from sourcing quality to recruitment, induction, operations, processing, collection, recovery right till the end-to-end customer life cycle. To optimise efficiency, Arohan will continue to invest in technology with various portals and interventions.

- Focus on productivity and alignment with our Vision, Mission and Values: Arohan has always been all about the right people in the organisation, driving organisational goals and vision while strictly adhering to the core value system. We will continue to make focused efforts towards training, development and upskilling of our employees, in order to nurture and optimise employee productivity, with zero tolerance towards non-adherence to organisational core values.

- The above will help us **manage the capital raises for both equity, as well as, debt:** A lending business can only grow with capital - equity and then leveraging that with debt. This can only happen when we are running an efficient business with a high-quality team and good business metrics. We were about to close the largest fund raise ever done in Indian MFI history but closure got delayed due to the onset of the COVID-19 pandemic. We remain engaged with the investors and are hopeful of the primary closure soon.

Let me end by saying that the financial inclusion sector that we are a part of is huge and I can clearly see a tremendous demand for debt which will be required to rebuild India after things settle down. A lot of small and medium-sized MFIs will need support and we will also look for growth through alliances and maybe even potential acquisitions. There is a bright future waiting and I am sure that team Arohan will be better positioned to take full advantage of what lies ahead, given our thought leadership in the sector in critical initiatives like participation in Microfinance Institutions Network (MFIN), our Self-Regulatory Organisation; Code for Responsible lending (CRL) and the Assam MFI issue management amongst others.

I have been fortunate to serve as the Chair of MFIN governing board in the year 2019-20 and contribute in my own small way to the sector. I am honoured to have been the Managing Director of Arohan since 2012 and wish to thank the eminent Board for their guidance, the senior management team for their support and our entire employee workforce for their relentless efforts. I thank the government for its progressive policies, the RBI for its focus on financial inclusion, the Aavishkaar Group for its commitment to our business and its impact, and the investors for their confidence in our business model.

On your behalf, my humble gratitude to the millions of end clients who have given us a valuable opportunity to serve them.

Warm Regards,

Manoj Kumar Nambiar

Managing Director

Managing Director's Address

Dear Shareholders,

I am delighted to connect with you through this message and present to you the Annual Report of your company, for yet another remarkable year.

First of all, I hope all of you and your families are safe in this very difficult COVID-19 virus outbreak period in India and all over the world. It is my firm belief that challenges are an opportunity to learn, improve our responses, make us think and use our life experiences to better even the best. We always emerge much more mature and seasoned after any challenge while making us much more aware of our learning capabilities and inner character.

We, at Arohan, have had a really challenging year in the financial year 2019-20. After the euphoria of a great year ending March, 2019, month after month we have seen some disruption or the other. From the build-up to the general elections in May 2019 to the Cyclone Fani in Odisha, disturbances in West Bengal, followed by the floods in Assam and Bihar in June-July 2019, field challenges on KYC quality and ring leaders in Q2, issues in upper Assam starting early Q3, to CAA/NRC protests across our geographies, all in the backdrop of a general economic slowdown and topped with the COVID-19, have forced us to close the year on March 24, 2020 – making us lose a full last week of business. Despite trying external conditions, with the support of a strong management team and committed workforce, Arohan closed the financial year by crossing an



Corporate Information

Board Of Directors

Mr. Dinesh Kumar Mittal

Chairman, Non-executive, Independent Director

Mr. Rajat Mohan Nag

Non-executive, Independent Director

Mr. Sumantra Banerjee

Non-executive, Independent Director

Ms. Matangi Gowrishankar

Non-executive, Independent Director

Mr. Vineet Chandra Rai

Promoter Director

Mr. Anurag Agrawal

Promoter Director

Mr. Piyush Goenka

Investor, Nominee Director

Mr. Wilhelmus Marthinus Maria Van Der Beek

Investor, Nominee Director

Mr. Shri Ram Meena

Lender, Nominee Director

Mr. Kasper Svarrer

Investor, Nominee Director

Mr. Paul Gratien Robine

Investor, Nominee Director

Mr. Manoj Kumar Narayan Nambiar

Managing Director

Other Senior Management

Mr. Ranjan Das

Chief Risk Officer

Mr. Shirish Chandra Panda

Executive Vice President - Head of Microfinance Business

Mr. Harsh Patnaik

Senior Vice President – Head of Central Operations and Alliances

Mr. Prashant Rai

Vice President - Head of HR, Admin, CSR & Training

Mr. Arvind Murarka

Vice President - Head of Information Technology & Hubs

Mr. Abin Mukhopadhyay

Vice President - Head of Internal Audit

Mr. Shailesh Kumar

Vice President – Head of Credit and MSME Lending Business

Mr. Neeraj Kumar Lal

Deputy Vice President – Head of Internal Control & Quality

Mr. Joyanta Bakali

Deputy Vice President - Zonal Business Head, WB

Ms. Reema Mukherjee

Assistant Vice President – Head of Strategic Initiatives and Corporate Communications

Mr. Joji Jacob

Assistance Vice President – Head of Sales and Collection, MSME Lending Business

Mr. Ketan Agrawal

Assistance Vice President – Head of Accounts

Mr. Vinod Pandey

Assistant Vice President – Head of Alliances Business

Mr. Parag Bhagwat

Assistant Vice President - National Credit Head, MSME Lending Business

Chief Financial Officer

Mr. Milind Ramchandra Nare

Head - Legal, Compliance & Company Secretary

Mr. Anirudh Singh G. Thakur

Registered And Corporate Office

PTI Building, 4th Floor, Block DP,

DP-9, Sector V, Salt Lake,

Kolkata – 700 091, West Bengal, India

Tele: 033- 4015-6000

E-mail: compliance@arohan.inWebsite: www.arohan.in

Registrar & Transfer Agents

Link Intime India Private Limited

C-101, 1st Floor, 247 Park,

L.B.S Marg, Vikhroli (West)

Mumbai - 400083, Maharashtra, India

Auditors

Walker Chandiook & Co LLP

(Registration No-001076N/N500013)

10 C Hungerford Street

5th Floor, Kolkata -700017

Secretarial Auditor

Jayshri Tulsyan & Associates

P-2, New C.I.T. Road, Aradhana Building

1st Floor, Room No. 104, Kolkata - 700073

Corporate Identity Number - U74140WB1991PLC053189**Reserve Bank of India, Registration No.** - B.05.02932

Presence

Assam	Bihar	Chattisgarh	Jharkhand
West Bengal	Odisha	Meghalaya	Manipur
Uttar Pradesh	Madhya Pradesh	Tripura	Haryana
Rajasthan	Maharashtra	Karnataka	Telengana



Board of Directors

Dinesh Kumar Mittal



Dinesh Kumar Mittal is the Independent Non-Executive Chairman of our Board. He holds a Master's degree in Physics from University of Allahabad. He joined the Indian Administrative Services in July 1977 and has over 36 years of experience. Prior to joining our Company, he has served with the Government of India as Secretary – Department of Financial Services and the Ministry of Corporate Affairs and as 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, Managing Director – Uttar Pradesh Land Development Corporation, Vice Chairman to the Ghaziabad Development Authority and Special Secretary and Additional Director – Industries.

Matangi Gowrishankar



Matangi Gowrishankar is a Non-Executive Independent Director of our 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 Personnel Management & Industrial Relations from Xavier Labour Relations Institute, Jamshedpur. Post completion of her management studies in the year 1979, she has held leadership positions with various organisations like Standard Chartered Bank, Reebok India, General Electric Company, Zensar Technologies and Cummins India Limited, both in India and overseas. Most recently she has worked with the British Oil & Gas major where she was Human Resources Director for the Asia Pacific Region for the Lubricants business following which she was global head of leadership capability development in the Leadership Academy. She also holds Independent Director positions on the Boards of other companies in India. She is passionate about and has a track record for building organisation and leadership development both in India and overseas.

Anurag Agrawal



Anurag Agrawal is a Non-Executive Nominee Director of our Company. He has been nominated to our Board of Directors by Aavishkaar Group, the Promoters 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 MBA in Finance from TA Pai Management Institute, Manipal. He has approximately 17 years of experience in banking, finance and management. He has been the founding member and past CEO of Intellectual Capital Advisory Services Private Limited and prior to joining the Aavishkaar Group, has worked in ICICI Bank. He is currently the Chief Operating Officer of Aavishkaar Group.

Rajat Mohan Nag



Rajat Mohan Nag is a Non-Executive Independent Director of our Company. He has been a Director since January 31, 2015. He holds engineering degrees from the Indian Institute of Technology, Delhi and the University of Saskatchewan. He also has an MBA and an Honorary Doctorate from the University of Saskatchewan and an MS in Economics from the London School of Economics. He has approximately 31 years of experience in banking and finance. He is concurrently a Distinguished Fellow at India's National Council of Applied Economic Research and the Emerging Markets Forum. He also serves as Chair of the Act East Council of the Indian Chamber of Commerce. He was a visiting Professor at the Graduate School of Development Management of the Asian Institute of Management in Manila (2014-15) and currently is a Distinguished Professor at the Emerging Markets Institute at Beijing Normal University, as well as an Advisor and Board Member of several non profit organizations, including Action for Autism and Partnership for Transparency Fund. He was the Managing Director General of the Asian Development Bank during 2006-2013.

Sumantra Banerjee



Sumantra Banerjee is a Non-Executive Independent Director of our Company. He has been a Director since April 29, 2014. He holds a Bachelor's degree (technology) in Chemical Engineering from the Indian Institute of Technology, Kharagpur, a Master's degree in Polymer Science and a Master's degree in Business Administration in Marketing and Finance, both from USA. He has over 26 years of experience in board and key management personnel roles. Prior to joining our Company, he has served as the Managing Director of CESC Limited, the Chief Executive Officer of Spencer's Retail Limited and a member of the board of the R.P. Sanjiv Goenka Group.

Manoj Kumar Narayan Nambiar



Manoj Kumar Nambiar is the Managing Director of our Company. He has been a Director since October 2012. He holds a Bachelor's degree in Mechanical Engineering and a Master's degree in Management Studies from University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, US and a "Strategy meets leadership" course from INSEAD, France. Post completion of his management studies in the year 1988, he has worked with various companies in the fields of marketing, consumer finance, retail banking and microfinance across India and the Middle East. Prior to joining our Company, he has worked with Modi Xerox Limited, GE Countrywide, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Group, Ahli Bank and then with IntelleCash. He has been a member of the Governing Board of MFIN from 2013 and its President in 2015-16. He is currently the Vice-Chair of the Group Executive Council at Aavishkaar Group, and the Chairman of the Governing Board of MFIN.

Piyush Goenka



Piyush Goenka is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by Tano. He has been a Director since March 31, 2015. He holds a Bachelor's degree in Commerce from University of Calcutta and has completed the Post Graduate programme in Management (equivalent to a Master's Degree in Business Administration) from Management Development Institute, Gurugram. He is a CFA charter holder. He has over 19 years of experience in private equity investing and the financial services sector. 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 has worked with Infrastructure Leasing & Financial Services Limited, Export-Import Bank of India and First Global.

Kasper Svarrer



Kasper Svarrer is a Non-Executive Nominee Director of our Company. He has been a Director since March 31, 2017. He was nominated to our Board of Directors by Maj Invest. He holds Master'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 for completing a course on International Business Management from Georgetown University, USA. He has close to 21 years of experience in asset management and has been with the Maj Invest group since 2009. He is the Managing Partner of financial inclusion, at Maj Invest Equity A/S, a fund manager with about USD 11 billion in AUM, including three financial inclusion funds, namely, Danish Microfinance Partners K/S and Maj Invest Financial Inclusion Fund II and III. He also represents the funds on the board of directors of Baobab Holding, a portfolio company. Previously, he has worked at the World Bank and the Industrialisation Fund for Developing Countries.

Paul Robine



Paul Robine is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by TR Capital III, he is the Founder and CEO of TR Capital, Hong Kong, responsible for all investment and divestment decisions made at the firm, as well as, leads its strategic direction. He has been responsible for the investment activity of TR Capital since 2007. Prior to founding TR Capital, he was Founder and CEO of the Link Group in Asia. He currently serves as a board member in a number of TR Capital's investee companies. He is a Baccalaureate (A Level: Major Economics and Finance) and holds a Master's degree from EDHEC Business School, France.

Vineet Chandra Rai



Vineet Chandra Rai is the Founder and Chairman of the Aavishkaar Group and serves on the Board of our company as a Non-Executive Director. Vineet Rai founded The Aavishkaar Group and chairs its Group Executive Council. Aavishkaar Group is an Impact Investment Platform impacting millions of people in Asia and Africa using entrepreneurship based development approach. Vineet has received numerous awards including the Impact Investor of the Year by News Corp for 2016, Porter Prize for Strategic Leadership in Social Space, 2016, CNBC TV 18 Award for being the Catalyst Fund for India 2016, G 20 – SME Innovation in Finance Award 2010 in Seoul South Korea, UNDP-IBLF-ICC World Business Award in 2005 and Lemelson Award for Social Venture Investing. He is an Ashoka Fellow and Honorary Member of XLRI Alumni Association. Vineet also serves as Commissioner at the Business Commission for Sustainable Development, as Senior Advisor to Blended Finance Working Group at OECD. He was also appointed by SEBI on its Working Group for Social Stock Exchange in India.

Wilhelmus Marthinus Maria Van Der Beek



Wilhelmus Marthinus Maria Van Der Beek is a Non-Executive Nominee Director of our Company. He was nominated to our 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 has experience in financial structuring, investment management, private equity and cross-border direct investments. He is the founder of Goodwell Investments BV, a Netherlands-based investment firm focused on financial inclusion and also manages the Aavishkaar Goodwell India Microfinance Development Company I Ltd. and AG II.

Shri Ram Meena



Shri Ram Meena is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by SIDBI, and is the Deputy General Manager, SIDBI, Regional Office, Guwahati having over 23 years of experience in SME Financing. Prior to joining SIDBI, he has worked with Air India and Ministry of Finance, Government of India [Banking Division]. At SIDBI, he has worked on project appraisal, finance, stressed assets management, resolution, promotional and development activities of the Bank for MSME. Presently he is heading the Regional Office of SIDBI, Guwahati serving all the North Eastern States, Sikkim and West Bengal. He holds a Bachelor's degree in Commerce and Master's degree in Economics from Rajasthan University, Jaipur. He is also a Certified Associate of Indian Institute of Bankers [CAIIB].



Management profile

Milind Ramchandra Nare
Chief Financial Officer



Milind Ramchandra Nare is the Chief Financial Officer and has been associated with Arohan since May, 2016. He has over 25 years of experience in managing functions like financial accounting, treasury management, resource mobilization, strategic planning, audit, taxation and regulatory compliance. Prior to joining our Company, he has worked with India Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, The Bombay Dyeing group, Associated Capsules, L&T Capital Limited and L&T Finance Ltd. Milind holds a Bachelor's degree in Commerce from Mumbai and a Master's degree in financial management from Pondicherry.

Shirish Chandra Panda

Executive Vice President - Head of Microfinance Business



Shirish Chandra Panda is an Executive Vice President & Head of the Microfinance Business for Arohan and has been associated with Arohan since April, 2017. He has been associated with Indian Microfinance Industry almost since its inception and has closely seen the evolution of microfinance in India while being weathered through good and bad times. He has 20 years of experience in Business operations, Internal audit and Risk Management, Setting up businesses, investment and underwriting. He is responsible for ensuring growth in business, productivity, quality assurance, portfolio hygiene and maximising cross sell revenue of the Company. Before joining Arohan he has worked with organisations of high repute like BASIX India, Reliance Retail Limited, IFMR Trust, Satin Creditcare Network Limited, Akshaya Microfinance Private Limited, Credible Microfinance Private Limited and Asian Paints (India) Limited in various leadership positions. Shirish holds a Post Graduate Diploma in Rural Management from Institute of Rural Management, Anand and also holds a Post Graduate Diploma in Advanced Strategy for Leaders from Indian Institute of Management, Lucknow.

Ranjan Das

Chief Risk Officer



Ranjan Das is the Chief Risk Officer at Arohan. He is a seasoned professional with work experience spanning over 24 years in the banking & financial services industry. Ranjan works directly with the Chairperson of the Risk Sub Committee of the Board and his role includes creating an enterprise risk view in a growing business scenario. His function drives the Proprietary SCOPE Credit Risk model & the B Risk Operations Risk model, Advanced Analytics & projection models and future-fit initiatives such as the Credit Decision platforms which provide key risk insights for the organisation. He has rich experience in Risk management and control, Risk & Portfolio Analytics, Credit & Product policy formulation & Credit underwriting. He has worked with reputed organisations in the BFSI space such as Citigroup, Magma Fincorp Ltd, Transafe Ltd, and Nicco UCO Financial Services Ltd. Ranjan joined Arohan in July 2017, from Magma Fincorp Ltd where he worked as the National Credit Head and then as the National Product & Policy Head. Ranjan holds a Bachelor's degree in Economics (Honours) and a Master's degree in Business Management in Finance from the University of Kolkata.

Abin Mukhopadhyay

Vice President - Head of Internal Audit



Abin Mukhopadhyay is the Vice President - Internal Audit and has been associated with Arohan since July, 2015. He possesses over 19 years of experience in audit, accounting and corporate finance. He is responsible for providing assurance on the internal control arrangements and promoting good corporate governance in Arohan. Abin is a qualified Chartered Accountant, Chartered Management Accountant (UK) Certified Information System Auditor (USA), Certified Fraud Examiner(USA) and an Associate of the Insurance Institute of India. Prior to joining Arohan, Abin has previously worked with Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited and Gumasol Rubber-Tec GmbH.

Anirudh Singh G. Thakur

Head of Legal, Compliance and Company Secretary



Anirudh Singh G. Thakur is the Head - Legal, Compliance and Company Secretary at Arohan. He has over 23 years of experience in corporate law, commercial law, compliance and litigation. Prior to joining Arohan, he was into legal consultancy for a brief period and also worked with various corporate such as India Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, Intelnet Global Services Limited, Premier Auto Electric Limited and Pix Transmissions Limited in the Legal and Secretarial departments. Anirudh 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.

Shailesh Kumar

Vice President - Head of Credit and MSME Lending Business



Shailesh Kumar is the Vice President, Head of Credit and Head of MSME and has been associated with Arohan since April, 2018. He has 21 years of experience in SME and the Corporate Banking sector. As Head of Credit he is responsible for managing the credit policy & administration to achieve the board and management agreed credit losses in the business. As Head MSME he is responsible for developing, directing and monitoring associated channels, anchors, partners associated with loan acquisition activities, managing sales and acquisition costs and for setting up the system for sales management for the merchant cash advance business of Company. Prior to joining Arohan, he has worked with ICICI Bank Limited and the State Bank of India. Shailesh is a SBI PO and holds a Bachelor's degree (Honours) in Economics and English from B.R. Ambedkar University.

Harshavardan Patnaik

Senior Vice President - Head of Central Operations and Alliances



Harshavardan Patnaik is the Senior Vice President & Head of Central Operations and Alliances and has been associated with Arohan since October, 2016. His responsibilities span Products, Processes, Policies, Cross-Sell, CRM, Bank Partnerships and Inorganic Business. Harsh has over 26 years of rich work experience spanning Financial Services, FMCG, ICT and Rural/ Social Consulting. He has worked in organisations such as SREI Sahaj e-Village Limited, Reliance Retail Limited, ITC Limited (AgriBusiness Division), IFFCO Tokio General Insurance Company Limited, Action Aid India, TTK Healthcare Limited and Britannia Industries Limited. Harsh holds a Bachelor's Degree in Economics from Utkal University and a Post Graduate Diploma in Rural Management from Institute of Rural Management, Anand.

Arvind Murarka

Vice President - Head of Information Technology & Hubs



Arvind Murarka is Vice President and Head of IT & Hubs and has been associated with Arohan since August 2015. He has extensive experience of over 26 years in Information Technology across various industries. He specializes in implementation of CBS, SAP R/3, Mobility solution and integrated business applications. He is responsible for overseeing the infrastructure of technical operations, tracking the technology and the information technology team to achieve goals, eliminate security risk, increase user satisfaction and maintain information technology infrastructure, operations and system/application. Prior to joining Arohan, he has worked with GPT Infraprojects Limited, Medical Pharmacy Private Limited, IntraSoft Technologies Private Limited, iNavigators Private Limited, Softweb Technologies Private Limited, Amrit Feeds Limited and Kris Systems Private Limited. Arvind is a Commerce graduate from St Xaviers. He has done his Master's in Business Administration from ICFAI University, Sikkim and has completed the course titled 'data analytics essentials' from NIIT, New Delhi.

Neeraj Kumar Lal

Deputy Vice President - Head of Internal Quality & Control



Neeraj Kumar Lal is a Deputy Vice President and Head of the Internal Control & Quality Department at Arohan. He has over 13 years of experience in implementation and consulting roles within the domains of inclusive financial services and institutional transformation and development. Neeraj joins us from ESAF Small Finance Bank wherein he was closely involved in setting up and expanding the Microbanking services which included redefining the delivery model, developing new channels and products. Previous to this, he coordinated the transformation journey of ESAF Microfinance to a Small Finance Bank. With Centre for Microfinance and Livelihoods, Guwahati under the aegis of TATA Trusts, he helped establish it to be a strong resource organisation delivering technical assistance in Northeast India. With Indian Grameen Services, he led livelihood interventions in agri, allied and non-farm activities. With MicroSave, he led the company's foray to Indonesia and before that, in India, he provided consulting to Microfinance institutions. With MCX, Mumbai, he helped set up its CSR department and led farmers oriented initiatives. Neeraj is an alumnus of the Institute of Rural Management, Anand (IRMA) and is a graduate in Physics.

Reema Mukherjee

Assistant Vice President - Head of Strategic Initiatives and Corporate Communications



Reema Mukherjee is the Head of Strategic Initiatives and Corporate Communication and has been associated with Arohan since March, 2020. She is responsible for all new strategic initiatives, including capital raising, managing investor relations & corporate communications, exploring inorganic growth opportunities and focussing on key metrics and performance management. She has over 10 years of diverse work experience across operations, finance and business development. She was previously with Amazon Web Services based out of Seattle, US. Prior to that she has worked with Ingram Micro in Irvine, US. Other organizations she has been associated with are Dhandho Holdings in Pune, India, Vellvette Lifestyle in Mumbai, India, Barclays Investment Bank in Hong Kong and Hitachi Data Systems in Kolkata, India. She holds a Post Graduate Diploma in Management (PGDM) from Indian Institute of Management, Bangalore and Bachelor of Technology (B.Tech) degree in Computer Science and Engineering from West Bengal University of Technology.

Ketan Agrawal

Assistant Vice President - Head of Accounts



Ketan Agrawal is an Assistant Vice President and Heads the Accounts Department at Arohan. He has over 17 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. Ketan is a Chartered Accountant with Information & System Auditor.

Vinod Pandey

Assistant Vice President - Head of Alliances Business



Vinod Pandey is an Assistant Vice President and heads the Alliances Business (Cross Sell & Inorganic) at Arohan. Vinod is a seasoned professional with 17 years of diverse experience in Livelihood Development, Rural Marketing, Life Insurance, and Microfinance Industry. He has worked with reputed organisations such as International Development Enterprise (India), Max New York Life, Kotak Life and L&T Finance. Vinod has completed Post Graduate Diploma in Rural Management from XISS, Ranchi, and Advance Diploma in Business Management, ICFAI.

Prashant Rai

Vice President - Head of HR, Admin, CSR & Training



Prashant Rai is the Vice President and the Head of HR, Training, Administration and CSR and has been associated with Arohan since October 2015. He has over 14 years of experience in training and development, talent management and leadership development. Prior to joining Arohan, he has worked with Voltas Limited as Head of Learning and Development, Talent Management and CSR. Srei Infrastructure Finance Limited, Wacker Metroark Chemicals Private Limited and Artefact Software and Finance Limited. 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 Arohan. He was awarded the '100 most impactful CSR Leaders-Global Listing' in 2016 by the World CSR Congress. Prashant is a Post Graduate in Science and holds a Post Graduate Diploma with specialization in HR. He is certified in Thomas PPA & GIA, CII-HR Excellence Model and holds Certification in Growth Leadership Master Class from Korn/Ferry International.

Joyanta Bakali

Deputy Vice President - Zonal Business Head (West Bengal)



Joyanta Bakali is a Zonal Business Head and currently handles the largest portfolio in Arohan, West Bengal. Joyanta joined Arohan in June 2007. He was instrumental in conceptualizing designing and successfully launching the "Bazaar" Loan product in the year 2008. With its launch, Bazaar created a revolution in the microfinance space as being the first product that catered to the needs of our male clients too. Joyanta is a microfinance veteran and has over 19 years of working experience in the sector. He started his career in "Shakti Foundation disadvantaged Women" and was instrumental in setting up the internal audit department for them. Joyanta is in charge of West Bengal, our biggest state (portfolio, customer base wise). He is loved immensely by his team who see him as mentor and guide. His strong leadership, loyalty to Arohan and the confidence to be the "Best" has taken Arohan to new heights. Joyanta holds a Post Graduate Diploma in Business Management from IMT Ghaziabad.

Joji Jacob

Assistant Vice President - Head of Sales and Collection, MSME Lending Business



Joji Jacob is an Assistant Vice President and handles the Sales and Business Development vertical of the MSME Lending Business at Arohan. Joji has over 17 years of experience in financial product sales and new market development, channel management, client relationship management and people management. In his last assignment, he was Director at Oakmont Services Pvt. Ltd. Joji holds a Post Graduate Diploma in Business Management from Institute of Technology and Management (Collaboration with Southern New Hampshire University, US).

Parag Bhagwat

Assistant Vice President - National Credit Head of MSME Lending Business



Parag Bhagwat is an Assistant Vice President and National Credit Head, MSME Lending Business. He has close to 20 years of experience in spearheading overall Credit, Risk and Portfolio management functions in Retail Loan. He joins us from Bajaj Finance Ltd where he was the Zonal Credit Manager, Western India. His previous work experience includes organisations such as ICICI Bank, HDFC Bank, Centurion Bank Limited and Cholamandalam DBS Finance Ltd. Parag has completed his MFA from DAVV Indore and is a B.Com graduate from Shri Vaishnav College of Commerce, DAVV, Indore.



Investor Profile

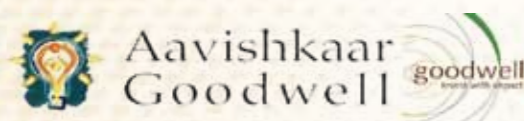
Promoter



The 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 1.2 Billion 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, IntelleGrow - specialized lender to small and growing businesses, Tribe – a fintech player, 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 Goodwell India Microfinance Development Company II Ltd

Aavishkaar Goodwell is a private company limited by shares under Mauritius law with an objective to (A) provide commercial long-term risk capital and active support directly to MFIs in India and (B) to facilitate the setting up and accelerate the growth of these MFIs, in order to build value and integrate them into the mainstream financial sector. Aavishkaar Goodwell 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 MM. The funds are focused on providing growth capital to Indian companies across diverse sectors such as Consumer, Pharmaceuticals, Financial Services, Engineering and Manufacturing. It was co-founded by Chuck Johnson, Hetal Gandhi and Carlton Pereira in 2006. Formerly, Chuck was Co-President of Franklin Resources Inc., one of the largest publicly traded mutual funds in the world. Hetal is one of the earliest PE professionals in India. He established the PE business for Infrastructure Leasing and Financial Services (IL&FS) in 1996, and managed it until 2002. Prior to joining Tano, he was the CEO for the Financial Services business of IL&FS. Carlton has extensive experience in consulting, financial structuring and investment banking. Prior to Tano, he was Managing Director and Head of Corporate Finance for KPMG India, Middle East and South Asia, for 2 years.



Michael & Susan Dell Foundation (MSDF)

The Michael & Susan Dell Foundation in India is focused on enabling children and youth in aspirational India to reach their goals through quality education and employment opportunities. This focus is driven by investments in education, jobs & livelihood, and financial inclusion. With over \$200 million in investments over the past 14 years, the foundation has impacted the lives of over 12 million children and families in the country.



Maj Invest Financial Inclusion Fund II K/S

Maj Invest is one of Denmark's leading asset management companies, managing assets for primarily institutional clients. The Maj Invest group was established in 2005 and is today owned by management and employees. The group comprises the companies Maj Invest Holding A/S, Fondsm glerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Bank A/S as well as a number of companies related to Danish and international private equity. Fondsm glerselskabet Maj Invest A/S is investment adviser to the Maj Invest mutual funds in Denmark and Luxembourg, which are owned by their members.



TR Capital III Mauritius

TR Capital leads the Asia market as a pioneering secondary private equity specialist. The firm focuses on providing liquidity solutions to owners of private equity assets through Secondary Direct (single asset) and Fund Restructuring (portfolio) transactions. The firm targets significant minority positions in high-performing companies in the Technology, Consumer, Healthcare and Financial Services sectors. TR Capital is an active investor/shareholder and works with its portfolio companies to optimize their business models and capital structures. The firm currently manages four funds with capital commitments of USD 700 million. Its sophisticated investor base includes pension funds, sovereign funds, funds of funds, financial institutions, entrepreneurs and family offices. Since its founding in 2007, TR Capital has executed 33 transactions and built a solid track record with TR Capital I (2008), TR Capital II (2012), TR Capital III (2016) and TR Capital IV (2019). TR Capital's 20 professionals are based in offices in Hong Kong, Shanghai and Mumbai.



Financial Highlights

Operational Performance:



Total Branches
711



Customer Strength
23,05,034



Districts
229



Disbursement for FY 20
INR 4995.50 Cr



Gross Loan Portfolio
INR 4854.02 Cr

Solvency & Liquidity:



Networth
INR 962.63 Cr



Capital Adequacy Ratio
24.80%



Sanctions received
INR 3214 Cr



Total Cash and Cash Equivalent
INR 688.58 Cr

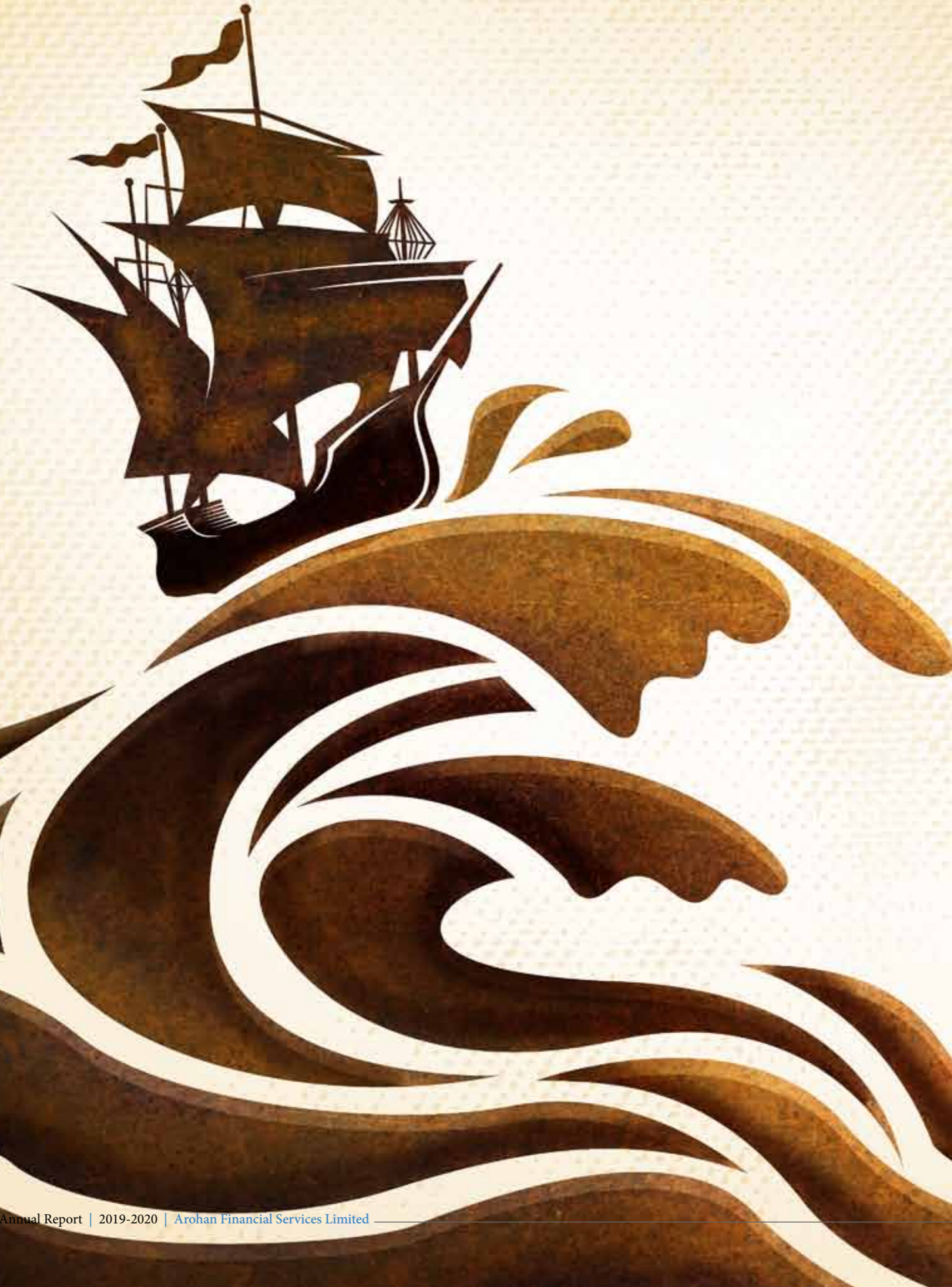
Efficiency Ratios:



Marginal cost of borrowing
10.62%



OPEX
5.10%



From Adversities To Opportunities

I am a voyager who has sailed through waves and winds, through meadows far away. I weathered all adversities, to discover a great new land of opportunities.

The microfinance industry, over the years, has travelled a path of growth and innovation. Arohan, through the support of the microfinance industry, continues to pursue its journey of financial inclusion through crises big and small, emerging more resilient every time, discovering a promising future, while also leading the way. The enabling efforts of the Government of India, The Reserve Bank of India and the industry, have nurtured the organisation's growth into a leading financial inclusion institution in India.



Industry Overview

The financial year (FY) 19-20 has been one of the most eventful and challenging years that the financial services industry has experienced. Even more so is the case with microfinance with its spread of customers residing in areas most vulnerable to macro environment challenges with natural and political unrests alike. Starting with the devastating cyclone Fani in May, floods in July and August, unrest in tea garden areas in upper-Assam, nation-wide protests surrounding the implementation of the Citizenship Amendment Act (CAA) and finally the unprecedented global pandemic of COVID-19. The onset of the pandemic resulted in the calling of a nationwide lockdown, placing the entire country on a standstill. However, as has been proven time and again, the industry stood tall while weathering all the external challenges and evolved even more stronger through its learnings and proactive measures to turn it into opportunity in a changing world. This has, primarily, been possible with the industry's focused attempt on maximising through collaboration reflected in the implementation of the Code of Responsible Lending, a landmark event, in FY 19-20.

Cyclone Fani hitting the coast of Odisha and neighbouring regions in the month of May 2019 was one of the worst natural calamities in over 20 years. Millions of people, though shifted to safe shelters preventing casualties, were rendered jobless with their means of livelihood gone. The Microfinance industry played a crucial role in helping the affected population restore economic normalcy with assistance through special credits and guidelines, resulting in the prompt resumption of business activities. While credit support was extended to distressed customers for re-establishing their livelihood, leading and responsible players in the industry also reached out actively to the communities by way of making emergency kits and ration available to them through the distribution of essential items as a part of their Corporate Social Responsibility.

the form of floods. Situation in Assam further worsened with increasing unrest and agitations in few pockets of upper-Assam spanning the tea garden areas during October-November, 2019 with local associations and activist units demanding microfinance loan waiver programmes from the government and persuading customers to not repay their EMIs. The industry Self Regulatory Organisations (SROs), Microfinance Institutions Network (MFIN) and Sa-dhan, along with company representatives of various microfinance institutions conducted several rounds of discussions with the Government of Assam, the RBI Regional Office and the other local associations' leaders. This created awareness about the significant economic impact and benefits generated by the industry and the negative impact of loan waivers on credit discipline of customers and in turn on companies operating in the state, thus also impacting job creation. In early March, MFIN and Sa-dhan released a special package for customers in Assam named Bihu Aarthik Swaavalamban, offering three-pronged relief — microfinance loan repayment at lower monthly instalments, repayment at a lower rate of interest and availing of prompt repayment benefits on quick and regular payment and closure of existing loans. This package was expected to lower the existing cash flow burden of the stressed customers.

Around the same period in December 2019, post implementation of CAA by the Government of India, there were wide protests across different states, hampering normal operations of business activities. These events led to a countrywide increase in PAR in Q3 for NBFC-MFIs from 1.09% in September 2019 to 1.82% in December 2019. However, with exercising of strong discipline by microfinance institutes towards adherence to JLG policies and processes, along with mass financial literacy campaigns conducted to educate customers on the ill impact of non-repayment, repayment rate witnessed a growth in Q4 resulting in a marginal increase of 0.06% in PAR 30 to 1.88% in March, 2020 as compared to a change of 0.73% in Q3 of the same financial year.

nation was forced into a country-wide lockdown, as a way of prevention of mass infection.

Organisations across the country directed its employees to commence work from home, a move which is difficult to implement readily in a human capital heavy, high-touch model industry. The microfinance industry, with an active focus on safeguarding the health of its 1 lakh+ employees, as well as over 58.9 mn active customers, launched initiatives to disseminate vital information, preventive guidelines and safety measures all across. Field officers and other employees across the industry were issued directives and guidelines on safe interaction measures with customers. This crisis also led to draw the focus of the industry towards cashless or contactless collection methods such as digital payment systems, a large share of which was cash dependant earlier. When the central government announced complete lockdown on March 24, 2020 restricting all economic activities and services except for essential services, the microfinance industry was affected severely. All the field activities of loan sourcing and collections came to an abrupt halt.

Leading industry players demonstrated significant innovation in enabling customer reach, providing comfort and guidance while making relevant changes in processes to leverage digitalisation thus, paving the way forward, actively supported by the industry SROs, the Reserve Bank of India and the Government. Microfinance customers are estimated to be impacted by a much lesser extent as nearly 75% of the microfinance customers belong to rural community with nearly 55% of the total customer base involved in agri and agri-allied businesses, and other essential services. The COVID 19 spread has also been more prominent in urban areas. Therefore, the possibility of the spread of the pandemic in rural area is significantly low. This can also be validated by customers who did not opt for moratorium, and repaid once country-wide restrictions were relaxed.

The RBI also announced several measures to boost economy and for faster resumption of economic activities across the country. Especially for the microfinance customer, the RBI has announced moratorium benefits for the period of six months starting March, 2020 till August, 2020; whereby a customer can opt in for loan moratorium and can delay the repayment without worrying about his/her credit score being impacted, a measure to pause ageing of the customers. In addition, the RBI has also announced different liquidity packages and schemes such as the Long Term Repo Operations for up to INR 1 lakh Cr and Refinancing schemes of INR 50,000 Cr through NABARD and SIDBI in order to provide funds to financial organisations for them to use the corpus for on-lending and business continuity, given the scenario.

The biggest landmark in FY 19-20 was the launch of the Code of Responsible lending (CRL) in the industry. MFIN and Sa-dhan along with Finance Industry Development Council (FIDC) jointly launched the CRL for institutions working in the financial inclusion space. This is a significant self-regulatory

step for all RBI regulated entities towards forming a common platform, enhancing transparency and compliance, while safeguarding the interests of the low-income customers group. As on March 31, 2020, 109 entities have signed up for the CRL as "Responsible Lenders".

In a uniquely challenging year, as the one FY 19-20 will be known for, microfinance industry grew by 29% y-o-y from INR 179,314 Cr to INR 231,788 Cr serving 10.54 Cr micro-loan accounts through a network of 170 financial institutions, spanning Banks, Small Finance Banks, NBFCs, NBFC-MFIs, sec-8 companies etc. Banks contribute 40% of the total Microfinance portfolio, closely followed by NBFC-MFIs with a contribution of 32% and SFBs with a contribution of 17%. In FY 19-20, the Eastern and North-Eastern parts of the country contributed to the largest portion of the overall microfinance portfolio of the country at 40% market share, followed by Southern India at 27%. Individual state wise, Tamil Nadu has the highest microfinance portfolio followed by West Bengal and Bihar.

With the prevailing pandemic and ensuing economic, cultural and process impact, FY 20-21 will be expected to be an eventful year again. Microfinance industry has faced several crises in last two decades of its journey and with each crisis has transformed the industry, carving a new and improved way forward. The COVID 19 crisis has already directed the Micro-credit lenders to look for alternative collection mechanisms and many of the MFIs have started collections through digital mode. This route of collection is expected to gain momentum in Q2 and onwards of FY 20-21. In addition, the major focus will be connecting with all the customers directly and re-activating loan accounts of those who have been unable to pay their EMIs during lockdown. With its strength of resilience, the industry had shown in earlier crises, with the CRL in place, and the Government schemes providing liquidity, the industry is sure to continue even stronger in its growth path going forward.

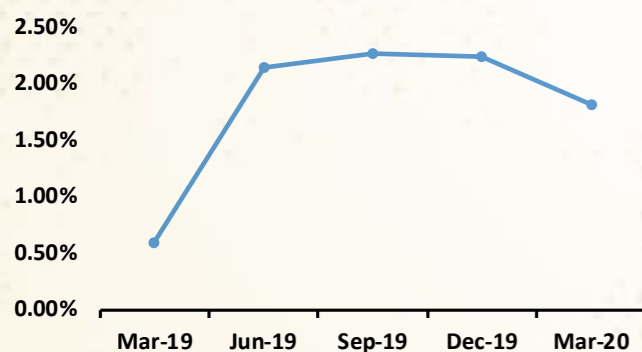


THE FINANCIAL YEAR 2019-20 FOR AROHAN

With a new five-year plan in place and with its Mission 'to empower the under-served households and small businesses by offering a range of financial services, in a manner sustainable for all stakeholders', Arohan's Vision is 'to impact over 20 million lives by 2025', by aspiring to be in the top 3 Financial Inclusion 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.

Arohan started the year moving towards achieving its five-year plan. With strong liquidity, a culture of innovation and foresight, Arohan secured a growth rate of 20% y-o-y in terms of gross loan portfolio with a Portfolio Outstanding of INR 4854 Cr and serving over 2.3 Mn end customers, despite FY 19-20 being a challenging year. Arohan's focus

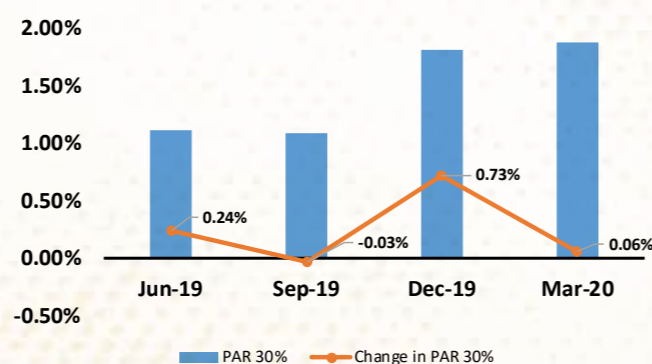
PAR 30% in Odisha for NBFC-MFI portfolio
source: MFIN Micrometer



*Note- The PAR 30% initially stabilized near to 2%+ post Cyclone Fani and reduced in Q4-FY20 below 2%

Incessant rains in the months of July and August 2019 in the states of Bihar and Assam caused another natural calamity in

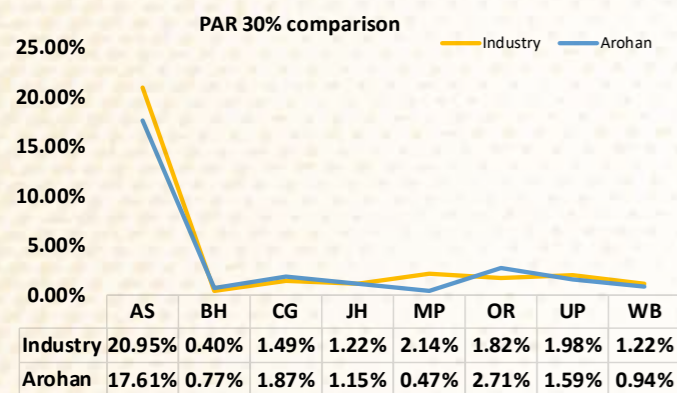
PAR Trend for NBFC-MFIs



The biggest disruption, that the world has witnessed in recent times, started ahead of the closing of FY 19-20 when COVID-19 pandemic cases started making an appearance in almost every Indian state. With new cases fast picking up and reported number of cases rising daily in March, the



has been to expand its outreach and penetrate deeper into the existing operational states. In line with the same, the organisation has successfully opened 120 new branches and expanded to a new state, Manipur in the north eastern part of India, marking our microfinance presence through 701 branches in FY 19-20. With a sharp focus on optimizing cost and catering to small businesses and financially underserved customers, Arohan expanded its MSME business to three new co-locations in Bhubaneswar, Guwahati and Indore. These expansions have led to an increase of 20% on the total customer base vis-à-vis an 18% growth rate for the overall NBFC-MFI sector in the geographies where Arohan operates. Maintaining a high portfolio quality has always been a key focus area for the organisation. Therefore, for better process and policy adherence and quality loan sourcing, Arohan introduced a separate Internal Quality and Control vertical, as an additional line of defence. The department, through its representatives, present in all locations starting from the zonal level to the last business unit i.e. branch, ensures adherence to processes and policies across all field activities. Within a year, the rejection rate from Central Hub, Arohan's quality-check unit, has decreased from 32% in June 2019 to 15% in the month of March 2020. This significant drop has also helped in restricting the PAR growth from new loan accounts.



In FY 19-20, Arohan has also diversified its portfolio with the scaling up of its 'Bazaar' product under Bazaar fortnightly. The product was developed over the year to provide Bazaar customers, male micro traders, with access to relatively higher amount of credit with fortnightly payment module. With this, the product portfolio has grown from INR 54 Cr in March 2019 to INR 107 Cr in March 2020, recording nearly a 100% growth.

Arohan disbursement is now 100% in a cashless mode. In its efforts towards making collections, too, cashless, Arohan has tied up with leading Payments Banks. This partnership has helped Arohan reduce the cash carrying risk by a field employee and thereby reducing physical cash present in a branch, at any given time. Nearly 60% of the branches have been activated in depositing their cash, using this cash-drop facility.

Arohan has successfully transitioned its account system from IGAAP model to an IND-AS Model in the last financial year and all our financials are being released as per the IND-AS guidelines. Additionally, post the NBFC liquidity crisis in FY 18-19, Arohan has raised INR 130 Cr through equity from the Promoter group and INR 3223 Cr of debt. The organisation's capital adequacy ratio also increased from 23.60% to 24.80% YoY.

To be one of the most preferred places to work for is a part of Arohan's Vision statement and being certified as a Great Place to Work by the Great Place To Work® Institute is a major milestone towards the same. Arohan has been ranked 86th among the 100 Best Companies to Work For in India, 2020 and has also been identified in the list of top 25 Best Companies to Work For in the BFSI sector. In addition, Arohan has successfully launched the phase 2 of its HR management platform, Adrenalin, making its employee system almost completely digital. Arohan has also launched various employee and customer-facing apps like Sanjaya, Apna Bazaar, Overdue and Recovery Portal, live and interactive dashboards, which help in tracking and monitoring of all business aspects on a real-time basis, while also optimizing efficiency.

Other awards and recognition received by Arohan are:

1. Most Digitally Advanced NBFC, 2019
2. Institute for Competitiveness Strategy Awards by Times Network, 2019
3. Internal Audit Department certified with ISO 9001:2015 by BSI- February, 2020

ROADMAP FOR FY 20-21

Zero compromise on the safety of its employees and customers, while ensuring business continuity, will be of foremost priority for Arohan in FY 20-21. In addition, the organisation aims to deepen its presence in the existing states with newer branches and is expected to explore opportunities in other adjacent, low-income states. To ensure all microfinance activities are being carried out in a safe manner, Arohan will carry out leverage its technology landscape and will make continuous efforts towards further streamlining its field operations and digitalization of collections thus, ensuring reduction in cash handling risk. In addition, Arohan will also introduce different IT modules for its various support functions making the system more robust and further enhancing the efficiency of its team. Going forward, optimizing of its non-qualifying asset space will evolve to be a major focus area of operation, aligned to Arohan's Vision 2025 statement.

Disclaimer: All industry figures have been taken from different issues of MFIN Micrometer



Sustainable Strategy

I came upon once a thirsty bird that flew miles to find water. Found it at last but in a pitcher lying low. Very patiently, it worked out a strategy and started filling the jar with small pebbles, eventually raising the water level and quenching its thirst.

Arohan's strong and differentiated strategy has successfully allowed it to surpass its goals and create a niche through robust processes and policies, geographic and product diversification and effective stakeholder management. The new strategy laid out in its Vision of 20 by 2025 guides Arohan to be able to serve 20 million lives by the year 2025.





Arohan witnessed an eventful FY 19-20 with various external challenges, as it also experienced the advantage of a well-laid out strategy, allowing it to be well prepared for FY 20-21 as the world braced to face the pandemic induced impacts. With a strong focus on quality and operational excellence resulting in healthy financial growth, Arohan exhibited a growth rate of 20% in the FY 19-20.

Arohan has been sector leader in adopting a diversified growth strategy driven through Financial Services and innovative Business Modules spanning organic, inorganic, as well as, MSME business channels, helping the organisation reach out to and serve customers across the bottom half of the socio-economic pyramid. As on March 31, 2020, Arohan's total Asset Under Management stands at INR 4854 Cr, serving a customer base of over 2.3 mn from 711 branches, manned by 6272 employees across 16 states.

FINANCIAL SERVICES STRATEGY:

Arohan has been a forerunner in the industry to have a focused Inorganic and MSME business model besides organic microfinance. This allows the organisation 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.

Microfinance Products

Arohan's flagship product, 'Saral' continues to hold a dominant share in the organisation's portfolio, constituting 89% of the Gross Loan Portfolio (GLP) as of March 2020. The product is for economically active women residing in low-income areas, generally involved in trade and service.

Arohan's operational processes and products are designed to best cater to the needs of the customers. This plays a key role in customer lifecycle. All products introduced in the recent years with the objective of improving customer retention have grown stronger and they create immense value towards customer engagement lifecycle.

1. Saral ++: To support the credit needs of repeat cycle customers, Arohan introduced a product named Saral ++ which services loan sizes from INR 55,000 to INR 75,000. As on March 31, 2020, the portfolio outstanding of Saral++ is INR 47.50 Cr.

2. Vriddhi: Our customers are mostly involved in livelihood activities and businesses that experience high demands during festive seasons. Vriddhi loan was launched in the previous financial year to support our customers with extra credit to meet increased demands during regional festivals. As on March 31, 2020 a total of 6,157 customers benefitted from Vriddhi.

3. Retention Product: A breakthrough product, Retention strives towards customer delight and extended lifecycle by disbursement of loans required for the next cycle just before the last due repayment of the existing loan. The 1st repayment of the Retention product starts from the centre

meeting day following the last EMI. As on March 31, 2020, the portfolio outstanding of Retention Product is INR 230.74 Cr.

4. Single Customer Addition (SCA): Single customer addition product was introduced in FY 19-20 to strengthen the size of centres which are older than 1 year while retaining the fabric of Joint Liability. As on March 31, 2020, the portfolio outstanding of SCA Product is INR 114 Cr.

5. Saral Prime: Introduced in FY 19-20, Saral Prime is an exclusive product for repeat customers wishing to continue availing services from Arohan's range of products. This is a non-qualifying product with a POS of INR 94 Cr as on March 31, 2020.

6. Bazaar: Arohan's innovative 'Bazaar' product, a pioneering service in the industry, exhibited strong growth in FY 19-20. Bazaar caters to the male segment of the market who normally deal with goods related to domestic needs (food, grocery, stationery, etc.) and conduct their business on a daily basis in Municipal or Panchayat authorized markets or clusters of shops organized under a Traders Association, registered or unregistered. In line with the existing customer requirement and considering the risk return scenarios of this segment, a revamped product was launched in the last financial year with modifications in different business processes and policies pertaining to the product. The upgraded Bazaar product has been widely popular among the beneficiaries in the market and more than 42,579 accounts were disbursed amounting to INR 138 Cr during FY 19-20. The total Bazaar portfolio as on March 31, 2020 is INR 118 Cr, contributing to 2.4% of the organisation's total loan portfolio.

7. Balance Transfer product [Main Hoon Na] - With one of the lowest microfinance pricing in the market, we have launched a BT product which seeks to quantify customers of other institutions, the benefit of moving to Arohan with a lower rate of interest and a monthly repayment model. This is the first of its kind in the industry and is expected to help our growth in FY 20-21.

Microfinance Plus Products

Ensuring a 360-degree approach to financial services, while also ensuring access to basic credit needs, Arohan offers financial and non-financial microfinance plus products to its customers. While in the financial front Arohan offers safety net products such as life insurance and general insurance, in the non-financial segment it offers need-based and affordable utility products for its customers.

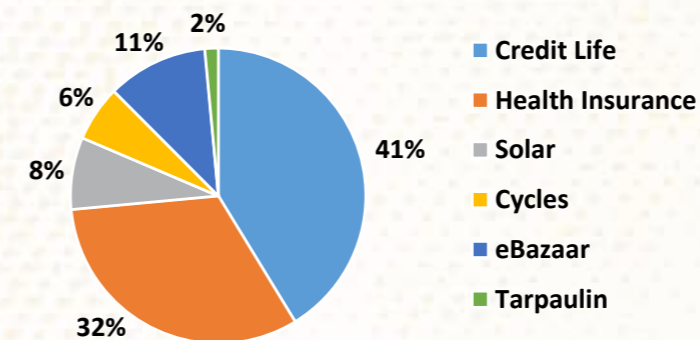
Financial safety net products: Arohan provides micro-insurance facilities in collaboration with Bajaj Allianz, HDFC Life, and DHFL Pramerica (for term life insurance) and Future Generali and Aditya Birla (for general insurance). The association with Bajaj Allianz, HDFC Life, and DHFL Pramerica helps Arohan support a customer's family in the unfortunate event of her or of co-borrower's demise while also protecting her loan amount. Arohan, in association with Future Generali

and Aditya Birla, helps extend income protection to its customers in the unfortunate event of a medical emergency, critical illness or accident, with the Hospicash product.

Non-financial products: Arohan offers a range of utility products to its customers at affordable costs. In its continuous focus to be customer-centric, one of the six core values of the organisation, Arohan, in FY 19-20, has developed an in-house e-commerce assist app called 'Apna Bazaar', used by the field officers to reach out to customers.



Further strengthening its suite, and addressing the needs of its customers, Arohan also offers clean energy products such as solar lamps, bicycles and water purifiers. As a project participant in the UNFCCC Program of Activities 9181, "MicroEnergy Credits – Microfinance for Clean Energy Product Lines – India", Arohan was certified for its distribution of clean energy products such as solar lamps, bicycles, water purifiers. Arohan generated 8,677 tCO2 UNFCC certified emission reductions (CERs) till the year 2019.



Product-wise GMV/Premium Share FY19-20

Arohan has partnered with leading manufacturers to make non-financial products available to its customers. In the financial year, Gross Merchandise Value (GMV) for non-financial products and premium collected for financial products stood at INR 158.6 Cr for FY 19-20.

INNOVATIVE BUSINESS MODULE

Arohan has been a thought leader in the industry and had very early in its years, in FY 2013, conducted a strategic workshop to agree upon its guiding Vision of reaching out to 10 lakh customers, in 10 low income geographies and be among the top 10 places to work for. This has been a guiding force throughout the organisation's early years which has fuelled a culture of innovation within the organisation. To this effect and in order to realise its then Vision statement, Arohan had adopted a diversified business module. This pioneering move in the industry has allow the organisation to control risks and be able to cater to different customer segments across geographies, with loan sizes ranging from INR 10,000 to INR 25 Cr. These modules are represented by

a range of business lines including inorganic and MSME businesses. Its new Vision 2025 'To Impact 20 million lives by 2025' has set the cornerstone for the organisation's differentiator approach and growth journey ahead.

Inorganic Business Model: In its quest to reach remote geographies and diversify its portfolio, Arohan spearheaded the unique inorganic business model in the industry. Through this model, Arohan works with strong, local partners on the ground, engages in partnerships by way of buying portfolio from MFIs in the states it operates in, engages in assignment and securitization transactions, and also has a sourcing and collection partnership with small local MFIs which helps create a three-pronged growth approach for all stakeholders involved.

- i. Customers situated in remote geographies, lacking access to diversified credit products, get serviced
- ii. Grass-root level institutions get financial, as well as, technological and operational scale through focused consultation and training interventions, allowing such organisations to incubate towards growth
- iii. Last but not the least, Arohan achieves diversification and strengthening of portfolio.

The Inorganic vertical was introduced in the year 2016 and since then has traversed a robust growth journey. With an AUM of INR 184 Cr in the financial year 2019-20, the vertical has sailed through various challenges, in a very dynamic macro environment. Spread over the low-income states of Odisha, Assam, Uttar Pradesh, West Bengal, Bihar, Madhya Pradesh, Chhattisgarh, the vertical has expanded its footprint in Rajasthan, Gujarat, Maharashtra, Haryana, and Manipur in FY 19-20. Since inception, the vertical has maintained a high quality portfolio with PAR30 of <0.09%.

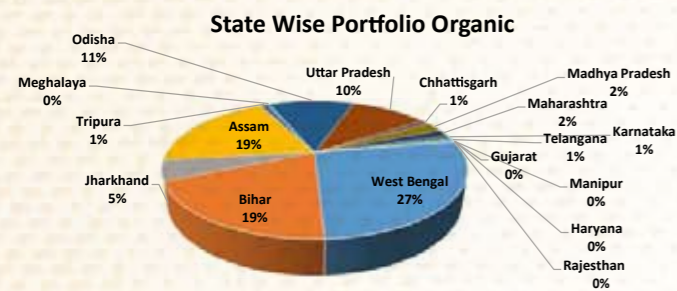
MSME Business Model: Arohan is a unique NBFC-MFI having a dedicated MSME lending vertical which optimises its non-qualifying asset space. The lending vertical caters to the MSME segment with larger ticket-sized loans ranging from INR 5 Lakhs to INR 1 Cr. It seeks to fill in short-term working capital and other requirements of micro and small merchants including traders, manufacturers and services with the help of POS and NACH enabled repayments through Merchant Cash Advance (MCA). MCA offers loans to micro and small enterprises underwritten on sales generated through credit/debit cards/ online sales of the retailer. This helps Arohan to expand its sphere of customers and play a key role in financial inclusion, a key focus area of the Government of India. As on March 31, 2020, Arohan's MSME business model recorded an AUM of INR 214 Cr.

GEOGRAPHIC DIVERSIFICATION

In the FY 19-20, Arohan has further expanded its operations to extend its services to the states of Manipur, Haryana and Rajasthan through organic, as well as, inorganic business modules. This results in the organisation to be present in 16 states across central, eastern, north-eastern and now the



western parts of the country. Arohan, additionally, has also marked its customer footprint in the state of Gujarat. The organisation has added 120 branches to its geographic span in FY 19-20, almost a 20% growth in the brick and mortar spectrum, taking the total branch tally to 711. As of March, 2020 Arohan is present in 54% of the districts in the North-Eastern states, 82% of the districts Bihar & Jharkhand, 58% of the districts in Madhya Pradesh & Chhattisgarh, 93% of the districts in Odisha, 49% of the districts in Uttar Pradesh and 91% of the districts in West Bengal spanning six operational Zones of the organisation. The number of districts covered has increased from 154 in FY 18-19 to 229 in FY 19-20.



As a conscious approach towards de-risking by way of regional diversification, Arohan's flagship state, West Bengal's share in the total portfolio has been brought down to 24% in FY 19-20, a reduction of nearly 15% over the last three years. Arohan has also extended its footprint in the states of Karnataka and Telangana through its MSME business operations in the previous year and added new serviceable locations of Indore in Madhya Pradesh, Bhubaneswar in Odisha and Guwahati in Assam in FY 19-20. In accordance with Arohan's Mission statement, this diversification, which is unique in the industry, helps the organisation secure a firm footing in its areas of operation and maximises reach.

Growth in Business

The growth in Assets Under Management of the organisation by 20%, in FY 19-20 is a result of Arohan adopting a diversified approach and fuelling transitions effectively. The clientele has increased from 18.65 lakh in FY 18-19 to a healthy 23.03 lakh during FY 19-20. With an average loan outstanding per customer at INR 19,671 in organic business, INR 18,210 in inorganic (excluding term loans to other organizations) and INR 11 lakh in MSME businesses, the total disbursement for the year, as on March 31, 2020 was recorded INR 4995 Cr.

PROCESS FRAMEWORK

Operational Architecture: Arohan's entire organic operation is categorised under six Zones where Zone I refers to West Bengal, Zone II refers to Bihar and Jharkhand, Zone III refers to the north-eastern operations of the organisation consisting of Assam, Tripura, Meghalaya and Manipur, Zone IV is Odisha, Zone V is Uttar Pradesh and Zone VI refers to Madhya Pradesh and Chhattisgarh. Each zone has three to five Regional Offices (RO) with a total of 25 Regional Offices and each RO has four to seven areas mapped to it. Under

each area there are four to six branches.

Building a cashless back-end with technology: A completely cashless back-end is one of the key focus areas of Arohan. This is in tune with the one of the key national agendas of a cashless economy. Arohan has been a forerunner in the transformation of its disbursement and collection processes to a cashless business, enabling accurate transactions, real-time data, faster TATs while fuelling a positive shift in the customer delight goalposts.

Cashless Disbursement: Arohan has made significant strides in its aspirations to be completely cashless in its disbursement mechanism. As on March 31, 2020, 100% of the loans were disbursed in cashless mode. This process is enabled through the centralised Loan Management System, Profile by FIS, which facilitates initiation of NEFT directly to the customer's account. Arohan has also partnered with a leading Payments Bank to seamlessly open instant bank accounts with Insta debit cards for customers allowing them to withdraw cash at nearby ATM or nearby banking merchant points.

Cashless Collection: In FY 19-20, Arohan has achieved significant progress in the cashless collection front. Having partnered with a leading Payments Bank, Arohan introduced cash-drop facility for its customers at the Banking Outlet points which are easily accessible across geographies. As on March 31, 2020, 51% of the demand is collected through the cash-drop facility.

Additionally, in the last quarter of FY 19-20, the organisation has also explored customer initiated, Arohan-assisted cashless payment solution models such as customer cash drop, BBPS, AePS, UPI and UPI recurring along with debit card payments.

CUSTOMER INSIGHTS

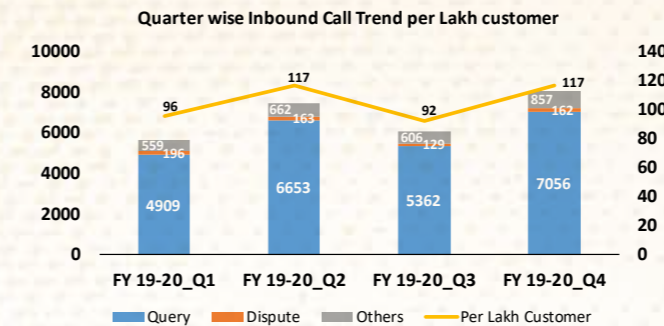
Customer Centricity is one of the six pillars of Arohan's Value system. Arohan's products and processes are designed to improve customer experiences and address their credit needs at the same time

As a part of its customer experience mechanism, Arohan has a dedicated Customer Insights function that acts as one-stop point for customers for resolution of problems, if any, raising of concerns, addressing of queries and gaining insights on need, preferences and overall customer experience.

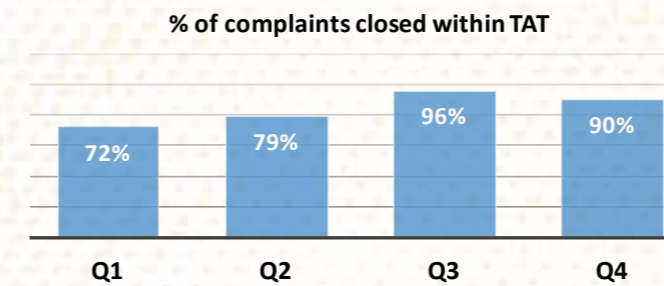
Arohan strives to create values in its practices by analysing and generating reports for improvement of services and processes towards customer centricity. This is achieved through a two-pronged process - Inbound and Outbound. This includes reporting of unethical treatment, timely redressal and gaining valuable feedback on products, service delivery and operations directly from customers.

Inbound Process: To ensure good customer experience, Arohan has a toll free number (1800 -103-2375, Monday to Friday 10 am to 6 pm) which offers multilingual (Bengali, Hindi, Odiya and Assamese) services on grievance

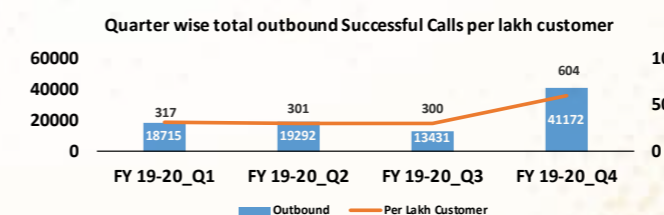
redressal, address of queries and taking of feedback and inputs by the Customer Insights team. A cloud-based Customer Relationship Management (CRM) system has been introduced to enhance the customer experience and provide on-time solutions which are strictly guided by a time-bound escalation matrix.



With continuous proactive follow up, structured process flows and a well laid-out grievance mechanism, the Customer Insights team has successfully closed 84% of the total grievances/ concerns in FY 19-20, within the stipulated TAT.



Outbound Process: Arohan's Customer Insight team is equipped with a robust CRM system for outbound processes. The function is crucial as it is directly responsible for responding to customer needs and maintaining highest levels of customer centricity and integrity. Diligent 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.



Tele-verification Process: Arohan's Customer Insight function is also responsible for a pre-disbursement process of tele-verification. The team here is responsible for approving a loan application after verifying the customer details with the borrower. Presently, the team is handling customers

pertaining to Uttar Pradesh (Zone 5). Some key initiatives launched in FY 19-20 are as follows -

1. Strengthening of the Customer Grievance Redressal Committee - This committee is responsible for functioning and regulating the Arohan's Customer Grievance Mechanism.
2. Introduction of New Customer Relationship Management (CRM) with ZOHO CRM and cloud based dialling function with OZONETEL. This initiative has enabled the entire Customer Insights team to work effortlessly from home during the lock down period, thus causing no disruption to a seamless customer experience mechanism.
3. Initiation of 'welcome' SMS to all cashless customers, right after disbursement.
4. Initiation of product-based survey with the 'Bazaar Customer Satisfaction Survey'.
5. Introduction of the 'Customer Complaint Form' for walk-in customers at Arohan's HO.

RATINGS AND GRADING

The following rating and grading upgrades in FY 19-20 bear testimony to the Arohan's thought-leadership towards developing a sustainable and scalable operational model:

- ◆ **CARE MFI 1 Grading:** Arohan continues to retain the awarded, highest rated MFI 1 grade from CARE Ratings, for three 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.
- ◆ **SP1 Social Performance Rating:** Arohan was assigned a Social Performance Assessment (SPA) Grade of SP1 by ICRA in the month of June, 2019. The score has improved from 77 to 80 this year. The grade is an opinion on the ability of an MFI to conduct its operations in a scalable and sustainable manner.
- ◆ **Smart Campaign Certified:** Arohan was re-awarded the Smart Campaign certification from M-CRIL - Client Protection Principles in December, 2019. Smart Certification status is valid for four years, till December 2023, provided the certified institution undergoes a surveillance process in two years. This surveillance is conducted to determine whether the microfinance institution has adopted new transformative and institutional-level changes to address the weak areas identified during the previous audit.

Bountiful Tree

In rain and heat, in storms so strong, I took shelter by a bountiful tree. The great tree had risen to a mighty height supported by the strength of its deep flowing roots thus, allowing me the relief of its shade and the fruit of its being.

Arohan's strength in liquidity management has supported its journey through the years, allowing it the credence of growth and the continued confidence of its stakeholders even in the face of unprecedented challenges.



Financial year 2019-20 has been an eventful year for Arohan, witnessing growth of 20% y-o-y on the gross portfolio to INR 4,854 Cr. The growth achieved was mainly due to the strategy of geographic expansion and simultaneous expansion of business from 593 branches in FY 18-19 to 711 branches as on March 31, 2020.

With increasing economies of scale and even higher level of operational efficiency, Arohan closed the year with healthy financial results, as follows:

- ◆ Total Revenue grew by 43% to INR 938 Cr
- ◆ Profit before Provisions and Taxes grew by 50% to INR 327 Cr

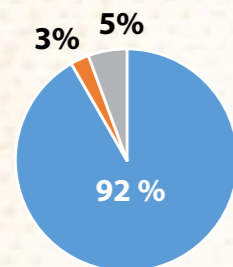
While Arohan's branch network grew by 20%, from 593 in FY 18-19 to 711, in FY 19-20, its employee strength grew by 32%, from 4,765 in FY 18-19 to 6,272 in FY 19-20. The company ensured a comfortable fund position throughout the year to support its business expansion. As on March 2020, the on-book borrowing outstanding was close to INR 4,185 Cr.

An analysis of the organisation's financial performance for the FY 19-20, as compared to the previous year, is given below:

INCOME STATEMENT ANALYSIS

Revenue

Break-up of Revenue for FY 2020



- Interest Income ■ Fee Income ■ Other Income

Revenue has grown by 43% from FY 18-19 to FY 19-20. While the interest income grew by 47%, the fee income, which includes business correspondent fees income and fees from cross-sell, grew by 27%, contributing to the overall profitability for the company.

Expenditure

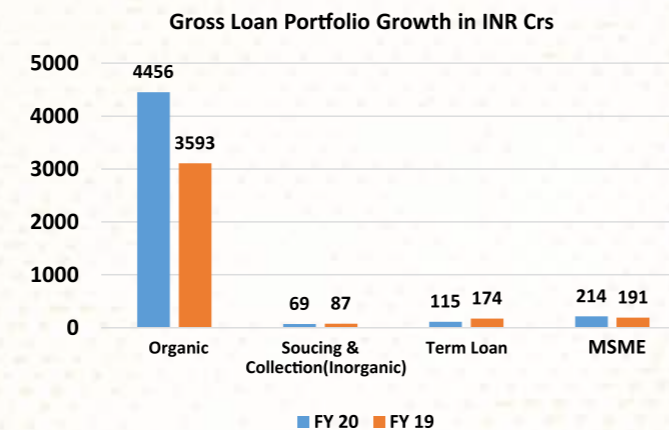
Interest expenses have increased by 50% y-o-y in line with increase in borrowings. With the employee count increasing from 4,765 in FY 18-19 to 6,272 in FY 19-20, employee costs increased from INR 117 Cr in FY 18-19 to INR 157 Cr in FY 19-20 showing a 34% increase over the previous year. The administrative costs have increased marginally by 8%, from the previous year.

Ratios	FY 18-19	FY 19-20	Growth
Yield	20.03%	20.29%	1.30%
Qualifying assets	86.47%	88.92%	2.83%
Opex	6.34%	5.10%	-19.56%
ROE	23.61%	15.86%	-32.83%
Leverage	4.34%	4.35%	0.23%

The opex ratio decreased primarily due to a delay in branch rollouts along with adequate cost control thereby squeezing operational expenses. The weighted average interest charged to customers was 20.82 % in FY 19-20 against 20.89% in the previous financial year.

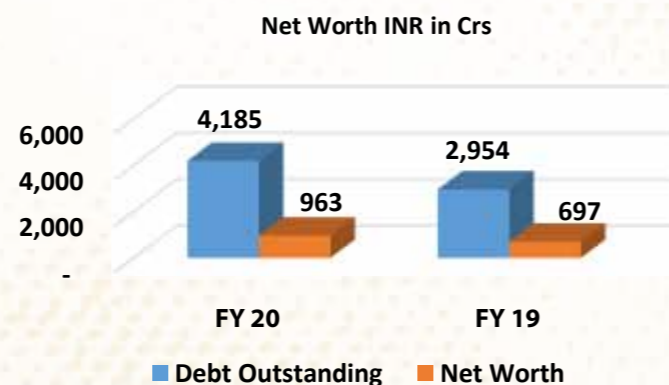
BALANCE SHEET ANALYSIS

Loan Portfolio



Arohan achieved a 20% growth in the Gross Loan Portfolio from the previous year and crossed the INR 4,854 Cr mark. This was a result of the growing business and operational strength in existing, as well as, new geographies of operations.

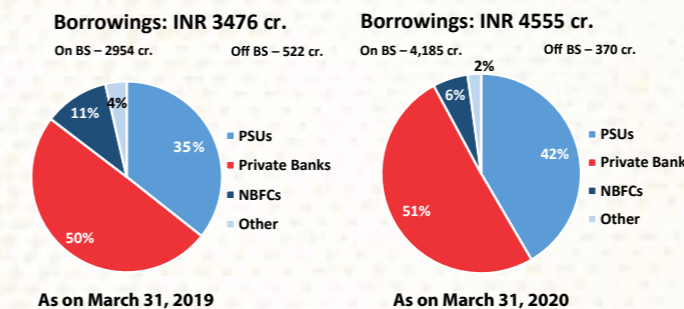
Net Worth



SANCTIONS RECEIVED DURING THE FINANCIAL YEAR 2019-20

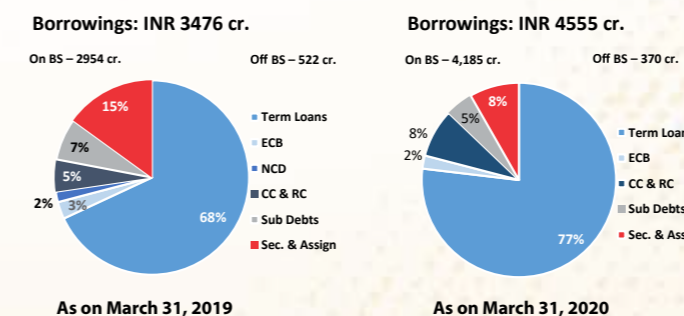
Arohan started the FY 19-20 on a very good note with ample liquidity of around INR 1,800 Cr. During the financial year, the organisation raised INR 3,214 Cr of funds primarily from lenders such as ICICI Bank, NABARD, Bandhan Bank, State Bank of India, Axis Bank, SIDBI, Indian Bank, Bank of Baroda etc. Arohan also successfully established new relationships with lenders such as Bajaj Finserv, Karvy Capital, Equitas Small Financial Bank, Ujjivan Small Financial Bank and Nabsamruddhi Finance Limited.

Further, the organisation also successfully raised Tier I capital of INR 130 Cr from the promoter group, and issued a Non-Convertible Debenture (NCD) of INR 25 Cr to Karvy Capital to augment Tier II capital during the FY 19-20. This helped Arohan boost the CRAR well above the regulatory limit throughout the year. The graph below depicts the composition of lenders in our borrowing outstanding. 92% of the overall borrowings are from private and PSU banks while remaining are from NBFCs and Financial Institutions as of March 31, 2020.



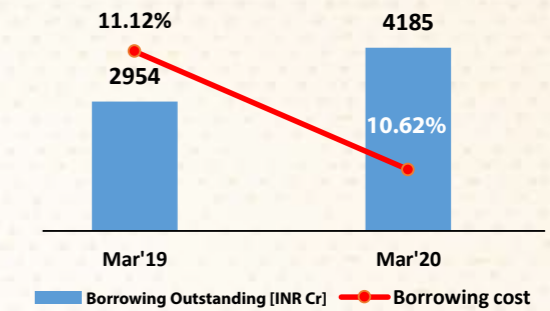
During the FY 19-20, Arohan has also executed direct assignment transactions of INR 600 Cr with the State Bank of India and Axis Bank. In this transaction, the underlying assets comprise of MFI loans in a balance proportion of both qualifying, as well as, non-qualifying assets enabling the organisation to retain the qualifying asset ratio in excess of regulatory norms. Arohan has also executed an INR 100 Cr of direct assignment deal with IDFC FIRST Bank for non-qualifying assets comprising of wholesale loans to other MFIs. This transaction was significant due to the nature of underlying assets and resultant increase in qualifying ratio.

The graph below depicts the composition of instruments in our borrowings.



COST OF BORROWINGS

The cost of borrowings for FY 19-20 was 10.62% as compared to 11.12% in FY 18-19. This lowered cost of borrowings is attributed to the downward trends in the Marginal Cost of funds based Lending Rate (MCLR) of the banks after repo rate cuts by the RBI. The benefits of lower cost of borrowing was in turn passed on to over 2.3 Mn end-customers of the organisation, over 97% of which are women from underserved communities.



LIQUIDITY MANAGEMENT DURING UNCERTAIN TIME

Over the last financial year, Arohan witnessed various external challenges such as cyclone Fani in Odisha followed by floods in multiple geographies of our business operations, political unrest due to Citizenship Amendment Act in Assam and lastly the country-wide lockdown induced due to the outburst of the global pandemic, COVID-19. These circumstances have tested the stressed liquidity framework of the organisation as never before. Despite such extremities, Arohan continued to remain liquid and managed to carry INR 689 Cr of Cash and Cash Equivalents, including undrawn lines, as on March 31, 2020. It is worthy to note that even in the midst of the lockdown, the organisation managed to get a large credit limit sanctioned from State Bank of India.

As a part of a relief package for COVID-19, RBI has granted a moratorium of principal and interest payments for six months starting from March 1, 2020 to August 31, 2020. In view of this directive, Arohan extended moratorium to support our customers. Further, to avoid ALM mismatch, Arohan requested moratorium from its lenders to which many lenders have acceded favourably. The organisation continues to uphold strong liquidity position despite disruption caused by COVID-19, and is optimistic about borrowing significant amounts by issuing NCDs, borrowing from National Bank for Agriculture and Rural Development (NABARD) and Small Industrial and Development Bank of India (SIDBI) through the liquidity support window created by the regulator to overcome the disruption.

CREDIT RATING

In the FY 19-20, Arohan retained its credit rating of A- with a positive outlook, reflecting the organisation's strong operational and financial performances, managed by an able team of leaders and guided by an eminent Board. The organisation also retained its top-notch MFI grading



of 'MFI 1' by CARE Ratings. This is a testimony of Arohan's commitment to continue operating with a high degree of transparency, financial and operational sustainability and scalable processes.

SUMMARY OF FINANCIAL RESULTS

Statement of Profit & Loss (INR in Lakhs)	FY 2020	FY 2019	Growth
Revenue from operations	92,566	65,251	42%
Other Income	1,271	273	365%
Total Revenue	93,837	65,524	43%
Expenses			
Finance costs	38,220	25,478	-50%
Impairment on financial instruments	15,974	4,049	-295%
Employee benefits expenses	15,701	11,726	-34%
Depreciation and amortization expenses	670	527	-27%
Other expenses	6,514	6,030	-8%
Total expenses	77,078	47,810	-61%
Profit before tax	16,759	17,714	-5%
Tax expense	4,078	4,950	18%
Net Profit after tax	12,680	12,764	-1%
Other Comprehensive Income	831	-270	407%
Total Comprehensive Income for the year	13,511	12,494	8%

Note - All the figures are as per IND-AS guidelines

Balance Sheet (INR in Lakhs)	March 2020	March 2019
ASSETS		
Financial assets		
(a) Cash and cash equivalents	68,858	17,401
(b) Bank balance other than cash & cash equivalents	15,166	8,819
(c) Trade receivables	532	566
(d) Loans	4,34,719	3,51,522
(e) Investments	-	3
(f) Other financial assets	2,123	3,613
Total financial assets	5,21,398	3,81,924
Non-financial assets		
(a) Current tax assets (net)	366	324
(b) Deferred tax assets (net)	3,528	365
(c) Property, plant and equipment	649	601
(d) Intangible assets under development	5	5
(e) Other Intangible assets	539	570
(f) Right to use asset	740	646
(g) Other non-financial assets	813	875
Total non-financial assets	6,640	3,386
TOTAL ASSETS	5,28,038	3,85,310
LIABILITIES AND EQUITY		
Liabilities		
Financial liabilities		
(a) 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	-	-
(b) Debt securities	-	6,246
(c) Borrowings (other than debt securities)	3,98,341	2,77,588
(d) Subordinated liabilities	20,970	18,515
(e) Others financial liabilities	8,992	10,427
Total financial liabilities	4,28,304	3,12,775
Non-financial liabilities		
(a) Current tax liabilities (net)	-	-
(b) Deferred tax liability (net)	-	-
(a) Provisions	1,423	524
(d) Impairment loss allowance on standard assets due to moratorium benefit	-	-
(b) Other non-financial liabilities	2,048	2,295
Total non-financial liabilities	3,471	2,819
Equity		
(a) Equity share capital	11,032	10,267
(b) Other equity	85,231	59,448
Total equity	96,263	69,716
TOTAL LIABILITIES AND EQUITY	5,28,038	3,85,310



Leading By Perspective

I saw an old tiger resting in its cave, tired and wasted in wait for its prey. Its eyes rested on mine, with hunger and greed, as it invited me in. With all footmarks going in and none coming out, I knew it best to simply walk away.

Arohan's Quality function strengthens the organisation's decisioning mechanism with sharp insights that helps it adhere to processes and policies while preventing it from slipping into any faltering deviations.



The FY 19-20 will be remembered as the year which saw numerous external disruptions in the backdrop of already weak economic conditions, peaking with the most difficult crisis mankind has been dealt with, in over a century, the COVID-19 global pandemic. Unforeseen external events starting from Cyclone Fani in Odisha in the month of May, floods in July-August in Bihar and Assam, law & order issues in certain pockets of Barak Valley and South Bengal, agitation in the tea garden areas of upper Assam, CAA/NRC related disruptions in December and finally complete countrywide lockdown starting the 3rd week of March 2020. India's GDP dipped to its lowest since 2009 at ~4.2% and FY20-21 GDP growth projections from various agencies range from as low as 1-2% to a GDP contraction of up to 5%.

In this backdrop, while Arohan's performance too has been impacted, a robust risk management framework backed by a strong governance and internal audit culture places the organisation in a much better position to address challenges that will arise in view of the COVID-19 pandemic, the impact of which is expected to play out in the FY 20-21.

RISK MANAGEMENT APPROACH

In view of Arohan's Asset Under Management (AUM) nearing INR 5000 Cr, in line with the RBI regulations, Mr. Ranjan Das has been appointed as the Chief Risk Officer (CRO) as the organisation continues its journey towards further strengthening its Risk structure, as well as, enhance the Risk function's capabilities to remain a future-ready unit. The CRO will have independent reporting to the Risk Committee of the Board of Directors, headed by an eminent independent director, with regular administrative guidance from the Managing Director. Effectively balancing of risk vis-à-vis return, influencing the 'Quality with Quantity' agenda for all stakeholders while providing accurate and insightful visibility on all Risks is the mandate for the Risk unit. In line with the mandate, the Risk unit has also undertaken the responsibility of adopting and implementing the Enterprise Risk Management (ERM).

Credit Risk Analytics and Quality Focus

Data analytics in the Risk unit is undertaken using statistical and data processing software like Python and R. In addition to this, advanced analytics tools and measures such as static pools, moving averages, trend analysis, portfolio projection models which are fully developed with in-house expertise are used to derive appropriate benchmarks ensuring accurate predictive capabilities. Such deep insights and sound rationale-driven business intelligence and information equips key management with inputs aiding in strategic credit decision making.

Arohan's proprietary SCoPE credit risk model remains the backbone of the credit risk management function providing continuous surveillance of nascent delinquency (Early Par), as well as, standard PAR30 metric. The adoption of SCoPE model across Arohan enables the branches to monitor, review, engage and self-correct their portfolios on a Business-

As-Usual (BAU) basis using interventions supported by root cause analysis at the field level.

Monthly Portfolio Quality Review (PQR) forum at the corporate level is reviewed by a cross functional team comprising Risk, Business Operations, Central Operations, Finance, Internal Audit and the newly instituted Internal Control & Quality (IC&Q) vertical. The newly appointed Head of Credit and the IC&Q Head along with their team of 700+ Quality personnel available in each Branch, Region and Zone provide the desired focus at the field level on branch-actionable arising out of the SCoPE and BRisk models as the organization is poised to cross the critical mass of INR 5000 Cr of AUM.

Arohan was amongst the first NBFC-MFIs to implement a Credit Bureau-360 check covering all debts availed by the customer. The plan for FY20-21 is to extend such credit checks to cover co-borrowers as well, in the organisation's endeavour to capture and assess household level indebtedness - again a pioneering risk mitigation initiative in the sector. The wholesale lending business to smaller MFIs and NBFCs for onward lending to the MFI sector continue to perform with sector leading portfolio quality, an outcome of in-depth understanding of the industry, robust market knowledge, active surveillance and superior corporate loan underwriting capabilities. Arohan's MSME underwriting and collections has been strengthened using GST based business intelligence supported by in-depth domain monitoring and expertise in lending and collections.

Operation Risk Grading and Branch Risk Model

Arohan's proprietary Branch Risk (BRisk) assessment algorithm, which provides key visibility of operational risks, after having undergone the annual refresh, continues to effectively assess and predict risk environments, especially during a challenging year.

The BRisk grading of the entire enterprise at all levels up to the branches provides the operations team, the management and the Board with an assessment of the operational health of the active branches while indicating the emerging risks for the following quarter(s).

Board Risk Limits

The Board of Directors' direct overview of Arohan's risk performance and framework continues with a set of risk limits across Credit, Operations, Liquidity, Reputation and Regulatory Risks, reviewed quarterly. These thresholds represent key operational and financial parameters which ensure sustained financial and operational health of the organisation. In the wake of changes in the industry dynamics and new regulations especially related to Asset-Liability interplay, new board limits have been introduced. Arohan has been compliant on all these new regulatory limits almost a year ahead of the first compliance reporting due in December 2020.

Adoption of advanced analytics based statistical credit

scoring model and acquisition of a credit decision platform is underway. A leading credit bureau and its analytics group company with strong domain expertise are implementing this sector leading project which includes harnessing the power of the big data of the entire industry.

INTERNAL AUDIT MANAGEMENT

An ISO 9001:2015 certified 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 organisation. Managed appropriately by qualified professionals having in-depth understanding of the business culture, systems and processes, the Internal Audit function of the organisation acts as the third line of defence to the first and second line operations by monitoring adherence to controls and providing inputs for strengthening risk management.

Functioning as an independent body under the supervision of the Audit Committee of the Board, the department adopts a Risk based Supervision (RBS) approach according to the guidelines of the Reserve Bank of India. The phenomenal growth and outreach of the microfinance industry, in tandem with India's rapidly growing economy and the global macro market necessitated Arohan to benchmark its Internal Audit systems and procedures with the best practices and standards viz., RBI guidelines on Risk Based Internal Audit, Companies Act, 2013 and rules thereunder, and standards of internal audits issued by Institute of Chartered Accountants of India (ICAI), which ensure credibility, resilience and transparency in governance processes.

To this effect, the Audit Committee of the Board reviews the adequacy and effectiveness of the function and helps streamline its structure, annual audit plan and staffing while enabling an effective and independent review process. This further enables the Internal Audit function at Arohan to streamline its focus on mitigating operational risks through regular monitoring at Branch, Regional and Zonal levels ensuring adherence with internal control systems, organisational policies and procedures. It further assures adherence to the external compliance requirement such as RBI guidelines, SRO directives and other regulatory necessities. Functioning of all the support functions are also monitored to ensure observance of policies and compliance guidelines. In addition to adherence with existing policies and control mechanisms, the Internal Audit function at Arohan also reviews and advises the line management on necessary changes in its scope of existing policies and control mechanism, helping it be firmed up against any foreseeable scope of deviation.

As a result of all the above, and 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, the Internal Audit function of Arohan has been awarded the

ISO 9001:2015 certification in FY 19-20. This certification is a testimony of the organisation's commitment to excellence in quality management functions and its focus on scaling it further to ensure business precision.

Infrastructure

In order to maintain operational efficiency and financial reliability, and to safeguard assets, the function of Internal Audit is integral to an organisation, even more so for one that operates in the microfinance lending space. The strength of the function, in turn, depends largely on the proficiency of its auditors. As on March 31, 2020, Arohan's Internal Audit team comprises of 141 skilled auditors, spanning its geography, sourced carefully through a rigorous selection process. The team thus showcases a rich composition of people from backgrounds ranging formal audit skill training to those who have extensive practical experiences. The team is made to undergo compulsory and regular trainings that help hone their knowledge on processes, policies, behavioural skills and audit techniques making them well-equipped to discern even the slightest deviations across levels. In FY 19-20, the department has successfully audited 700 plus active branches on a quarterly basis, spanning microfinance, MSME and Banking Correspondence operations. The MFI and Banking Correspondence branch audit coverage rate is 100% in all quarters.

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

Following a risk-based approach to audit operations at the field level, 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, i. Field Processes, ii. Back-End Activity and iii. Customer Contact.

- i. The Field Process includes audit of the logs and practices of business operations including Verification, Collection and Disbursements to name a few.
- ii. Back-end activity approach is designed to screen for deviations in any documentation and administration related activities that drive business continuity.
- iii. Customer Contact 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 organisation'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 much shorter turn around. Support functions, including Compliance, Human Resources, Admin, Information Technology, Central Operations, Finance and Accounts are also audited at least twice in a year. High emphasis is further enforced on monitoring the adherence to compliance and regulatory requirements as prescribed for NBFC-MFI under different statutes. Quarterly Audit of MSME Segment is also undertaken under prescribed guidelines.

In order to keep pace with the changing business, technological and regulatory dynamics, scope of audit for both, field and support functions are not just reviewed but also updated periodically. Monthly audit trends along with actions taken by respective line functions are reported to the senior management team. All significant Internal Audit observations along with follow up actions are reported and discussed by the Audit Committee of Board in its quarterly meet.

The function thus enables Arohan to be well-informed on any internal environment shifts thereby allowing to be better prepared for the future.

INTERNAL CONTROL & QUALITY (IC&Q)

In Arohan, quality plays an equally important role as quantity. The organisation's continuous focus on creating high asset quality standards has resulted in it taking an important and significant decision to create a separate department of Internal Control & Quality (IC&Q) within the organisation, during FY 19-20.

It is a futuristic move to further strengthen the organisational structure, thereby facilitating growth while safeguarding the asset quality. The mandate of the department is to strengthen and ensure policy and process adherence within the field operations and branch management. Dedicated cadres of Zonal Quality Heads (ZQHs), Regional Quality Heads (RQHs) and Branch Quality Heads (BQHs) have been created at respective operating levels. Various responsibilities of the department involve improving branch level functioning that encompasses strengthening of asset origination quality, field level centre-meetings and collections from borrowers, branch-level accounting and operations, compliance and customer service quality.

In addition, the function will exercise sharp focus on executing and strengthening the actions recommended as an outcome of internal audit, faster fraud detection and remedial actions, improved understanding and awareness of all field employees on evolving policies and processes

and facilitating roll-outs of strategic initiatives across the organisation. As of March 2020, the function has effectively developed scope of responsibilities and deliverables for all cadres, has instituted performance management framework and aligned the department with respect to other internal functions. Within only a short span of time, the function has been instrumental in significant reduction of loan applications rejection percentage, indicating quality submissions; overnight cash levels; improving internal control mechanisms across levels and overall improved discipline in branch-based activities.

CREDIT

Post the appointment of a Chief Risk Officer, the Credit function got separated and established as an independent unit. This unit will be responsible for the credit policy across Microfinance - Organic, Inorganic and MSME businesses. Credit policy, credit administration and on-going credit monitoring will be important aspects of this unit with the final objective of managing credit cost within the budgeted business model levels.



Stronger Together

I learned from a wise sage the resilience of togetherness. He proved it with a handful of sticks, which when held one at a time was fragile and easy to break, but when held together stood thick as a pillar of strength.

Arohan's Human Resources function has strengthened over the years with the organisation's focus on developing its human and intellectual capital together. With employee engagement at its core, the function has touched a new milestone emerging as a Great Place to Work.

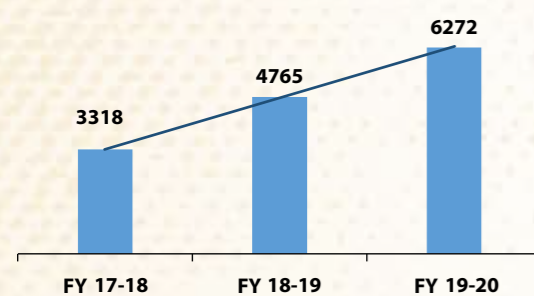


The FY 19-20 witnessed Arohan evolve stronger into an employer of choice as it got certified as a Great Place to Work by the Great Place To Work® Institute. The organisation has also been identified among the TOP 25 India's Best Workplaces in BFSI 2020, Best Workplaces in Microfinance 2020 and has ranked 86th among the Top 100 Best Companies to Work For 2020, in assessments undertaken by the Great Place To Work® Institute recognizing the Arohan's High-Trust, High-Performance Culture, that it has thoughtfully built over the years for its employees.

This achievement has also helped the organization in gaining crucial employee insights, the most significant pillar of its success, while bringing Arohan closer to its Vision Statement of being amongst the most preferred places to work for. This achievement is reflective of the organization's unfaltering focus on developing an engaged workforce that is inspired to drive its growth objectives.

This has been made possible by the valuable guidance of an eminent Board which is ably supported by a strong leadership team. In the FY 19-20, Arohan has grown its employee base by 32% from 4765 in FY 18-19 to 6272 by the end of FY 19-20, a formidable force spread across 711 Branches in 16 states of India catering to more than 2.3 million end-customers.

Headcount Growth Trend



As a key player in the microfinance industry, Arohan has consistently focused on developing its intellectual capital and people strength. To continue to be ahead of the curve, in the background of changing economic landscape and rapid digitalization in India, Arohan has designed its sourcing strategy around a blended approach to attracting talent – by continuously developing the employer brand to support the acquisition of talent from the market and focussing on the internal talent pool for developing and enhancing the skillsets of existing employees and providing them the opportunities for career progression. This well-researched approach is backed by a plethora of interventions leveraging various technological platforms and innovation in processes to develop and engage employees.

ON-BOARDING TALENT

Social Media Platforms (viz LinkedIn, Facebook) – Nearly 85% of the total workforce in Arohan falls under the age of 30. To reach out to this pool of talent, a new generation workforce, social media platforms plays an effective role. Arohan has efficiently leveraged its social media handles to ensure reach, developing employer brand and quick turnaround while assuring easy connect with eligible resources.

Internal Job Posting: Arohan has a robust Internal Job Posting (IJP) platform that continues to offer exciting role opportunities to the employees allowing them a chance to grow and gain cross-functional experience. The platform is truly effective and maintains credibility through transparency and fairness in assessment and selection process at all levels. In FY 19-20, nearly 12% of the total workforce in Arohan have successfully qualified for and moved to higher roles through the IJP process.

Management Trainee Programme: In its continuous effort to create a steady and vibrant talent pipeline across functions and to strengthen the middle management, Arohan completed the hiring of its 5th Batch of Management Trainees from over 300 institutes across India. In the FY 19-20, Arohan digitalised its Management Trainee Programme, and has partnered with Autogram for sourcing, screening and lining up interviews via pool campus drive on a 360-degree one-way Video Interview Platform analysing behaviour, soft skills and domain knowledge. With this model, Arohan could reach out to over 300 colleges across India with interested candidates' registrations touching nearly 2,300. This has helped achieve selection of a better pool in a faster turnaround time. Since its launch in 2016, the Management Trainee Programme of Arohan has contributed significantly to develop a robust middle management talent pool with nearly 23% of the pool moving into people managers' role in the current year.

Praarambh and Aashirwaad: Arohan believes that a well-organized Induction Programme is an integral part of introducing a new employee to the organisation's culture and processes and if done effectively can lead to high levels of employee satisfaction and cost optimization. With the aim of welcoming new employees in the organisation, Arohan has launched two programmes viz.

a. Praarambh (Beginning) - As the name suggests, Praarambh is a detailed induction programme inclusive of pre-joining communications for the on-boarding employee, a classroom model interaction programme (7-day long for support functions and 12-day long for field functions), a tagged 'Buddy' to help break the ice and summed up with a Group Induction session.

b. Aashirwaad (Blessing) - 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. In an endeavour to create a sense

of belongingness and enforce value creation Arohan has introduced a programme named Aashirwaad, where the family members of the probationary field officers are made part of their on-boarding journey. This not only helps form an emotional bonding with employees and their families but also ensures better engagement and retention.

EMPLOYEE CONNECT

Employee connect and effective communication are believed to be the cornerstone of success for building a culture of trust and high performance. To this effect, Arohan has curated a set of focused communication channels to reach out to its employees while facilitating meaningful exchange of dialogues.

Townhall: Arohan conducts Townhall meetings on a quarterly basis after the completion of the Quarterly Board Meetings. It is a forum for the Senior Management Team to share milestones, discuss new plans, address key concerns and apprise employees of organisational goals. During FY 19-20, Arohan moved to a digital platform for its Townhall thus, enabling all Regional and Zonal employees to have an opportunity to connect live with the Senior Management Team while not only gaining access to the insights shared by the Managing Director but also address their concerns, if any.

Meet 5: With the objective of last mile connectivity, Arohan has developed a platform called Meet 5 which facilitates one to one sessions of the Senior Management Team with the field employees, helping them get aligned to the goals and values of the organisation. The platform gives the Senior Management Team the opportunity to engaging with the field employees and address their concerns, if any and encourage them to share their thoughts and ideas. The employees, in turn, gain from the exposure that helps instil a sense of belongingness in them. In FY 19-20, the entire Leadership Team connected individually with more than 300 junior team members across locations spanning microfinance and MSME businesses. Keeping up with the organisation's focus on digitalisation, which is the key to the future of the shifting macro environment, the forum has now been moved onto a virtual platform to ensure a higher engagement sphere, going forward.

HR Buddy Programme: Arohan has a well-executed HR Buddy Programme that continues to play a key role in mentoring new joinees especially at the field level. In FY 19-20, all the 711 branches of the organisation, across locations have successfully executed the programme with a designated HR Buddy amongst the branch employees, who is considered to be a one-point contact for any HR specific queries and information. Regular trainings and recognition programmes are conducted in scheduled periodicity at Zonal / Regional levels to empower, strengthen and recognise the HR Buddies.

Did You Know? Keeping the employees well-informed while developing their know-how of employee initiatives and benefits is a key practice of empowerment and connect

at Arohan. 'Did You Know?' is a monthly communication series published by the Corporate HR covering all employee centric policies, benefits, processes and initiatives in forms of mailers and posters, making employees aware of the same and ensure that the benefits are availed, and process & policies are adhered to across levels. In FY 19-20, this series evolved into a key medium for educating employees to help them through the transition to a 100% online attendance and leave module, that the organisation undertook.

REWARD & RECOGNITION

Service Length Recognition Programme: Arohan believes that every employee contributes to the organisation's growth story and thus, the organisation considers it a responsibility to recognize milestones in an employee's career as a foundational component, a stepping stone for moving towards a broader culture of recognition. The 'Service Length Recognition Programme', recognises all those employees who have 5 and 10 years of service with the organisation, as a special gesture to appreciate their efforts and performance. It recognises the vintage employees, who have contributed their efforts in our growth to acknowledge and give special attention to their actions, efforts, behaviour and performance; offered "after the fact." In a unique effort, the felicitation of these employees are done either at their residence among their family members comprising of their parents, spouse, children, siblings or during an organised team gathering at the official premises with a special invitation to their families, making them feel proud, boosting their morale and encouraging them for their journey ahead with the organisation.

Wall of Fame: Appreciation for good work is a fundamental human need, and as an industry leader, Arohan recognises its importance as one of the building blocks of a cohesive team. To this effect, the organisation recognises outstanding contribution of employees by presenting awards to those who epitomise company culture and values. Having an entire wall in each of the Zonal Offices dedicated to appreciation of employees, with their pictures and contributions, has not only proved to be a great way to brighten up the workspace and infuse positivity but also one of the best ways to recognise effort and instil a sense of familiarity and healthy competition. Arohan believes that when employees are valued and appropriately rewarded, they are motivated to walk the extra mile and continue to push the envelope.

FUN @ AROHAN

Fostering an environment of appreciation and celebration of personal and professional success is one of the contributing reasons that employees at Arohan look forward to come to work every day.

Learning with Employee Engagement Calendar: Arohan engages employees through Fun@Work, as a key mandate for employee bonding and wellness. This approach helps employees stay motivated, committed and satisfied with their workplace. To this effect, Arohan has developed and



strictly follows an Employee Engagement calendar with custom themes for representing months and phases through the year. This is executed through fun and engaging activities that also encourage learning, and mental and physical agility through annual competitions of games such as Cricket, Tennis, Chess, Carrom and other activities such as quiz, poetry, writing etc. adding to their personal development.

Birthday Celebrations: Celebrating the birth day of employees is a monthly event across locations that all look forward to.

Festive Activities: Arohan organises interesting team building activities to celebrate regional festivities across location. In FY 19-20, some engaging activities such as collage competition depicting the six core Values of Arohan was conducted drawing rave reviews. The organisation also celebrated Women Empowerment (Power of Shakti) in the form of skits, dance and bay decoration to welcome the festive season of Navratri. Arohan also supported local not-for-profit entities such as South Asian Forum for Environment to conduct in-house exhibition and fair of handmade recycled/ upcycled gift items made by children from the underserved communities during the festival of Diwali, with all the proceeds supporting the children. The employees also contributed actively to the annual 'Joy of Giving Week'.

KEY PEOPLE INITIATIVES

Diversity & Inclusion: As one of the leading financial inclusion players in the country with over 96% of its over 2.3 mn customers being women, Arohan strongly believes that for a sustainable future aligned to a key component of its Vision Statement of being among the most preferred places to work for, it is imperative to achieve Gender Balance, within the organisation. The Diversity Ratio in Arohan for the FY 19-20 stands at 6.27% with non-field representation being at 17.54%. The maximum infusion of talent has been facilitated at the Junior Management Group band for both field, as well as, non-field. In the FY 19-20, Arohan has grown its all-women branch count to 11, with special care and processes to ensure safety at workplace.

To further strengthen the objective and create an engaged and gender-balanced workforce across levels, Arohan launched several new initiatives in FY 19-20, as follows:

Guidelines for setting up an All-Women Branch: The objective of the set of guidelines is to provide a framework that will be a ready reckoner for the Regional and Zonal teams towards setting up an all-women branch while maintaining uniformity in terms of branch infrastructure, hiring and ensuring a safe and comfortable working environment.

Saheli: It is a helpline number exclusively for all women employees of Arohan across locations. Through this platform, a female employee can connect for HR related issues/ queries, such as safety & security, working conditions, office infrastructure, leaves, transfers and grievances related to physical abuse, harassment, whistle blowing or fraud, if any.

Child Care Leave: The objective of Child Care Leave is to support a female employee in her care for a minor child (less than 18 years of age) for various needs such as looking after, examination, sickness, etc.

Training Programmes: Arohan has conducted two Leadership Development Programmes focused on our women managers at the Middle Management Level.

#ArohanGenerationEquality: As a stepping stone to driving Equity and Equality at Workplace, Arohan conducted its first ever programme named as #ArohanGenerationEquality inviting eminent external speakers and thought leaders within the organisation to a forum sharing their views and way forward. This programme initiated the conversation on sensitizing the audience and participants about gender equity and some of the unconscious biases at workplace.

LEARNING & DEVELOPMENT

Arohan has developed its own unique Competency Framework in association with one of the world's leading HR consulting agency. Across each level right from Field Officer to the Senior Management in the organisation, there are training programmes, courses and self-development interventions which are developed and provided in line with the Competency Framework, helping the organisation in re-skilling and upskilling their employees, and remain competitive.

Induction Programmes: The Induction programmes for all the different levels of field staffs are targeted towards developing their functional competencies. In the FY 19-20 we have done 396 such programmes with an effectiveness score of 84%.

Knowledge Management: As a part of its knowledge management initiative, Arohan has introduced certification programme for all the its employees across field, as well as, enabling functions to help them upgrade their knowledge on the industry, policies and processes.

Corporate Training: Strengthening skill and behavioural competencies of employees in the support function, Arohan initiated the 'Corporate Training' programme. Conducted at regular intervals, this programme runs through the year. The intervention covered 90% of the support function employees across six Zonal Offices, as well as, the Head Office.

Area Managers' Boot Camp: In the previous financial year, Arohan had conceptualized a flagship yearly intervention to enhance the functional and skill-based competencies of its Area Managers (AM). In FY 19-20, the intervention was further developed to focus on building the 'People Leadership Skill', a key to ensuring effective field management. A total of 105 AMs have been trained through this intervention.

Digital Intervention of Training: Arohan has taken the lead to start customizing its learning strategy to match the requirement of the millennial workforce segment of the organisation. To this effect, the organisation developed in-house teach videos while instituting modules of micro

learning on soft skills and people management skills for all its employees across levels starting from the Assistant manager cadre. This Learning Management System will go live in FY 20-21.

TALENT MANAGEMENT & DEVELOPMENT

Hi Potential Talent Assessment Programme: In order to create a pool of successors for higher roles and identify and develop talent within the organisation, Arohan had launched a Talent Assessment Programme with external and internal assessors, in the previous financial year. In FY 19-20, the programme evolved with the aim to identify potential employees who could be part of the Arohan Talent Pool 2020. Designed based on eight unique mission critical competencies, the assessment helps identify the pool of high potential employees who then undergo an Individual Development Programme (IDP). The IDP is designed with the right mix of Experience, Exposure and Education. The identified set of employees are made to undergo a series of interventions consisting of Development Workshop, Coaching, Reverse Coaching, Role shadow and Micro Learning.

Abhyuday (Group Manager's Development Programme): The Aavishkaar Group, in response to the growing business need to nurture and develop the line managers across its group entities, launched 'Abhyuday' as a measure to build and grow the pipeline of future leaders. In FY 19-20, the programme covered 48 people managers of Arohan spanning the grade of Manager up to Senior General Manager level.

Leadership Development Programme: Arohan organized a leadership intervention programme for its leadership team, in association with Indian Institute of Management, Kolkata. A two-day intervention, the programme was facilitated by Prof. Vidyand Jha of IIM, Kolkata.

COHESIVE WORKSPACE

Arohan believes that the highly dynamic industry environment today demands organisation to setup a quality infrastructure for their employees, playing a key role in building an encouraging and positive workplace. To this effect, the organisation undertook focused infrastructure development activities across locations.

Facility Setup: Arohan acquired an additional space, an area of 5677 sq.ft in its existing Head Office premises for setting up of a centralized HUB centre and back-end office. The new facility seats 150 work stations and is designed to be a modern open spaced floor instead of the traditional cubicle style ones, with all amenities. Additionally, 5 new Regional Offices including MSME lending facility have also been set-up in Indore, Darbangha, Bhadrak, Kharagpur and Ghaziabad, while adding another 120 new branches which are mapped to these regions.

Swachh Arohan: Arohan strongly believes that a clean work environment is a healthy work environment, and the

organisation actively encourages its employees to give equal importance to making a positive workplace as they would do for their respective homes. To this effect, The Swachh Arohan Mission was launched as an ongoing campaign where rewards are given to branches that are 100% clean, well-maintained and secure.

Medical Insurance: In order to benefit its employees and ensure a sense of comfort and assurance, Arohan has extended its existing Medical Insurance benefits to cover the parents of those employees who are not covered under ESIC. A good employee benefits package additionally helps in attracting and retaining talent while creating a differentiator from its peers in the industry.

HR COMPLIANCE

With its focus on remaining 100% compliant with statutory guidelines related to employee activities, Arohan has partnered with Allsec Technologies Limited, a subsidiary of Qess Corp Limited. As on March 31, 2020, Arohan is 100% compliant with 16 Central and State Acts.

AROHAN CODE OF CONDUCT

Arohan has formulated The Arohan Code of Conduct and Disciplinary Rules for all its employees to ensure adherence to business conduct. The Arohan Code of Conduct plays a guiding role in uplifting the value system of the organization while encouraging appropriate behavioral practices and handling ethical dilemmas efficiently.



Boundless Possibilities

I stopped by a potter who amazed me with her imagination. The endless possibilities of her thought enabled her to give shape to innovation, every time.

How Arohan perceives technology has helped it shape its enabling landscape to one of the most advanced in the industry. With dynamic implementations and interventions, the end-to-end platform supports the organisation to stay ahead of the curve.



In its journey of digital transformation, Arohan has always strived to be a forerunner in the use of innovative technology and has continued to evolve over the years. These efforts have been recognised on multiple occasions in the industry and was further reinstated with the organisation being conferred with the "Most Digitally Advanced NBFC of the year 2019" award at India NBFC Summit Awards in FY 19-20. During the financial year, the Arohan has further evolved its technology platform into an indispensable tool for achieving and maintaining premier standards of customer service and efficiency.



The core systems for customer onboarding and loan management have been incrementally enhanced during FY 19-20, enabling the organisation to deploy various systems and business application for its allied and support functions. Continuous improvement in the existing systems and automating of related business processes, while optimizing operational costs have been one of the key agendas of the financial year.

DIGITALISATION OF PROCESSES

Arohan, through its focused initiatives to have digitalization support and optimise process efficiencies have, over the years, developed a state-of-the-art, all-encompassing technology enabled operational platform. Some of the key interventions, that were further built upon in FY 19-20, as the organisation is steadily aligning itself to one of the key focus areas of the Government of India in terms of digitalization, are as follows:

Customer Management Platform: Through continued efforts in leveraging the use of technology to strengthen one of the core values of the organisation, Customer Centricity, Arohan has taken momentous strides in the automation of processes.

♦ **Cashless disbursement** – Arohan took the lead to digitalise its disbursement process at the start of the announcement of demonetisation back in 2016. Over the years, the organisation has further streamlined the automation for cashless disbursement leading to the reduction of TAT for crediting of customer account with the loan amount. In its current stage, the process has further advanced with the realisation of credit to the customer account happening the same the day the file is approved by the system for disbursement. The entire transition has also enabled the system to conduct validations and ensure zero errors in customer account and credit details. Currently 100% of Arohan's disbursements are in cashless mode.

♦ **Cashless Collection** - FY 19-20 has seen considerable focus and interventions on Cashless Collections. Alluding to the CBDT Circular No. 32/2019 dated December 30, 2019, digital channels of payments, which are secure in nature, were provided to the customer. Aligned to its Cashless vision, even before the circular was issued, Arohan had taken steady steps towards providing the customers with an option to pay through the organisation's partnership with payments banks. Partnering with payments banks has enabled the customers to pay through their neighbourhood merchant stores while also allowing them to pay, for those willing to, during the period of lockdown effected due to the global pandemic.

♦ **Customer Relationship Management (CRM)** – Customer Centricity is one of the six core values of the organisation. As such it is the foundational guideline to all the customer-focused initiatives undertaken by Arohan. To this effect, Arohan's robust Customer Relationship Management (CRM) system continues to empower the team with access to online data. The completely cloud-based solution has also allowed the entire CRM team to seamlessly make inbound and outbound calls, and serve and guide the customers through the challenging external environment posed due to the pandemic, as the team worked from home. This ensured that the customers were served effectively, educated and informed of the preventive measures for the prevailing pandemic, while their grievances, if any, got resolved in a time-bound manner. The CRM system is integrated with Arohan's state-of-the-art core banking platform enabling exchange of information pertaining to customer's behaviour and history, during a call.

♦ **Assisted e-commerce mobile platform** - In FY 19-20, Arohan launched its own assisted e-commerce mobile platform called 'Apna Bazaar', that is used by all field employees to reach out to the customers allowing her to choose from a range of product and services. The platform enables the customers to purchase various financial and non-financial products in cash, as well as, credit. The application has seamless systems integration with partner entities and service providers ensuring quality and on-time delivery.

Human Resources Management System

Building further on its efforts, Arohan has adopted a robust and automated HR management system and completed its transition to align to the increasing scale and volume of operations. The organisation successfully implemented the Adrenalin ERP in the FY 19-20 and has also developed an in-house field tracking system for employees of Human Resources and Administration verticals allowing efficient field visits and interaction.

INFORMATION SYSTEMS– CONTROLS, EFFICIENCY & REPORTING

Sanjaya - During FY 19-20, Arohan launched a field monitoring and activity tracking tool named 'Sanjaya'. A mobile application, the tool makes field activities visible to supervisors and managers. This application also allows

supervisors and managers to record their observations during field visits and enables proactive addressing of issues for effective control. This tool helps regulate field activities, address customer issues on the ground and allows all such information to be escalated across reporting levels through interactive dashboards and reports.

Samadhan – Developed as an online support tool, in FY 19-20, the platform enables any employee to raise any issue related to operations, back-office or support functions. The tool has an appropriate cross-functional routing mechanism to ensure timely issue resolution. The tool, with in-built TAT and escalation mechanism, has ensured optimisation of efficiency across business and support functions.

Mobility - All of the thousands of Arohan's field employees are equipped with a mobile application to on-board customers through the Loan Origination System. The front-end is completely integrated with the Loan Management System while the core applications are seamless. This allows the flow of validated data from one system to the other without any manual interventions. This process has helped increase the efficiency of our branches and has completely eliminated the process of data-entry at the back office, thus reducing time and related costs.

Integrated Platform Approach - Arohan has deployed an integrated platform which allows homogenization of all the non-core applications with core applications and while also allowing effective sync with all third-party service providers such as insurance companies and inorganic business partners. This leads to a robust flow of validated data into the system. The conversion has helped superintend data quality at the source rather than at the end of the process, leading to significant and continuous improvement of control parameters and processes. Non-core applications such as tracking of loan documents from the branches to the storage facility, transition of the document processing unit into a Central Hub, Document Management System, Internal Audit Application, Human Resources Management System, Administration Inventory Management and the

IT Inventory Management have ensured that all information, core or non-core, are digitalised, improving operational efficiency while enabling access and timely monitoring.

During the course of the year, Arohan also deployed various data dashboards across all levels in the organisation. With a "mobile-first" approach, all the dashboards are accessible from mobile devices, as well as, laptops and desktops. The dashboards centre around key business and performance parameters essentially required for monitoring and control while also helping in taking informed, data-based decision.

COMPLIANCE & INFORMATION SECURITY

Arohan follows the guidelines on IT framework for NBFCs as defined in the RBI Master Circular, and has automated the process of reporting where applicable. Based on the guidelines in the RBI Master Circular, Arohan appointed

KPMG to conduct Vulnerability And Penetration Testing (VAPT). All the exceptions that were highlighted in the audit report were resolved within 3 months of the receipt of audit report.

Apart from the VAPT audit, the organisation's Information Technology department was audited twice in this financial year based on the parameters as defined in the Master Circular and has successfully retained the grade of "A".

E-WASTE MANAGEMENT

As technology becomes more and more integrated into every aspect of our lives, E-Waste is fast emerging as one of the biggest environmental threats. As a responsible corporate, Arohan has taken focused initiatives to dispose off e-wastes through one of the registered recyclers in Kolkata under the West Bengal Pollution Control Board, where the organisation is headquartered. Till now, a total of 500 kgs of e-waste has been disposed for recycling in an environment friendly manner.

Arohan continues to imagine and innovate in its journey of digital transformation while striving to remain industry-best, in an ever growing and challenging environment. In its constant endeavour to be the best-in-class, Arohan will continue to focus on increasing operational efficiency through technology that supports qualitative growth.



Song Of Hope

Having come so far, I finally heard the song of hope. As the nightingale sang long into the day, it reminded me that true beauty and worth is always found within.

Arohan, through its Corporate Social Responsibility initiatives, always seeks to find true service to community. Its various initiatives focused on empowering through social, sustainable and capacity building activities, lends assistance and hope to communities in their socio-economic journey of growth.



Arohan, through its operational expanse, operates in marginalized communities where access to quality healthcare, basic education, water and sanitation is inadequate. Through its social interventions, the organisation has worked in areas pertinent to social development, aligned to key government priorities, supporting and empowering women of underserved communities. As on March 31, 2020, the organisation has impacted 1,02, 893 lives through such activities.

SOCIAL INITIATIVES IN FY 19-20

Eco Sustainability – Arohan's journey on sustainability showcases a focused approach on integrating the triple bottom-line of People, Planet and Profit. In its efforts towards making safe drinking water and sanitation units accessible to the underserved communities, Arohan has launched various Integrated Water and Sanitation Plants across West Bengal, Assam, Uttar Pradesh and Odisha.

These units are self-sustainable with purification plant and dispensing unit (PU+OLAT) providing uninterrupted access to affordable safe drinking water. The sanitation units, on the other hand, are based on the Tiger Worm decompose mechanism that treats human waste using composting worms. The by-product that is generated out of the mechanism is safe and very useful as an organic manure for the agriculture sector. The initiative thus, successfully addresses the gaps in implementation and strategic management assuring efficacy. Till date, approximately 6,469 people have benefited from these interventions.

- ◆ Integrated Water Sanitation Unit is fully functional in Sonarpur and Purulia area of West Bengal and Hojai in Assam, in partnership with South Asian Forum for Environment (SAFE);

- ◆ 4 Drinking Water Units and 3 Tiger Worm Toilets have been set up Uttar Pradesh, Madhya Pradesh and Odisha, in partnership with Piramal Sarvajal and Oxfam India.

Women Empowerment & Education - Education is the premise of progress in every society and as Arohan works to better the lives of people through credit and credit plus services, it focuses on empowerment through Scholarship, Skill building, Model Anganwadis and building of school enterprises.

Till date, approximately 43,016 beneficiaries have been impacted.

- ◆ **Educational aid** - Supporting children of government-run primary schools in remote districts, Arohan made school bags available to 4,150 students.

- ◆ **Scholarship Programme** - Arohan believes that empowerment through education has the potential to uplift the socio-economic conditions of the community. To this effect, Arohan had launched 'Vidya', in the previous financial year, to encourage its customers to send their daughters to colleges for further studies and help them achieve higher education, facilitating educational opportunities. Till date,

Arohan has awarded scholarships to 365 girl children, for further studies, through this scholarship programme.

- ◆ **Learning Centres** - In its relentless pursuit of education for the girl child, Arohan also partnered with Samabhavana NGO, focused on child development, to set up Science Centres for two all-girls schools in Bhubaneswar, Odisha. The project aims to help students build an aptitude for STEM (Science, Technology, Engineering and Mathematics) learning, through fun and innovative methodologies, thus creating a stepping stone for the students to pursue a career in such fields.

- ◆ **Anganwadis** - Arohan is committed to enabling children of underserved communities with access to proper care and education. To this effect, Arohan adopted two 'Anganwadis' in Jharkhand and Bihar. The Anganwadis are developed as a play school and kindergarten where children can enjoy studying, as well as, playing. It is equipped with different pre-learning books in Hindi and English on subjects related to learning of rhymes, arts and mathematics. Till date, the initiative has benefitted 13,951 students, women and adolescents engaged through different programmes and community interventions.

Health and Well-being – A large share of Arohan's customers belong to communities where access to basic healthcare is inadequate. To address this gap, Arohan organises free health and awareness camps providing access to medical and basic diagnostic services for women of such communities. Till date, 12,530 beneficiaries have been impacted through health camps providing free general and eye check-up.

Disaster Relief - Natural calamities such flood and landslides are common in the geographies that Arohan operates in. As such, it has been a consistent effort on Arohan's behalf to reach out to and support its customers when any natural calamity strikes. Relief materials in the form of dry food, infant supplies and emergency kits are made available on an almost immediate manner with the help of field employees. Till date, Arohan has provided disaster relief materials to 25,424 customers in times of floods in Assam, Bihar and West Bengal and to support customers impacted due to the severe cyclone Fani in Odisha.

Measures to fight COVID-19 – Towards the closing of the FY, with the global pandemic gaining impact, the whole nation entered a lockdown. Arohan addressed the crisis by reaching out to communities who most needed its support.

Rising to the occasion, Arohan, through its Corporate Social Responsibility department responded by making food packets available to over 706 street-dwelling children and families. The organisation partnered with Notun Jibon and Calcutta Rescue, both of which are NGOs working for the upliftment of the ultra-poor in Kolkata and around. Through its partnership with Notun Jibon, a total of 410 street children benefitted with ration kits including rice, potato, red lentil (masoor dal) and mustard oil. The ration provided served 18,350 meals. With Calcutta Rescue, a total of 296

daily wagers were provided with ration kits including rice, flour, potato, pulses and cooking oil.

Employee Volunteering - Arohan acknowledges that employees seek a sense of purpose and a way of giving back to the community. To address this, Arohan encourages employees to volunteer their time and skills to social upliftment initiatives. Arohan recognizes that participating in these activities not only enriches but also inspires the lives of our employees for whom this can be a great learning experience. In FY 19-20, Arohan clocked 2500 volunteering hours dedicated to such activities. Employees also participated in reaching out to communities through thematic projects, contributing to world celebration days, disaster relief, cloth donation and imparting financial literacy. Arohan also organised a Blood Donation Camp in its Corporate Office, in association with Life Care Blood Bank in the month of December, 2020. Over 35 units of blood were actively donated by the employees.

Financial Literacy Programme – Arohan has conducted extensive financial literacy programmes for its customers across locations. The objective of the programme was to empower customers by sensitizing them about the importance of savings, insurance, banking and government schemes, while also making them aware of the importance of credit discipline and the negative impacts of non-repayment on future loan eligibility. Over 11,000 customers benefitted from the programme in FY 19-20.

GREEN INITIATIVE

With its diversified and innovative range of products and services, Arohan tirelessly works towards on-boarding customers onto a formal banking platform while ensuring a future that grows with success and life. To this effect, Arohan has initiated a 'Green' drive for its customers in the form of gifting plant saplings.

Aligned to this intent, regions all across Arohan have taken the pledge to evolve the regional office into a green zone. In the span of the next two years, Arohan will be serving nearly 1 lakh+ customers and gifting them fruit-bearing plants such as banana, guava, jackfruit etc. These plants, once grown, will serve as an additional mode of livelihood for our customers.

IMPACT ASSESSMENT

Arohan, under its corporate social responsibility in FY 19-20, operated with a focus to accomplish its vision on social interventions to touch over 1,00,000 lives. To this effect, it was pertinent to measure the impact of the social initiatives that Arohan extends towards empowering members of the communities it operates in, and align the priorities and needs of the community to the planned intervention.

To address this, Arohan has initiated a methodology to conduct Need Assessments and site visits to understand the project requirement and impact while involving the local inhabitants and taking their inputs. 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.

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 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 2019-20.



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, 2020.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial performance of the Company is summarized below:
(INR in Cr)

Year ended March 31	2020	2019	Change (%)
Total Revenue	938.37	655.24	43.21%
Less: Total expenditure	770.78	478.10	61.22%
Profit Before Tax	167.59	177.14	-5.39%
Total Comprehensive Income	135.11	124.94	8.14%
Earnings Per Share (EPS)			
-Basic (in INR)	12.07	14.05	-14.09%
-Diluted (in INR)	12.05	14.02	-14.05%

The operational highlights of the Company are summarized below:

Year ended March 31,	2020	2019	Change (%)
Number of branches	711	593	19.90%
Number of customer (in million)	2.3	1.9	23.65%
Number of employees	6,272	4,765	31.62%
Gross loan portfolio (in crores)	4,854	4,045	20.00%

The major performance ratios such as Opex, Margin, ROA, and CRAR were under control and optimum. The overall branch grading decreased marginally from 68 to 67 under old branch grading methodology. The overall organizational risk grade was at beta and the company's score has decreased marginally to 62 from 64 last year. The ALM and Liquidity risk were under control. Arohan has strong liquidity position with INR 689 cr as usable funds including sanctions in hand, cash and cash reserves to support net loan disbursement and debt repayment. The Capital Adequacy Ratio was well within the limit as specified by the RBI and marginally increased to 24.80% from 23.60% last year. The branches under operation were 711 branches, including 10 MSME lending branches with 25 regional offices. Arohan introduced a separate Internal Control and Quality Vertical, as an additional line of defense which played a significant role in sourcing better quality loans. The overall AUM, as on March 31, 2020, is reported at INR 4854 Cr with a Net NPA at 0%. The company's Internal Audit department was awarded the ISO 9001-2015 certification testifying Arohan's commitment to excellence in quality management functions. The focus of the company would be safeguarding the employees as well

as customers through awareness, while ensuring smooth business operations. The cross-sell segment has done well as compared to the last year, and the performance was slightly over the budget. In the MSME segment, the PAR 90 number was at 6.02% in March, 2020. The revenue has grown by 43% y-o-y to INR 938 Cr. The interest income grew by 47% and fee income by 27%. Higher opening on-book portfolio has resulted in higher interest income, up-fronting of income due to higher assignment deal has resulted in higher other income. Total Comprehensive Income (equivalent to profit after tax) in IND-AS has increased by 8% and the Net Worth has increased due to infusion of INR 130 Cr and higher retained earnings and lower applicable tax rates.

As a major achievement, Arohan has been certified as a Great Places to Work by the Great Place To Work® Institute and has ranked 86th among the 100 Best Companies to Work for in India 2020 and has been identified in the list of top 25 best work places in the BFSI sector. Other awards and recognition received by Arohan are the Most Digitally Advanced NBFC, 2019, by India NBFC Forum and Institute for Competitiveness Strategy Award by Times Network, 2019.

CHANGE IN THE NATURE OF BUSINESS

The Company during the year decided to hive off its MSME business undertaking as a going concern basis to Jain Sons Finlease Limited (IntelleGrow) on a slump sale basis for a lump sum purchase consideration without assigning value to each asset and liability of the Business, as contemplated under the provisions of Section 50B read with Section 2(42C) of the Income Tax Act 1961, on the terms and conditions set out hereunder. Since the transaction value with IntelleGrow, a related party of the Company, exceeded ten percent of the net worth of the Company, the same was approved by the Shareholders of the Company at their meeting dated March 19, 2020 as per Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014. Though the deal did not materialise due to the ongoing pandemic and the MSME segment will continue to be part of the Company's business for this next Financial Year 2020-21.

CAPITAL INFUSION

During the year, the Company has preferentially allotted 41,17,647 Equity Shares to Intellectual Capital Advisory Services Private Limited and 35,29,411 Equity Shares to Aavishkaar Venture Management Services Private Limited on a private placement basis, both being the promoter entity of the Company.

Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up share capital of the Company stands at INR 1,10,32,09,740 (Rupees One Hundred and Ten Crores Thirty Two Lakhs Nine Thousand Seven Hundred and Forty Only) comprising of 11,03,20,974 (Eleven Crores Three Lakh Twenty Thousand Nine Hundred and Seventy Four Only) Equity Shares of INR 10 each as on March 31, 2020. The net worth of the Company as on March 31, 2020 was INR 962.63 Cr. During the year, the Company has not raised capital in

any other manner.

During the year, the Company has issued 25,00,000 Unsecured, Subordinated, Rated, Listed, Redeemable, Non-convertible Debentures at a coupon rate of 12.85% p.a. of face value of INR 10 each, aggregating to INR 25,00,00,000 on a private placement basis.

Further, during the year, the Company has redeemed the following Debentures:

- ◆ 14.30% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 10,00,000 each aggregating up to INR 26,00,00,000 (260 Debentures) on April 26, 2019;
- ◆ 11.49% Unsecured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 10,00,000 each aggregating up to INR 35,00,00,000 (350 Debentures) on December 27, 2019;

DIVIDEND

The Board of Directors of your Company, after considering holistically the relevant circumstances has decided that it would be prudent, not to recommend any Dividend for the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Piyush Goenka (DIN 02117859) and Mr. Wilhelmus Martinus Maria Van Der Beek (DIN 02142559) both being Nominee Directors 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 both the directors under section 164 (2) of the Companies Act, 2013 had been received stating they were not disqualified from being appointed as the Director.

Mr. David Arturo Paradiso (DIN 08181832) was appointed as an Alternate Director to Mr. Kasper Svarrer (DIN 07252475), Nominee Director of Maj Invest Financial Inclusion Fund II K/S on January 24, 2019. After Mr. Svarrer's return back to India, Mr. David Arturo Paradiso automatically vacated the office of Alternate Director as per the provision of Section 161 of the Companies Act, 2013.

Pursuant to Section 47 of the SIDBI Amendment Act, 2000 and Section 161 (3) of the Companies Act, 2013 read with Rule 8, 9 and 14 of the Companies (Appointment and Qualification of Directors) Rules 2014 and other applicable provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Shree Ram Meena, holding DIN: 08452187 representative of SIDBI was appointed as a Nominee Director on the Board of the Company replacing Mr. Prakash Kumar, Chief General Manager, SIDBI.

Based on the recommendations of the Nomination and Remuneration Committee (NRC) and pursuant to the performance evaluation of Mr. Rajat Mohan Nag (DIN 07083831) as a member of the Board, the Board proposed and the members approved to re-appoint Mr. Nag as an Independent Director of the Company, not liable to retire

by rotation, to hold the office for a second consecutive term effective from January 31, 2020 for a period of five years.

The Board collectively was of the opinion that Mr. Nag brings forth a high level of integrity, expertise and experience with himself to the panel of the Independent Directors of the Company. Mr. Nag's proficiency of being an Independent Director has also been ascertained from the online proficiency self-assessment test conducted by the India Institute of Corporate Affairs.

During the year, Mr. Manoj Kumar Nambiar, Managing Director, Mr. Milind Ramchandra Nare, Chief Financial Officer, Mr. Ranjan Das, Chief Risk Officer and Mr. Anirudh Singh Thakur, Company Secretary are the Key Managerial ("KMP") of the Company.

Mr. Ranjan Das was appointed as the Chief Risk Officer (CRO) of the Company with effect from March 1, 2020 as approved by the Board on the recommendation of the NRC.

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, 2020, 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, 2020 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;



d) The Directors have prepared the annual accounts on a 'going concern' basis;

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2020, the Board consists of 12 members, which includes one Executive Director, two non-Executive Directors, four Independent Directors, and five 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;

(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) Remuneration to executive directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

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

AUDITORS

(i) Statutory Auditors – M/s Walker Chandio & Co LLP, (Firm Registration Number –001076N/N500013), Chartered Accountants were re-appointed as statutory auditors of

the Company in the Annual General Meeting held on May 15, 2018 for a term up to five years, i.e. till the FY 2022-23. They have confirmed their eligibility under section 141 of the Companies Act, 2013 to carry out the audit for the FY 19-20.

(ii) Secretarial Auditors – M/s. Jayshri Tulsyan & Associates, Practising Company Secretary (Certificate of Practice No. 8096) were appointed as Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2019-20 as required under Section 204 of the Companies Act, 2013 and the rule made thereunder. The Secretarial Audit Report for FY 19-20 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. The Company however by itself has filed three applications before the Kolkata bench of Hon'ble NCLT being a financial creditor. Amongst the three applications, one has been disposed off by signing the Terms of Settlement and the remaining two were also disposed off by the order of Hon'ble NCLT and are currently placed before the Committee of Creditors (CoC) for an adequate resolution plan.

The Company has also participated as a financial creditor by filing Form C- Proof of Claim against its three financial debtors. Amongst the three, one has been settled by payment, one is placed before the CoC for final approval of resolution plan and another one is placed at the stage of Admission of Claim by Insolvency Resolution Professional (IRP).

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 19-20 are disclosed in note of the financial statements.

The policy on Related Party Transaction, as approved by the Board, is displayed on the website of the Company <https://www.arohan.in/resources/2019-08-23-14-30-20-Related%20Party%20Transaction%20Policy.pdf>.

AMOUNT TRANSFERRED TO STATUTORY RESERVES

During the year the Company has transferred an amount of INR 25.36 crores 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, 2020 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 0.05 crores. 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 June 26, 2020 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 June 26, 2020.

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 organisation. 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 Skill Development & Education, Eco- Sustainability, Women Welfare & Awareness and Natural Disaster Relief. 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 II** 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) and customers 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. The Company has also formed Local Complaints Committee in all the states of its operations

During the financial year 3 cases were reported and all were effectively closed.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate 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 24.80% as on March 31, 2020.

The Company has an outstanding on secured and unsecured borrowings of INR 4,193.11 crores at the end of Financial Year 2019-20.

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.

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 III** 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 IV**.

EMPLOYEE STOCK OPTION PLAN (ESOP)

Stock Options are granted to eligible employees and KMPs of the Company, under the Arohan ESOP 2018- Grant 2019 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 2018 (Grant 2018)		Arohan ESOP 2018 (Grant 2019)		Arohan ESOP 2017	
	Name of Employee	Options granted	Name of Employee	Options granted	Name of Employee	Options granted
a. Options granted		7,69,528		5,97,264		2,29,280
b. Options vested		7,69,528		5,97,264		2,29,280
c. Options exercised		Nil		Nil		30,000
d. The total number of shares arising as a result of exercise of options		Nil		Nil		Nil
e. Options lapsed		35,250		54,000		24,000
f. The exercise price		INR 162.80/-		INR 130/-		INR 84.70/-
g. Variation of terms of options		No		No		No
h. Money realized by exercise of options		Nil		Nil		INR 25,41,000
i. Total number of options in force		7,34,278		5,43,264		1,75,280
j. Employee wise details of options granted to:						
a) Key Managerial Personnel		3,23,808		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						
	Shirish Chandra Panda	46,530	Shailesh Kumar	44,800	Harshavardan Patnaik	17,280
	Harshvardhan Patnaik	33,840	Shrish Chandra Panda	49,800	Shraddha Srimal	30,000
	Abin Mukhopadhyay	36,000	Harshavardan Patnaik	34,560	Anant Jayant Natu*	24,000
	Prashant Rai	29,700	Abin Mukhopadhyay	32,400	Abin Mukhopadhyay	24,000
	Shailesh Kumar	36,000	Joji Jacob	36,000	Prashant Rai	30,000
			Joyanta Bakali	30,000	Joyanta Bakali	30,000
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

*Note: Options lapsed

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92 (3) of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2020 in form MGT 9 has been annexed as **Annexure V** to the Directors' Report.

ACKNOWLEDGEMENT:

Your Directors express their sincere appreciation of the co-operation and assistance received from customers, Reserve Bank of India, MFIN, Sa-Dhan, Shareholders, Bankers, Stock Exchange, IRDAI 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 successful 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

ANURAG AGRAWAL

MANOJ KUMAR

NARAYAN NAMBIAR

DIN 02385780

DIN 03172919

Dated: June 26, 2020



Annexure I
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

AROHAN FINANCIAL SERVICES LIMITED

PTI Building, 4th Floor,
DP-9, Sector-5, Salt Lake
Kolkata – 700091, West Bengal
CIN: U74140WB1991PLC053189

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 (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 Company's Books and Papers, Minutes books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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 and Papers, Minute Books, Forms and Returns filed and other records maintained by Arohan Financial Services Limited for the financial year ended on 31st March, 2020 to the extent applicable:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under - Not Applicable during the year under review.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) 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 year under review.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992: - Not Applicable during the year under review.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:

(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 (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - Not Applicable during the year under review.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - Not Applicable during the year under review.

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: - Not Applicable during the year under review.

We further report that after considering the Compliance system prevailing in the Company and after verification of relevant records and documents 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:

1. The Reserve Bank of India Act, 1934.
2. 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:

1. 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.

2. 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.

3. 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, 2020:-

- ◆ Issued & allotted 76,47,058 nos. (Seventy Six Lacs Forty Seven Thousand and Fifty Eight) of equity shares of the Company through Private Placement at INR 10/- at a premium of INR 160/- each on 27.09.2019

- ◆ Issued & allotted 2,50,00,000 nos. (Two Crores Fifty Lacs) of Non Convertible Debenture through Private Placement at INR 10/- on 25.10.2019

◆ **The Company has redeemed the following Debentures:**

1. 14.30% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 10,00,000 each aggregating up to INR 26,00,00,000 (260 Debentures) on April 26, 2019;

2. 11.49% Unsecured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 10,00,000 each aggregating up to INR 35,00,00,000 (350 Debentures) on December 27, 2019;

- ◆ Re-appointed Mr. Rajat Mohan Nag as Independent Director of the Company for 5 years with effect from January 31, 2020.

- ◆ There was change in composition of Board of directors of the Company in compliance with the requirement of RBI and other statute.

- ◆ 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 and as reported to us that these type of cases are inevitable depending on the nature and volume of the business and further it was made us understand that necessary actions are taken by the Management of the Company as and when required.

Date: June 26, 2020
Place: Kolkata

Annexure II

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

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 toward 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 marginalised 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 marginalised 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.

The CSR Policy is disclosed on our website in the link below: <https://arohan.in/resources/2020-07-03-10-28-47-CSR%20Policy.pdf>

The disclosure of the contents of the CSR Policy pursuant to Section 134(3)(o) of the Companies Act 2013 and Rule 9 of SI No Activity and Sector Area Amount Outlay

For Jayshri Tulsyan & Associates
Company Secretaries

Jayshri Tulsyan

(Proprietor)

M. No. - 7725

C.O.P. No. – 8096

UDIN:F007725B000468306



Sl. No.	Particulars	Remarks
1	The composition of the CSR Committee	1. Mr. Sumantra Banerjee- Independent Director (Chairman)
		2. Mr. Wilhemus Marthinus Maria Van Der Beek – Director
		3. Mr. Anurag Agrawal- Director
		4. Mr. Manoj Kumar Narayan Nambiar- Managing Director
		5. Mr. Prashant Rai- Management Coordinator
2	Average net profit of the company for last three financial years (16-17, 17-18, 18-19)	INR 79,88,03,346
3	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	INR 1,59,76,067
4	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year	INR 1,59,76,067
	(b) Amount unspent, if any	Nil
	(c) Manner in which the amount spent during the financial year is detailed below	Table below
5	In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Not Applicable

Sl No	Activity and beneficiaries	Sector	Area	Amount Outlay (in INR)	Amount spent on the Projects or Programme Sub Heads: (1) Direct Expenditure (2) Overheads (in INR)	Cumulative expenditure up to the reporting period (in INR)	Amount Spent Direct or through Implementing Agency
1	Initiated 4 Water and Sanitation projects with Piramal Sarvajal in co-partnership with Oxfam in 3 of the projects	Eco-Sustainability	2 in UP, 1 in Odisha and 1 in MP	54,68,644	54,68,644	54,68,644	Piramal Sarvajal and Oxfam India
2	Provided ration kits and blankets to Arohan's customers post disaster	Disaster Relief	Odisha, Assam, Bihar and WB	73,77,850	73,77,850	73,77,850	Directly in Assam and WB, Gram Uthan in Odisha and Bihar Voluntary Health Association in Bihar
3	Conducted 20 Health camps at Arohan's branches	Women Health and Empowerment	Odisha, Assam, WB and MP	9,41,635	9,41,635	9,41,635	Odisha Voluntary Health Association in Odisha, Satarupa Samjik Samiti in Assam, Bondhu Ek Asha in WB and MFIN in MP
4	Provided school aids to students in Government schools, Scholarship to girl students of Arohan's customers and initiated Mini Science Center	Education	Assam, Bihar and Odisha	11,11,804	11,11,804	11,11,804	Directly in Assam and Bihar and Sambhavana NGO in Odisha

5	Distribution of dry ration kits to marginalized families	Covid-19	West Bengal	2,48,687	2,48,687	2,48,687	Calcutta Rescue and Notun Jibon
6	Employee Volunteering Initiatives	Participation of employees during CSR activities, NGO visits, activities at HO and across regions, and contribution made by employees		29,129	29,129	29,129	Directly
Subtotal (1)				1,51,77,749	1,51,77,749	1,51,77,749	
Overheads for various CSR initiatives (2)					7,98,318	7,98,318	
Total CSR Spend (1+2)					1,59,76,067	1,59,76,067	

The implementing and monitoring of the CSR Policy is in compliance with the CSR objective and policy of the Company.

Manoj Kumar Narayan Nambiar
Managing Director
DIN- 03172919

Sumantra Banerjee
Chairman, CSR Committee
DIN- 00075243

Annexure III

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	74.63 : 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	26.08%
		CFO	26.48%
		CS	26.57%
		CRO	100.00% (*)
		(*) 100% percentage increase in Chief Risk Officer is due to his appointment w.e.f. March 1, 2020	
3	The percentage increase in the median remuneration of employees in the financial year	10.75%	
4	The number of permanent employees on the rolls of the Company	6,272 employees as on March 31, 2020	
5	The explanation on the relationship between average increase in remuneration and company performance	The Company made a growth of 8.14% in its Net Profit and increased the remuneration of its employees by an average of 12.89% based on the recommendation of the NRC Committee of the Board.	
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The Company's revenue and Net Profit has grown by 43.21% and 8.14% respectively in FY 2019-20 in comparison to FY 2018-19. The average increase in remuneration of KMP in the FY 2019-20 was 44.78%.	
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, 2020, the Company's equity shares were not listed. The Company's net worth has increased from INR 697.16 Cr as on March 31, 2019 to INR 962.63 Cr as on March 31, 2020 – an increase by 38.08%.	



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 12.89% and the average increase in the managerial remuneration was 44.78%
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The Company's revenue and Net Profit has grown by 43% and 8.14% respectively in FY 2019-20 in comparison to FY 2018-19. The average increase in remuneration of KMP in the FY 2019-20 was 44.78%.
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) 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
Mr. Milind Ramchandra Nare- Chief Financial Officer

S I . No	Particulars	Details	Details
1	Designation	Managing Director	Chief Financial Officer
2	Remuneration received	INR 176.32 Lakhs	INR 103.78 Lakhs
3	Nature of employment, whether contractual or otherwise	Permanent	Permanent
4	Qualification and Experience	Manoj holds a Bachelor's degree in Mechanical Engineering from the University of Bombay and a Master's degree in Management Studies from University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, US and a "Strategy meets leadership" course from INSEAD, France. Post completion of his management studies in the year 1988, he has worked with various companies in the fields of marketing, consumer finance, retail banking and microfinance across India and the Middle East. Prior to joining our Company, he has worked with Modi Xerox Limited, GE Countrywide, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Group, Ahli Bank and then with IntelleCash. He has been a member of the Governing Board of MFIN from 2013 and its President in 2015-16. He is currently the Vice-Chair of the Group Executive Council at Aavishkaar Group, and the Chairman of the Governing Board of MFIN.	Milind holds a masters & diploma in Financial Management and also in Computer Applications. He is a finance professional with over two decades of experience spanning the entire gamut of finance. His previous work experience includes years at Global Trade Finance (P) Limited, The Bombay Dyeing & Manufacturing Company Ltd, Associated Capsules, L & T Capital Ltd & Savant & Co. He brings expertise in Strategic planning, Treasury Management, Resource mobilization, FOREX management, Audit & taxation, Regulatory Compliance, Information system control & MIS.
5	Date of commencement of employment	September 28, 2012	May 9, 2016
6	Age	54	48
7	The last employment held	MD & CEO of IntelleCash Microfinance Network Company (P) Limited	CFO of India Factoring & Financial Services (P) Limited
8	% of equity shares held	NIL	0.01

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 lakh 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 IV

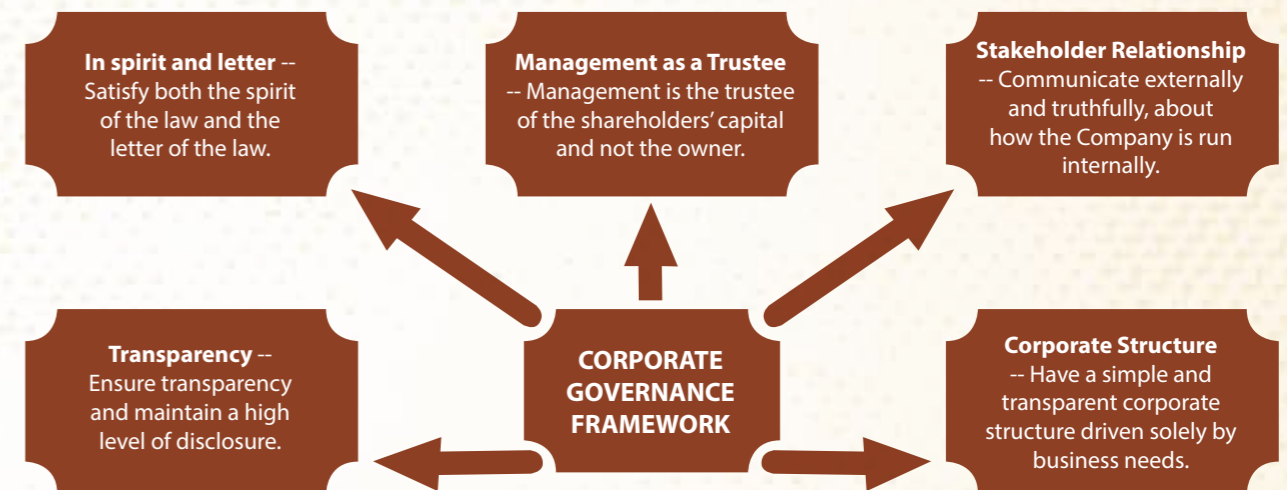
CORPORATE GOVERNANCE REPORT

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. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the 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:

Governance Level	Broad Responsibility	Responsible
Level 1	Strategic Supervision	Board of Directors
Level 2	Strategic Management	Executive Management Committee
Level 3	Executive Management	Heads of Departments

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 a 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 functions either as a full Board or through various committees constituted to over-see specific operational areas. As on March 31, 2020, the Company's Board comprised of twelve (12) Directors including, four (4) Independent Directors (out of which includes one (1) Women Independent Director).

During the year under review, the Board met seven (7) times on May 15, 2019, August 14, 2019, September 12, 2019, November 14, 2019, February 12, 2020, March 13, 2020 and March 30, 2020. 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 19-20	No. of meetings attended (including through electronic mode in FY 19-20)	Whether attended last AGM	No. of other Directorship held in other public companies	No. of other Board Committee Memberships	No. of Chairmanship of other Board Committee's
1	Mr. Manoj Kumar Nambiar	Managing Director	7	7	Yes	0	4	3
2	Mr. Anurag Agrawal	Director	7	6	No	1	5	0
3	Mr. Vineet Chandra Rai	Director	7	6	No	1	3	0
4	Mr. Dinesh Kumar Mittal	Independent Director	7	7	No	9	0	0
5	Mr. Sumantra Banerjee	Independent Director	7	6	Yes	3	3	2
6	Mr. Rajat Mohan Nag	Independent Director	7	6	Yes	0	1	2
7	Ms. Matangi Gowrishankar	Independent Director	7	7	No	3	2	2
8	Mr. Piyush Goenka	Nominee Director	7	7	No	3	6	0
9	Mr. Kasper Svarrer	Nominee Director	7	2	No	0	0	0
10	Mr. Wilhelmus Martinus Maria Van Der Beek	Nominee Director	7	5	No	0	2	0
11	Mr. Paul Gratien Robine	Nominee Director	7	2	No	0	0	0
12	Shri Ram Meena	Nominee Director	7	6	No	2	0	0

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

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

Committee of the Board- Composition as on March 31, 2020.

1. Audit Committee

The Audit Committee assists the Board in dissemination of financial information and in overseeing the financial and accounting processes in the Company. 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
- Mr. Anurag Agrawal, Member

As on March 31, 2020 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director, all of whom are financially literate and have relevant finance exposure. The Managing Director, the Chief Financial Officer, the VP & 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 AVP- Heads of Accounts are the permanent 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 five (5) times during the year on May 15, 2019, August 13, 2019, November 13, 2019, February 11, 2020 and March 13, 2020. 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	5	5
Mr. Sumantra Banerjee	Independent Director	5	4
Ms. Matangi Gowrishankar	Independent Director	5	4
Mr. Piyush Goenka	Nominee Director	5	5
Mr. Anurag Agrawal	Director	5	5

The Chief Financial Officer, who is responsible for the finance function, the Head of Internal Audit and the representative of the Statutory Auditors, are regularly invited to attend meetings of the Audit Committee.

2. Risk Management Committee

Periodic assessment to identify the risk areas are carried out and management is briefed on the risks in advance 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 Board is periodically informed of the business risk and actions taken to manage them. The company has 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, 2020 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 May 15, 2019, August 14, 2019, November 14, 2019 and February 12, 2020.

Attendance of Directors:

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

3. Corporate Social Responsibility Committee

Corporate Social Responsibility Committee monitors the overall CSR Activities of the Company. It provides guidance on various areas where CSR activities can be carried out. 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, 2020 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 May 14, 2019 and November 13, 2019.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Sumantra Banerjee	Independent Director	2	1
Mr. Anurag Agrawal	Director	2	1
Mr. Manoj Kumar Narayan Nambiar	Managing Director	2	2
Mr. Wilhelmus Marthinus Maria Van Der Bek	Nominee Director	2	0

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board is responsible for ensuring that the directors appointed would have appropriate skills to support the functioning of the company. The Committee 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, 2020 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 four (4) times during the year on May 15, 2019, August 14, 2019, November 14, 2019 and February 12, 2020.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Ms. Matangi Gowrishankar	Independent Director	4	4
Mr. Sumantra Banerjee	Independent Director	4	3
Mr. Rajat Mohan Nag	Independent Director	4	4
Mr. Piyush Goenka	Nominee Director	4	4
Mr. Vineet Chandra Rai	Director	4	3

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, 2020 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 meet two (2) times during the year on September 27, 2019 and October 25, 2019.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	2	2
Mr. Anurag Agrawal	Director	2	1
Mr. Vineet Chandra Rai	Director	2	0
Mr. Piyush Goenka	Nominee Director	2	2

6. IT Strategy Committee

NBFCs are required to form an IT Strategy Committee. The chairman of the committee shall be an Independent Director and CFO should be a part of the committee. The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings. The Committee shall work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend

the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

Composition:

- ◆ Mr. 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 Four (4) times during the year on May 14, 2019, August 5, 2019, November 13, 2019 and February 11, 2020.

Attendance of Director & Head of IT:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Nambiar	Managing Director	4	4
Mr. Sumantra Banerjee	Independent Director	4	3
Mr. Arvind Murarka	Head- IT	4	4
Mr. Piyush Goenka	Nominee Director	4	1

General Body Meetings

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

Financial Year	Category	Location	Date	Time
2018-2019	AGM	Registered Office	August 5, 2019	11:00 AM
2017-2018	AGM	Registered Office	May 15, 2018	2:00 PM
2016-2017	AGM	Novotel, CF 11 Action Area 1C Newtown, Rajarhat, Kolkata-700156	August 29, 2017	5:00 PM

Three (3) Extra Ordinary General Meeting of the Company was held on September 25, 2019, February 12, 2020 and March 19, 2020.

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

FY 2016-17:

1. Issue of Non-Convertible Debentures
2. Approval of Arohan ESOP Plan- 2017



3. Increase in the Borrowing Power and Creation of Charge.

FY 2017-18:

1. Approval for the change in the status of the company to a Public Company
2. Adoption of new / revised set of Articles of Association of the Company for compliance of conversion into Public company and Compliance with the listing requirements of the Stock Exchanges.
3. Approval of the Initial Public Offer and the Issuance of Equity Shares in the Initial Public Offer.
4. Increase the Investment Limits for Foreign Portfolio Investors (FPIs)
5. Approval of the amendment in the "Arohan Employee Stock Option Plan 2010 as amended in 2017" ("ESOP 2010"/"Plan")
6. Approval of 'Arohan Employee Stock Option Plan 2018'
7. Increase borrowing power of the Company.
8. Creation of charge and providing security.
9. Issue of Non- Convertible Debentures.
10. Payment to Independent Directors.

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

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 sixteen geographies at present, Assam, Bihar, Chattisgarh, Jharkhand,

West Bengal, Odisha, Meghalaya, Manipur, Uttar Pradesh, Madhya Pradesh, Tripura, Haryana, Rajasthan, Maharashtra, Karnataka and Telengana.

CIN: U74140WB1991PLC053189.
RBI registration no.: B.05.02932
IRDA registration no.: CA0402

Annual General Meeting Date, Time and Venue:

Date: August 3, 2020

Time: 11:30 AM

Venue: Registered Office of the Company through video conferencing

Financial Year: April 1, 2019 to March 31, 2020

Book closure date: July 30, 2020 to August 2, 2020 (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
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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
59C, Chowringhee Road, 3rd Floor,
Kolkata- 700020 Ph: 033 2289 0539,

Mail: 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	6693	66,930	0.01	6	15.78
5,000 to 10,000	43,825	4,38,250	0.04	5	13.16
Above 10,000	110,270,456	11,02,704,560	99.95	27	71.06

Dematerialization of shares and liquidity:
Percentage of shares held in physical form: 0.38
Electronic form with NSDL: 96.85
Electronic form with CDSL: 2.77

Address for correspondence

Shareholders/Investors may write to the Company Secretary at the following address:
The Company Secretary
PTI Building, 4th Floor, DP Block, DP-9, Sector-5, Salt Lake, Kolkata-700091
Email: compliance@arohan.in
Ph: 033 40156000

Means of Communication with other stakeholders

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

The half yearly financial results of the company are published in the leading newspapers viz. The Financial Express.

Annexure V

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

i	CIN	U74140WB1991PLC053189
ii	Registration Date	27-09-1991
iii	Name of the Company	Arohan Financial Services Limited
iv	Category/Sub-category of the Company	NBFC- MFI
v	"Address of the Registered office & contact details"	PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake, Kolkata-700091 Ph no- 03340156000
vi	Whether listed company	Unlisted (Debentures are listed in WDM segment of BSE)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited, Vaishno Chambers, 5th Floor, Flat Nos. 502 & 503, 6 Brabourne Road, Kolkata- 700001 T: 033 4004 9728, Email: kolkata@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the company
1	NBFC- MFI	64990	100%

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD"	APPLICABLE SECTION
1	Not Applicable				


IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	25453879	0	25453879	24.79	40283540	0	40283540	36.51	11.72
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL:(A) (1)	25453879	0	25453879	24.79	40283540	0	40283540	36.51	11.72
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	25453879	0	25453879	24.79	40283540	0	40283540	36.51	11.72
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	60573797	0	60573797	59.00	60573797	0	60573797	54.91	-4.09
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	60573797	0	60573797	59.00	60573797	0	60573797	54.91	-4.09

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	7182603	0	7182603	7.00	0	0	0	0.00	-7.00
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	48184	2334	50518	0.05	48184	2334	50518	0.05	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	4181891	395724	4577615	4.45	3504863	395724	3900587	3.54	-0.91
c) Others (specify)									
Michael & Susan Dell Foundation	3270980	0	3270980	3.19	3270980	0	3270980	2.96	0.23
Arohan ESOP Trust	1564524	0	1564524	1.52	1564524	0	1564524	1.42	-0.10
Shahnaz Memorial Trust	0	0	0	0	677028	0	677028	0.61	0.61
SUB TOTAL (B)(2):	16248182	398058	16646240	16.21	9065579	398058	9463637	8.57	7.64
Total Public Shareholding (B)= (B)(1)+(B)(2)	76821979	398058	77220037	75.21	69639376	398058	70037434	63.48	11.73
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	102275858	398058	102673916	100.00	109922916	398058	110320974	100.00	-

(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Aavishkaar Venture Management Services Private Limited	13099380	12.76	0	23811394	21.58	0	8.82
2	Intellectual Capital Advisory Services Pvt Ltd	12354499	12.03	0	16472146	14.93	0	2.90
	Total	25453879	24.79	0	40283540	36.51	0	11.72


(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Particulars	Date	Reason	Share holding at the beginning of the Year		Cumulative Share holding during the year	
				No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	Aavishkaar Venture Management Services Private Limited						
	At the beginning of the year	April 1, 2019		13099380	12.76		
	Changes during the year	August 23, 2019	Transfer	1795650	0	14895030	
		August 27, 2019	Transfer	3591300	0	18486330	
		September 12, 2019	Transfer	1795653	0	20281983	
		September 27, 2019	Allotment	3529411	0	23811394	
	At the end of the year	March 31, 2020				23811394	21.58
2	Intellectual Capital Advisory Services Pvt Ltd						
	At the beginning of the year	April 1, 2019		12354499	12.03		
	Changes during the year	September 27, 2019	Allotment	4117647	0	16472146	
	At the end of the year	March 31, 2020				16472146	14.93

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Aavishkaar Goodwell India Microfinance Development Company				
	At the beginning of the year	18539529	16.81	18539529	16.81
	Increase/ Decrease	0	0	0	0
	At the end of the year	18539529	16.81	18539529	16.81
2	TANO India Private Equity Fund II				
	At the beginning of the year	16914279	15.33	16914279	15.33
	Increase/ Decrease	0	0	0	0
	At the end of the year	16914279	15.33	16914279	15.33

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
3	Maj Invest Financial Inclusion Fund II K/S				
	At the beginning of the year	15401267	13.96	15401267	13.96
	Increase/ Decrease	0	0	0	0
	At the end of the year	15401267	13.96	15401267	13.96
4	TR Capital III Mauritius				
	At the beginning of the year	9718722	8.81	9718722	8.81
	Increase/ Decrease	0	0	0	0
	At the end of the year	9718722	8.81	9718722	8.81
5	Michael & Susan Dell Foundation				
	At the beginning of the year	3270980	2.96	3270980	2.96
	Increase/ Decrease	0	0	0	0
	At the end of the year	3270980	2.96	3270980	2.96
6	Rajesh Sachdeva				
	At the beginning of the year	2531194	2.30	2531194	2.30
	Increase/ Decrease	10672	0	10672	0
	At the end of the year	2541866	2.30	2541866	2.30
7	ESOP Trust				
	At the beginning of the year	1564524	1.42	1564524	1.42
	Increase/ Decrease	0	0	0	0
	At the end of the year	1564524	1.42	1564524	1.42
8	Shahnaz Memorial Trust				
	At the beginning of the year	0	0.00	0	0.00
	Increase/ Decrease	677028	0.61	677028	0.61
	At the end of the year	677028	0.61	677028	0.61
9	Ajay Sharma				
	At the beginning of the year	507000	0.46	507000	0.46
	Increase/ Decrease	0	0	0	0
	At the end of the year	507000	0.46	507000	0.46
10	Jayesh Arvind Parekh				
	At the beginning of the year	172033	0.16	7182603	6.51
	Increase/ Decrease	0	0	0	0
	At the end of the year	172033	0.16	7182603	6.51
	Total Equity Shareholding	110320974		110320974	


(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Milind Ramchandra Nare				
	At the beginning of the year	10000	0.01	10000	0.01
	Increase/ Decrease	0	0	0	0
	At the end of the year	10000	0.01	10000	0.01
2	Sumantra Banerjee				
	At the beginning of the year	10000	0.01	10000	0.01
	Increase/ Decrease	0	0	0	0
	At the end of the year	10000	0.01	10000	0.01

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	"Secured Loans excluding deposits"	"Unsecured Loans (T-II)"	Deposits	Total (in INR)
Indebtness at the beginning of the financial year				
i) Principal Amount	28,25,34,91,991	1,84,99,99,999	-	30,10,34,91,990
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21,27,16,000	1,69,31,000	-	22,96,47,000
Total (i+ii+iii)	28,46,62,07,991	1,86,69,30,999	-	30,33,31,38,990
Change in Indebtedness during the financial year				
Additions	11,54,28,90,424	25,00,07,000	-	11,79,28,97,424
Reduction	-	-	-	-
Net Change	11,54,28,90,424	25,00,07,000	-	11,79,28,97,424
Indebtedness at the end of the financial year				
i) Principal Amount	39,75,23,88,415	2,09,99,99,999	-	41,85,23,88,414
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	25,67,10,000.00	1,69,38,000.00	-	27,36,48,000
Total (i+ii+iii)	40,00,90,98,415	2,11,69,37,999	-	42,12,60,36,414

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager
	Gross salary	Managing Director- Manoj Kumar Nambiar
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1,76,31,928
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2	Stock option	1,50,000 Options
3	Sweat Equity	-
4	Commission as % of profit	-
	others (specify)	-
5	Others, please specify	-
	Total	1,76,31,928
	Ceiling as per the Act	8,37,92,596

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors				
		Matangi Gowrishankar	Sumantra Banerjee	Rajat Mohan Nag	Dinesh Kumar Mittal	Total Amount
1	(a) Fee for attending board committee meetings	5,20,000	5,20,000	5,00,000	2,80,000	18,20,000
	(b) Commission	15,00,000	10,00,000	10,00,000	25,00,000	60,00,000
	(c) Others, please specify	-	-	-	-	-
	Total	20,20,000	15,20,000	15,00,000	27,80,000	78,20,000
	Total Managerial Remuneration					78,20,000
	Overall Ceiling as per the Act.					1,67,58,519

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer- Milind Ramchandra Nare	Company Secretary - Anirudh Singh G Thakur	Chief Risk Officer- Ranjan Das (w.e.f 01-03-2020)
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,03,78,379	70,55,087	4,16,280
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	62,208 Options	39,600 Options	36,000 Options
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total	1,03,78,379	70,55,087	4,16,280

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There was no penalties/punishment/compounding of offences under the Companies Act, 2013 for the year ending March 31, 2020.


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 31st March, 2020, 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 in INR			
Loan repaid								
1. Jain Sons Finlease Ltd	Common Directors	During the FY 2019-20	May 15, 2019	Not Applicable	4,49,990			
Interest paid								
1. Jain Sons Finlease Limited	Common Directors				6,861			
Security deposit adjusted								
1. Tribetech Pvt Ltd	Common Directors				49,69,007			
Security deposit received								
1. Tribetech Pvt Ltd	Common Directors				52,82,569			
Professional/ business support fees								
1. Tribetech Pvt. Ltd.	Common Directors				21,73,945			
2. Intellect Advisory Services Pvt. Ltd.					37,01,965			
3. Aavishkaar Venture Management Services Pvt Ltd					17,60,333			
4. Andromeda Sales And Distribution Private Limited					32,31,870			
Reimbursement of expenses paid								
1. Tribetech Pvt. Ltd.	Common Directors				35,646			
2. Intellect Advisory Services Private Limited					3,33,763			
3. Aavishkaar Venture Management Services Pvt Ltd.					46,120			
Reimbursement of cost received								
1. Tribetech Private Limited	Common Directors				85,278			
2. Jain Sons Finlease Limited					26,006			
3. Intellectual Capital Advisory Services Private Limited					1,04,400			
4. Aavishkaar Venture Management Services Private Limited		1,47,636						
Other Income								
1. Intellect Advisory Services Private Limited	Common Directors	2,96,225						
2. Tribetech Private Limited		3,05,436						

For and on behalf of the Board of Directors

Date: June 26, 2020
Place: Kolkata

Manoj Kumar Nambiar
Managing Director
DIN 03172919

Independent Auditor's Report
**To the Members of Arohan Financial Services Limited
Report on the Audit of the Financial Statements**
Opinion

- We have audited the accompanying financial statements of Arohan Financial Services Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing 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.

Emphasis of Matter- COVID-19

- We draw attention to Note 53 to the accompanying financial statements, which describes the uncertainty relating to the effects of the COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter.

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 of the 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.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Transition to Indian Accounting Standards Framework	
Refer Note 2(i) for significant accounting policies and Note 47 for reconciliation	Our procedures in respect of the first-time adoption of Ind AS financial reporting framework included, but not limited to, the following: <ul style="list-style-type: none"> Obtained an understanding of management's processes and controls to identify the potential impact areas in the financial statements due to the adoption of Ind AS; Reviewed the diagnostics performed by the management to assess the impact on Ind AS transition to the individual financial statement line items.
As disclosed in Note 47 to the financial statements, the Company has adopted the Indian Accounting Standards notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS') with effect from 1 April 2019 (1 April 2018 being the transition date) and prepared the first set of financial statements under Ind AS framework in the current year.	



Independent Auditor’s Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont’d)

Key audit matter	How our audit addressed the key audit matter
<p>For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).</p> <p>This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each component of the financial statement which involved significant efforts. This process required the management to apply significant judgements to identify and elect appropriate accounting policies suitable for various transactions and balances relating to the operations of the Company including electing of available options for transition of balances as at transition date from the previous GAAP to the new GAAP.</p> <p>Further, the first time preparation of the Ind AS financial statements involved preparation and presentation of additional notes and disclosures as required by the Ind AS framework as compared to the previous GAAP in addition to Note 47(d) to the financial statements setting forth the reconciliation of balances from previous GAAP to the new GAAP as at the transition date, and the impact of restatement on the results of the comparative period due to such transition.</p> <p>Considering the significance of the above transition with respect to the financial statements, the complexities and efforts involved, this matter has been identified as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> ● Reviewed the implementation of exemptions availed and options chosen by the Company in accordance with the requirements of Ind AS 101, First Time Adoption of Indian Accounting Standards (Ind AS 101); ● Assessed the appropriateness of the adjustments made to the opening balance sheet as at 01 April 2018; ● Assessed the appropriateness of the adjustments recorded in the financial statements as of and for the year-ended 31 March 2019 which were prepared in the previous GAAP ● Evaluated the accounting policies adopted by the Company on transition to Ind AS and assessed its appropriateness basis our understanding of the entity, the nature and size of its operations and the requirements of relevant accounting standards under the Ind AS framework; ● Obtained written representations from management and those charged with governance on whether the financial statements comply with the Ind AS in all respects. ● Evaluated the appropriateness and adequacy of financial statement arising on adoption of the Ind AS to determine if these are in compliance with the requirements of the Ind AS;
<p>Impairment loss on loan assets (expected credit losses on loans) (Refer Note 3(k) for significant accounting policies and Note 37 for credit risk disclosures)</p>	
<p>As at 31 March 2020, the Company has reported gross loan assets of ₹ 4,53,471.29 lacs against which an impairment loss of ₹ 18,752.19 lacs has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under ‘Ind AS 109 – Financial Instruments’.</p> <p>Since this was the first year for the preparation and presentation of the financial statements under Ind – AS framework, the management had to estimate the provision for expected credit losses for the loans outstanding as at 1 April 2018 (the opening balance sheet date), as at 31 March 2019, (the comparative balance sheet date).</p>	<p>Our audit focused on assessing 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"> ● 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.

Independent Auditor’s Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont’d)

Key audit matter	How our audit addressed the key audit matter
<p>The calculation of impairment losses on loans is complex and is based on 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"> ■ If the loan is not credit-impaired on initial recognition, then it is classified in ‘Stage 1’ and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. ■ If a significant increase in credit risk since initial recognition is identified, it is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. ■ If the loan is credit-impaired, it is then moved to ‘Stage 3’ i.e. the default in repayment is more than 90 days. <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"> ■ determining the criteria for a significant increase in credit risk ■ factoring in future economic assumptions ■ techniques used to determine probability of default, loss given default and exposure at default. <p>These parameters are derived from statistical models, other historical data and macro-economic factors.</p> <p>Considering the significance of the above matter to the financial statements and extent of management’s estimates and judgements involved including the impact of regulatory announcement of moratorium facility for certain customers, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit.</p> <p>We also draw attention to Note 53 of the accompanying financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2020, as the same is fundamental to the understanding of the users of financial statements.</p>	<ul style="list-style-type: none"> ● Tested the design and operating effectiveness of key controls over 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. ● Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI. ● 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 including the impact of moratorium benefit extended to its customers in terms of the COVID-19 regulatory package announced by RBI on 27 March 2020 and 22 May 2020. We have also examined, on a sample basis, data inputs to the discounted cash flow models in supporting the estimation of future cash flows and present value; ● Evaluated the appropriateness of the Company’s determination of significant increase in credit risk in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI Regulatory Package and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company’s categorization across various stages; ● Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); ● Obtained written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable. ● Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 37 “Financial risk management” disclosed in the financial statements in accordance with the applicable accounting standards.



Independent Auditor’s Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont’d)

Key audit matter	How our audit addressed the key audit matter
Information Technology system for the financial reporting process	
<p>The Company is dependent on their IT system (FIS software) for recording customer’s operational data, supporting their business processes, ensuring complete and accurate processing of financial transactions and supporting the overall internal control framework.</p> <p>This system is maintained by FIS Payment Solutions (“FIS”) which acts as technology partner for implementing an end-to-end banking solution, infrastructure and network components. Their scope includes customer information management, user management and role-based access control. FIS software is a complex IT system which runs on a mobility platform and 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>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 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, considering the pervasive impact of the IT system on the financial statements and testing of such IT systems and related controls being the most significant aspect of our audit strategy, we have determined the same as a key audit matter.</p>	<p>Our audit procedures with the involvement of auditor’s IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> ● Obtained an understanding of the Company’s IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period including the impact on asset classification on account of moratorium relief extended to its customers and tested those changes that had a significant impact on financial reporting; ● Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities. Tested segregations of duties controls around program maintenance, security administration and key business processes. ● Evaluated management processes for modifications to the IT environment including monitoring and authorization of such modifications. Tested changes made to the IT system that involved significant impact on financial reporting. ● Tested the design and operating effectiveness of the Company’s IT controls over the IT applications as identified above; ● Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; ● Tested IT general controls particularly, logical access, change management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Company’s periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization; and ● Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Financial Statements and Auditor’s Report thereon

7. 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 do 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

Independent Auditor’s Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont’d)

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

8. The accompanying financial statements have been approved by the Company’s Board of Directors. 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

11. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with Standards on Auditing, 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 adequate 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



Independent Auditor's Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont'd)

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;

13. 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.

14. 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.

15. 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 of the 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 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

16. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2019 and 31 March 2018 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the members of the Company dated 15 May 2019 and 27 April 2018 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified

in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

19. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;
- 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 financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- e) the COVID-19 matter described in paragraph 4 under the Emphasis of Matter section, in our opinion, may have an adverse effect on the functioning of the Company;
- f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- g) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 June 2020 as per Annexure B expressed unmodified opinion; and
- h) with respect to the other matters to be included in

Independent Auditor's Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont'd)

the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company, as detailed in note 52 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- iv. the disclosure requirements relating to holdings

as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandio & Co LLP

Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner
Membership No.: 105117

UDIN: 20105117AAAACR2341

Place: Mumbai
Date: 26 June 2020



Annexure A to the Independent Auditor's Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 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) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company is an NBFC company, primarily engaged in the business of lending and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund,

employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, except in certain cases having delays upto 928 days with respect to deposit of provident fund with appropriate authorities due to non-availability of employee's UAN details. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income Tax	6.18	Nil	AY 2012-13	Income Tax Appellate Tribunal
The Income-tax Act, 1961	Income Tax	22.89	11.52	AY 2014-15	Commissioner of Income Tax (Appeals)
The Income-tax Act, 1961	Income Tax	9.13	Nil	AY 2017-18	Commissioner of Income Tax (Appeals)

Annexure A to the Independent Auditor's Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont'd)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised.
- (x) According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers or by the Company have been noticed or reported during the course of our audit.
- (xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

- (xiv) During the year, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment of shares or preferential allotment/ private placement of fully/partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the company.

For Walker Chandiook & Co LLP

Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral

Partner
Membership No.: 105117

UDIN: 20105117AAAACR2341

Place: Mumbai
Date: 26 June 2020



Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Arohan Financial Services Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls 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"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

internal financial controls with reference to financial statements were 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 includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

- A company's internal financial controls 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 controls with reference to financial statements include 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Limited on the financial statements for the year ended 31 March 2020 (Cont'd)

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 controls 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.

Opinion

- In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to

financial statements and such controls were operating effectively as at 31 March 2020, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

UDIN: 20105117AAAACR2341

Place: Mumbai

Date: 26 June 2020


Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Balance Sheet as at 31 March 2020 (All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
ASSETS				
Financial Assets				
Cash and cash equivalents	4	68,858.31	17,400.57	15,878.05
Other bank balances	5	15,165.59	8,818.76	6,583.25
Trade receivables	6	532.01	566.33	219.23
Loans	7	4,34,719.10	3,51,521.64	2,03,889.39
Investments	8	-	3.32	5.17
Other financial assets	9	2,122.62	3,613.17	1,031.45
		5,21,397.63	3,81,923.79	2,27,606.54
Non-financial assets				
Current tax assets (net)	10	366.41	323.91	8.37
Deferred tax assets (net)	11	3,527.65	364.70	689.40
Property, plant and equipment	12	649.07	601.03	499.20
Intangible assets under development		4.82	5.29	-
Other intangible assets	13 (i)	538.80	570.37	534.11
Right of use asset	13 (ii)	740.29	645.70	426.09
Other non-financial assets	14	813.05	874.82	619.93
		6,640.09	3,385.82	2,777.10
Total assets		5,28,037.72	3,85,309.61	2,30,383.64
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	15	-	6,245.89	11,694.60
Borrowings (other than debt securities)	16	3,98,340.94	2,77,587.83	1,60,342.22
Subordinated liabilities	17	20,970.29	18,515.22	14,975.98
Other financial liabilities	18	8,992.46	10,426.52	3,818.61
		4,28,303.69	3,12,775.46	1,90,831.41
Non-financial liabilities				
Provisions	19	1,422.95	523.69	261.87
Other non-financial liabilities	20	2,048.04	2,294.86	1,088.44
		3,470.99	2,818.55	1,350.31
Equity				
Equity share capital	21	11,032.10	10,267.39	8,846.54
Other equity	22	85,230.94	59,448.21	29,355.38
		96,263.04	69,715.60	38,201.92
Total liabilities and equity		5,28,037.72	3,85,309.61	2,30,383.64
Note 1 to 53 form an integral part of these financial statements				

This balance sheet referred to in our report of even date.

 For **Walker Chandio & Co LLP**
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Manish Gujral
 Partner
 Membership No. 105117

 Place: Mumbai
 Date: 26 June 2020

 For and on behalf of Board of Directors of
Arohan Financial Services Limited
 (Formerly Arohan Financial Services Private Limited)

Manoj Kumar Nambiar
 Managing Director
 (DIN: 03172919)
 Place : Kolkata

Anurag Agrawal
 Director
 (DIN: 02385780)
 Place : Mumbai

Anirudh Singh G Thakur
 Company Secretary
 Place: Kolkata
 Date: 26 June 2020

Milind Nare
 Chief Financial Officer
 Place: Kolkata

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Statement of Profit and Loss for the year ended 31 March 2020 (All amounts in ₹ lakhs unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
Interest income	23	86,146.25	58,483.80
Fees and commission income	24	2,525.21	1,984.41
Net gain on derecognition of financial instruments	25	3,324.81	4,269.57
Other operating income	26	569.89	513.26
Total Revenue from operations		92,566.16	65,251.04
Other Income	27	1,270.61	273.12
Total Income		93,836.77	65,524.16
Expenses			
Finance costs	28	38,220.08	25,478.45
Impairment on financial instruments	29	15,974.07	4,049.18
Employee benefits expenses	30	15,700.83	11,725.82
Depreciation, amortisation and impairment	31	669.61	527.25
Other expenses	32	6,513.64	6,029.79
Total Expenses		77,078.23	47,810.49
Profit before tax		16,758.54	17,713.67
Tax expense			
Current tax	34	7,520.77	4,585.25
Deferred tax expense / (Credit)		(3,442.28)	469.89
Tax expense of earlier years		-	(105.50)
Total tax expenses		4,078.49	4,949.64
Profit for the year		12,680.05	12,764.03
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
(i) Remeasurement of post employment benefit obligations		(576.11)	(116.08)
(ii) Equity instruments through other comprehensive income		(3.32)	-
(iii) Income tax relating to these items		145.83	40.56
Subtotal (A)		(433.60)	(75.52)
(B) Items that will be reclassified to profit or loss			
(i) Fair valuation of financial assets		1,689.28	(299.42)
(ii) Income tax relating to these items		(425.16)	104.63
Subtotal (B)		1,264.12	(194.79)
Total other comprehensive income (A + B)		830.52	(270.31)
Total comprehensive income for the year		13,510.57	12,493.72
Earnings per equity share			
Basic (₹)	35	12.07	14.05
Diluted (₹)		12.05	14.02
Note 1 to 53 form an integral part of these financial statements			

This statement of profit and loss referred to in our report of even date.

 For **Walker Chandio & Co LLP**
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Manish Gujral
 Partner
 Membership No. 105117

 Place: Mumbai
 Date: 26 June 2020

 For and on behalf of Board of Directors of
Arohan Financial Services Limited
 (Formerly Arohan Financial Services Private Limited)

Manoj Kumar Nambiar
 Managing Director
 (DIN: 03172919)
 Place : Kolkata

Anurag Agrawal
 Director
 (DIN: 02385780)
 Place : Mumbai

Anirudh Singh G Thakur
 Company Secretary
 Place: Kolkata
 Date: 26 June 2020

Milind Nare
 Chief Financial Officer
 Place: Kolkata


Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Cash Flow Statement for the year ended 31 March 2020 (All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
(A) Cash flows from operating activities		
Profit before tax	16,758.54	17,713.67
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	669.61	527.25
Interest on lease liability	74.26	45.28
Impairment on financial instruments	15,974.07	4,049.18
Gain on sale of loan portfolio (including unwinding) through assignment	(4,073.68)	(5,040.67)
Expense on employee stock option scheme	265.45	104.87
Effective interest rate adjustment for financial instruments (*)	1,399.50	1,176.14
Unwinding Impact on Security Deposit	0.44	0.34
Operating profit before working capital changes	31,068.19	18,576.06
Changes in working capital		
(Increase) in loans	(97,482.25)	(1,51,980.85)
(Increase)/decrease in trade receivables	34.32	(347.10)
(Increase) in other bank balances	(6,346.83)	(2,235.51)
(Increase)/ decrease in other financial assets	5,574.87	2,461.72
(Increase)/ decrease in other non-financial assets	50.69	(257.99)
Increase/ (decrease) in others financial liabilities	(1,552.53)	6,367.83
Increase in provisions	323.15	145.74
Increase/ (decrease) in other non-financial liabilities	(246.82)	1,206.42
Cash used in operating activities	(68,577.21)	(1,26,063.68)
Income taxes paid (net of refunds)	(7,563.27)	(4,795.31)
Net cash flows used in operating activities (A)	(76,140.48)	(1,30,858.99)
(B) Cash flows from investing activities		
Purchase of property, plant and equipment	(320.08)	(361.06)
Purchase of intangible assets and intangible assets under development	(154.43)	(191.91)
Proceeds from sale of investments	-	1.85
Net cash used in investing activities (B)	(474.51)	(551.12)
(C) Cash flows from financing activities (*)		
Proceeds from issue of equity shares including premium	13,000.00	19,345.25
Share issue expenses	(228.58)	(430.16)
Repayment of debt securities	(6,100.00)	(5,300.22)
Proceeds from borrowings other than debt securities	3,18,642.65	8,06,684.32
Repayment of borrowings other than debt securities	(1,99,398.11)	(6,90,677.21)
Proceeds from subordinated liabilities	2,418.25	3,453.10
Payment of lease liabilities	(261.48)	(142.45)
Net cash flows from financing activities (C)	1,28,072.73	1,32,932.63
Net increase in cash and cash equivalents (A+B+C)	51,457.74	1,522.52
Cash and cash equivalents as at the beginning of the year	17,400.57	15,878.05
Cash and cash equivalents as at the end of the year	68,858.31	17,400.57
Components of cash and cash equivalents:		
Cash on hand	365.29	438.75
Balances and deposits with banks	68,493.02	16,961.82
Cash and cash equivalents considered for cash flow	68,858.31	17,400.57
(*) Refer Note 17(i) 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 **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 26 June 2020

For and on behalf of Board of Directors of
Arohan Financial Services Private
(Formerly Arohan Financial Services Private Limited)

Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)
Place : Kolkata

Anurag Agrawal
Director
(DIN: 02385780)
Place : Mumbai

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 26 June 2020

Milind Nare
Chief Financial Officer
Place: Kolkata

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Statement of change in Equity for the year ended 31 March 2020 (All amounts in ₹ lakhs unless otherwise stated)
(a) Equity Share Capital

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	10,267.39	8,846.54
Changes in equity share capital during the year	764.71	1,420.85
Balance at the end of the year	11,032.10	10,267.39

(b) Other equity

Particulars	Reserves and Surplus						Other Comprehensive Income		Total other equity
	Securities premium	Statutory reserves	Retained Earnings	General reserve	Share option out-standing account	Treasury shares	Equity instruments through other comprehensive income	Fair valuation of financial assets	
As at 01 April 2018	20,501.84	2,028.27	6,790.67	80.27	47.12	(91.70)	(1.09)	-	29,355.38
Profit for the year	-	-	12,764.03	-	-	-	-	-	12,764.03
Other comprehensive income (net)	-	-	(75.52)	-	-	-	-	(194.79)	(270.31)
Issue of equity shares	19,917.55	-	-	-	-	-	-	-	19,917.55
Share based payment to employees	-	-	-	-	104.87	7.85	-	-	112.72
Issue of shares to trust	-	-	-	-	-	(2,001.00)	-	-	(2,001.00)
Share issue expense	(430.16)	-	-	-	-	-	-	-	(430.16)
Transferred to securities premium reserve	22.21	-	-	-	(22.21)	-	-	-	-
Transfer to Statutory reserve	-	2,241.50	(2,241.50)	-	-	-	-	-	-
Balance as at 31 March 2019	40,011.44	4,269.77	17,237.68	80.27	129.78	(2,084.85)	(1.09)	(194.79)	59,448.21
Profit for the year	-	-	12,680.05	-	-	-	-	-	12,680.05
Other comprehensive income (net)	-	-	(431.12)	-	-	-	(2.48)	1,264.12	830.52
Share based payment to employees	-	-	-	-	265.45	-	-	-	265.45
Issue of equity shares	12,235.29	-	-	-	-	-	-	-	12,235.29
Share issue expense	(228.58)	-	-	-	-	-	-	-	(228.58)
Transfer to Statutory reserve	-	2,536.01	(2,536.01)	-	-	-	-	-	-
Balance as at 31 March 2020	52,018.15	6,805.78	26,950.60	80.27	395.23	(2,084.85)	(3.57)	1,069.33	85,230.94

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: 26 June 2020

For and on behalf of Board of Directors of
Arohan Financial Services Private Limited
(Formerly Arohan Financial Services Private Limited)

Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)
Place : Kolkata

Anurag Agrawal
Director
(DIN: 02385780)
Place : Mumbai

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 26 June 2020

Milind Nare
Chief Financial Officer
Place: Kolkata



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

1 Company overview

Arohan Financial Services Limited ('the Company') is incorporated under the provisions of the Companies Act. 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 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 Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements.

The financial statements for the year ended 31 March 2020 are the first financial statements, which have been prepared in accordance with Ind AS and other applicable guidelines issued by the RBI and the date of transition is 1 April 2018.

The financial statements up to the year ended March 31 2019 were prepared in accordance with the accounting standard notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other applicable guidelines issued by the RBI, which have been adjusted

for the differences in the accounting principles adopted by the Company on transition to Ind AS.

The Company has followed the provisions of Ind AS 101 – 'First time adoption of Indian Accounting Standards' in preparing its opening Ind AS Standalone Balance Sheet as of the date of transition and adjustments were made to restate the opening balances as per Ind AS. The impact of transition has been accounted in the opening reserves as at 1 April 2018. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 47.

The financial statements for the year ended 31 March 2020 were authorised and approved for issue by the Board of Directors on 26 June 2020.

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 insofar as they are not inconsistent with any of these Directions.

(ii) Historical cost convention

The 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 39.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

b) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Business model assessment

The Company determines the business model at a level that reflects how the financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the

determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurements

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

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.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

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 statement of profit and loss.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down 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.

Transition to Ind AS

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

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.

Transition to Ind AS

The Company has elected to measure all its Intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

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:

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The company intends to and has sufficient resources to complete the project
- The company has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

e) Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method. Additional overdue interest/ penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

Income from 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.

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.

**Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)**

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 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, a defined benefit retirement plan covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and last drawn salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses

resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The liability in respect of accumulating compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary. Actuarial gains and losses arising from changes in actuarial assumptions are charged to Statement of profit and loss in the year in which such gain or losses are determined.

i) Share based payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity.

The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

j) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)**

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.

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** (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- **Stage 2** (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- **Stage 3** (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD)

EAD is based on the amounts the Company expects to be owed at the time of default.

Management overlay is included in determining the 12-month and lifetime ECL. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**Arohan Financial Services Limited** (Formerly Arohan Financial Services Private Limited)**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)****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.

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

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)**

asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Transition to Ind AS

The Company has valued its rights to use assets equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet on the date of transition to Ind AS.

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 :

- The asset is held within a business model whose objective is to hold assets for collecting contractual cashflows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

Non-performing financial assets are carried at amortised cost in the financial statement.

Financial assets carried at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if both the following conditions are met:

- 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



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

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 share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Segment reporting

The Company identifies segment basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

r) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

s) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity 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 (Formerly Arohan Financial Services Private Limited)
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(All amounts in ₹ lakhs unless otherwise stated)

Note 4	Cash and cash equivalents	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Cash on hand	365.29	438.75	468.97
	Balances with banks			
	- Balance with banks in current accounts	64,586.40	5,952.84	8,506.42
	- Deposits for original maturity of less than 3 months	3,906.62	11,008.98	6,902.66
	Total	68,858.31	17,400.57	15,878.05

Note 5	Other bank balances	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Deposits with remaining maturity of more than 3 months but upto 12 months	401.45	-	18.59
	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	-	21.56	11.51
	- with maturity more than 3 months	6,113.79	3,512.86	2,370.28
	- with maturity more than 12 months	8,650.35	5,284.34	4,182.87
	Total	15,165.59	8,818.76	6,583.25

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

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Term loans from banks & financial Institutions	14,221.17	7,925.93	5,687.82
Overdraft facilities	53.01	-	-
Collateral against securitisation	-	362.95	356.90
Partnership arrangements (as business correspondent)	489.96	529.88	519.94
Total	14,764.14	8,818.76	6,564.66

Note 6	Trade receivables (at amortised cost)	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Unsecured, considered good	532.01	566.33	219.23
	Less: Impairment allowance	-	-	-
		532.01	566.33	219.23



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 (All amounts in ₹ lakhs unless otherwise stated)

Note 7: Loans	As at 31 March 2020			As at 31 March 2019			As at 01 April 2018		
	At fair value through other comprehensive income	At amortised cost	Total	At fair value through other comprehensive income	At amortised cost	Total	At fair value through other comprehensive income	At amortised cost	Total
Term loan									
Secured Loans	7,118.54	431.73	7,550.27	7,118.54	17,319.90	17,319.90	3,410.45	3,410.45	3,410.45
Unsecured Loans	4,11,266.11	34,654.91	4,45,921.02	4,11,266.11	29,934.16	3,38,727.62	2,03,547.70	2,03,547.70	2,03,547.70
Total - Gross	4,18,384.65	35,086.64	4,53,471.29	4,18,384.65	47,254.06	3,56,047.52	2,06,958.15	2,06,958.15	2,06,958.15
Less: Impairment allowance (*)	(6,721.98)	(12,030.21)	(18,752.19)	(6,721.98)	(3,720.25)	(4,525.88)	(3,068.76)	(3,068.76)	(3,068.76)
Total - Net	4,11,662.67	23,056.43	4,34,719.10	4,11,662.67	43,533.81	3,51,521.64	2,03,889.39	2,03,889.39	2,03,889.39
(i) Secured by tangible assets	-	-	-	-	-	-	-	-	-
(ii) Secured by intangible assets	7,118.54	431.73	7,550.27	7,118.54	17,319.90	17,319.90	3,410.45	3,410.45	3,410.45
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-	-
(iv) Unsecured	4,11,266.11	34,654.91	4,45,921.02	4,11,266.11	29,934.16	3,38,727.62	2,03,547.70	2,03,547.70	2,03,547.70
Total - Gross	4,18,384.65	35,086.64	4,53,471.29	4,18,384.65	47,254.06	3,56,047.52	2,06,958.15	2,06,958.15	2,06,958.15
Less: Impairment allowance	(6,721.98)	(12,030.21)	(18,752.19)	(6,721.98)	(3,720.25)	(4,525.88)	(3,068.76)	(3,068.76)	(3,068.76)
Total - Net	4,11,662.67	23,056.43	4,34,719.10	4,11,662.67	43,533.81	3,51,521.64	2,03,889.39	2,03,889.39	2,03,889.39
Loans in India									
(i) Public Sector	-	-	-	-	-	-	-	-	-
(ii) Others	4,18,384.65	35,086.64	4,53,471.29	4,18,384.65	47,254.06	3,56,047.52	2,06,958.15	2,06,958.15	2,06,958.15
Total - Gross	4,18,384.65	35,086.64	4,53,471.29	4,18,384.65	47,254.06	3,56,047.52	2,06,958.15	2,06,958.15	2,06,958.15
Less: Impairment allowance	(6,721.98)	(12,030.21)	(18,752.19)	(6,721.98)	(3,720.25)	(4,525.88)	(3,068.76)	(3,068.76)	(3,068.76)
Total - Net	4,11,662.67	23,056.43	4,34,719.10	4,11,662.67	43,533.81	3,51,521.64	2,03,889.39	2,03,889.39	2,03,889.39

(*) Impairment allowance includes management overlay of ₹ 4,525.48 lakhs as on 31 March 2020 (₹ 1,382.34 Lakhs on 31 March 2019, ₹ 391.68 Lakhs on 01 April 2018).

The Company's business model assessment has undergone a change due to significant amount of assignment transactions undertaken. Accordingly, w.e.f. 1 January 2019, the Company has reclassified its eligible portfolio from amortised cost category to fair value through other comprehensive income (FVOCI) category and recorded a fair value gain/(loss) through other comprehensive income.

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 (All amounts in ₹ lakhs unless otherwise stated)

Note 8: Investments	As at 31 March 2020			As at 31 March 2019			As at 01 April 2018		
	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	At fair value through profit and loss	At fair value through other comprehensive income	Total
Investment in mutual funds	-	-	-	-	-	-	1.85	-	1.85
Investment in Unquoted equity instrument	-	-	-	-	-	-	-	-	-
50,000 equity shares of ₹10 each, fully paid-up of Alpha Micro Finance Consultant Private Limited	-	5.00	5.00	-	5.00	5.00	-	5.00	5.00
Less: Allowance for Impairment Loss	-	(5.00)	(5.00)	-	(1.68)	(1.68)	-	(1.68)	(1.68)
Investments in India	-	-	-	-	3.32	3.32	1.85	3.32	5.17
Investments outside India	-	5.00	5.00	-	5.00	5.00	1.85	5.00	6.85
Total	-	5.00	5.00	-	5.00	5.00	1.85	5.00	6.85
Less: Allowance for Impairment Loss	-	(5.00)	(5.00)	-	(1.68)	(1.68)	-	(1.68)	(1.68)
Total Net	-	-	-	-	3.32	3.32	1.85	3.32	5.17



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
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 (All amounts in ₹ lakhs unless otherwise stated)

Note 9	Other financial assets	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	<i>Unsecured, considered good</i>			
	Security deposits	264.59	205.26	235.75
	Receivable on assigned loans	1,538.29	3,211.62	289.11
	Advances recoverable on behalf of business correspondent arrangements	106.17	102.26	227.77
	Insurance recoverables	140.71	42.36	27.42
	Others	72.86	51.67	251.40
	Total	2,122.62	3,613.17	1,031.45

Note 10	Current tax assets (Net)	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Advance income tax (net)	366.41	323.91	8.37
	Total	366.41	323.91	8.37

Note 11	Deferred tax assets (net)	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Deferred tax asset arising on account of:			
	Impairment loss allowance on loan assets	3,659.06	988.86	748.41
	Provision for employee benefits	378.56	228.35	100.73
	Financial liabilities measured at amortised cost	-	74.73	51.84
	Fair valuation of financial assets through other comprehensive income	-	104.63	-
	Financial assets measured at amortised cost	3.57	7.08	6.96
	Fair valuation of financial instruments through other comprehensive income	1.43	0.59	0.59
	Provision for expense allowed for tax purpose on payment basis	30.15	43.94	8.32
	Other adjustments	10.99	7.15	-
	Total deferred tax assets	4,083.76	1,455.33	916.85
	Deferred tax liability arising on account of:			
	Difference in written down value as per Companies Act and as per Income Tax Act	32.68	64.32	63.14
	Financial assets measured at amortised cost	-	301.46	164.21
	Fair valuation of financial assets through other comprehensive income	320.53	-	-
	Fair valuation of financial instruments through profit and loss	-	-	0.10
	Gain on derecognition of financial instruments	202.90	724.85	-
	Total deferred tax liabilities	556.11	1,090.63	227.45
	Net deferred tax asset	3,527.65	364.70	689.40

Movement in deferred tax assets for the year ended 31 March 2020:

Particulars	As at 31 March 2019	Statement of profit and loss	Other comprehensive income	As at 31 March 2020
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	988.86	2,670.20		3,659.06
Provision for employee benefits	228.35	5.22	144.99	378.56
Financial liabilities measured at amortised cost	74.73	(74.73)		-
Fair valuation of financial assets through other comprehensive income	104.63	-	(104.63)	-
Financial assets measured at amortised cost	7.08	(3.51)		3.57
Fair valuation of financial instruments through other comprehensive income	0.59	-	0.84	1.43
Provision for expense allowed for tax purpose on payment basis	43.94	(13.79)		30.15
Other adjustments	7.15	3.84		10.99
Total	1,455.33	2,587.23	41.20	4,083.76
Deferred tax liabilities for taxable temporary differences on:				
Difference in written down value as per Companies Act and as per Income Tax Act	64.32	(31.64)		32.68
Financial assets measured at amortised cost	301.46	(301.46)		-
Fair valuation of financial assets through other comprehensive income	-	-	320.53	320.53
Gain on derecognition of financial instruments	724.85	(521.95)		202.90
Total	1,090.63	(855.05)	320.53	556.11
Deferred tax assets (net)	364.70	3,442.28	(279.33)	3,527.65

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 (All amounts in ₹ lakhs unless otherwise stated)

Movement in deferred tax assets for the year ended 31 March 2019:

Particulars	As at 01 April 2018	Statement of profit and loss	Other comprehensive income	As at 31 March 2019
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	748.41	240.45	-	988.86
Provision for employee benefits	100.73	87.06	40.56	228.35
Financial liabilities measured at amortised cost	51.84	22.89	-	74.73
Fair valuation of financial assets through other comprehensive income	-	-	104.63	104.63
Financial assets measured at amortised cost	6.96	0.12	-	7.08
Fair valuation of financial instruments through other comprehensive income	0.59	-	-	0.59
Provision for expense allowed for tax purpose on payment basis	8.32	35.62	-	43.94
Other adjustments	-	7.15	-	7.15
Total	916.85	393.29	145.19	1,455.33
Deferred tax liabilities for taxable temporary differences on:				
Difference in written down value as per Companies Act and as per Income Tax Act	63.14	1.18	-	64.32
Financial assets measured at amortised cost	164.21	137.25	-	301.46
Fair valuation of financial instruments through profit and loss	0.10	(0.10)	-	-
Gain on derecognition of financial instruments	-	724.85	-	724.85
Total	227.45	863.18	-	1,090.63
Deferred tax assets (net)	689.40	(469.88)	145.19	364.70

Note 12	Property, plant and equipment	Furniture and fixtures	Computer and accessories	Office equipment	Total
	Gross carrying amount				
	Balance as at 01 April 2018 [refer note (i)]	189.12	268.87	41.21	499.20
	Additions for the year	86.74	192.31	82.01	361.06
	Disposals for the year	(0.13)	(6.18)	(0.02)	(6.33)
	Balance as at 31 March 2019	275.73	455.00	123.20	853.93
	Additions for the year	57.94	183.95	78.19	320.08
	Disposals for the year	-	-	-	-
	Balance as at 31 March 2020	333.67	638.95	201.39	1,174.01
	Accumulated depreciation :				
	Up to 01 April 2018 [refer note (i)]	-	-	-	-
	Depreciation charge for the year	32.90	179.96	46.07	258.93
	Adjustment on account of disposal	(0.13)	(5.88)	(0.02)	(6.03)
	Up to 31 March 2019	32.77	174.08	46.05	252.90
	Depreciation charge for the year	38.84	193.53	39.67	272.04
	Adjustment on account of disposal	-	-	-	-
	Up to 31 March 2020	71.61	367.61	85.72	524.94
	Net block				
	Balance as at 01 April 2018	189.12	268.87	41.21	499.20
	Balance as at 31 March 2019	242.96	280.92	77.15	601.03
	Balance as at 31 March 2020	262.06	271.34	115.67	649.07

Notes

(i) Deemed cost of property, plant and equipment - reconciliation of gross block and net Carrying amount

Particulars	Furniture and fixtures	Computer and accessories	Office equipment	Total
Gross block as at 01 April 2018	296.82	558.75	74.57	930.14
Accumulated depreciation as at 01 April 2018	(107.70)	(289.88)	(33.36)	(430.94)
Carrying amount as at 01 April 2018	189.12	268.87	41.21	499.20

(ii) On the date of transition, in accordance with Ind AS 101, the Company has elected to measure the net carrying amount of property, plant and equipment as deemed cost.



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Note 13(i)	Intangible assets	Computer Software
Gross carrying amount		
	Balance as at 01 April 2018 [refer note(i)]	534.11
	Additions for the year	187.10
	Disposals for the year	(0.22)
	Balance as at 31 March 2019	720.99
	Additions for the year	154.90
	Disposals for the year	-
	Balance as at 31 March 2020	875.89
Accumulated amortisation		
	Up to 01 April 2018 [refer note(i)]	-
	Amortisation charge for the year	150.69
	Disposal	(0.07)
	Up to 31 March 2019	150.62
	Amortisation charge for the year	186.47
	Disposal	-
	Up to 31 March 2020	337.09
Net block		
	Balance as at 01 April 2018	534.11
	Balance as at 31 March 2019	570.37
	Balance as at 31 March 2020	538.80

Notes

(i) Deemed cost of intangible assets - reconciliation of gross block and net carrying amount

Particulars	Computer Software
Gross block as at 01 April 2018	825.47
Accumulated depreciation as at 01 April 2018	(291.36)
Carrying amount as at 01 April 2018	534.11

(ii) On the date of transition, in accordance with Ind AS 101, the Company has elected to measure the net carrying amount of intangible assets as deemed cost.

Note 13(ii)	Right of use assets	Right of use assets
Gross carrying amount		
	Balance as at 01 April 2018	426.09
	Additions	337.24
	Reversal on disposal of assets	-
	Balance as at 31 March 2019	763.33
	Additions	443.45
	Disposals	(191.81)
	Balance as at 31 March 2020	1,014.97
Accumulated amortisation		
	Up to 01 April 2018	-
	Amortisation charge for the year	117.63
	Disposal	-
	Up to 31 March 2019	117.63
	Amortisation charge for the year	211.10
	Disposal	(54.05)
	Up to 31 March 2020	274.68
Net block		
	Balance as at 01 April 2018	426.09
	Balance as at 31 March 2019	645.70
	Balance as at 31 March 2020	740.29

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
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Note 14	Other non financial assets	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<i>(Measured at amortised cost)</i>				
	Prepaid expenses	212.07	116.35	163.12
	Advances to employees	132.64	96.99	55.09
	Balances with government authorities	115.22	102.58	61.97
	Advance against expenses	247.33	223.83	181.69
	Others	105.79	335.07	158.06
	Total	813.05	874.82	619.93

Note 15	Debt securities	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<i>(Measured at amortised cost)</i>				
	Non convertible debentures (secured)	-	6,245.89	11,694.60
	Total	-	6,245.89	11,694.60
	Debt securities in India	-	6,245.89	11,694.60
	Debt securities outside India	-	-	-
	Total	-	6,245.89	11,694.60

Details of debt securities

Particulars	Repayment Schedule	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
11.49% Hinduja Leyland Finance Limited (Face Value ₹10 lakhs) - no. of units - Nil (31 March 2019 - 350 units and 01 April 2018 - 350 units)	Bullet Repayment in December 2019	-	3,497.65	3,488.05
14.30% Blue Orchard Microfinance Fund for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹10 lakhs) - no. of units Nil (31 March 2019 - 260 units and 01 April 2018 - 260 units)	Bullet repayment in April 2020 or put/ call option after 36 months from the date of allotment	-	2,748.24	2,719.45
14.30% Microfinance Initiative for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹10 lakhs) - no. of units - Nil (31 March 2019 - Nil and 01 April 2018 - 200 units)	Bullet repayment in January 2021 or put/ call option after 36 months from the date of allotment	-	-	2,144.50
14.30% UTI International Wealth Creator 4 (Face Value ₹10 lakhs) - no of units - Nil (31 March 2019 - Nil and 01 April 2018 - 330 units)	Bullet Repayment in December 2021 or put/ call option after 36 months from the date of allotment	-	-	3,342.60
Total		-	6,245.89	11,694.60

Note 16	Borrowings (other than debt securities)	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<i>(Measured at amortised cost)</i>				
<i>(Secured)</i>				
(a) Term loans [refer note (i) below]				
	Term loan from banks	2,85,829.35	1,83,427.12	1,15,085.39
	Term loan from financial institutions	1,05,912.91	80,989.84	40,016.04
(b) Loans repayable on demand				
	Cash credit from banks [refer note (ii) below]	5,932.07	7,505.19	4,966.61
	Other parties	-	4.50	-
(c) Liability against securitisation [refer note (iii) below]				
		666.61	5,661.18	-
	Subtotal	3,98,340.94	2,77,587.83	1,60,068.04
<i>(Unsecured)</i>				
(a) Loans from related parties				
		-	-	274.18
	Subtotal	-	-	274.18
	Total	3,98,340.94	2,77,587.83	1,60,342.22
	Borrowings in India	3,98,340.94	2,77,587.83	1,60,342.22
	Borrowings outside India	-	-	-
	Total	3,98,340.94	2,77,587.83	1,60,342.22

Nature of Security:

(i) All term loans from banks and financial institutions are secured by way of first charge ranking pari-passu over the designated current assets, both present & future, including the designated book debts, loan installments, receivables and underlying assets arising out of finance of the Company.



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Note 16: Borrowings (other than debt securities) (Contd.)

Nature of Security:

- (ii) Cash credit facilities and working capital demand loans from banks are secured by way of first charge ranking pari-passu over the designated current assets, both present & future, including the designated book debts, loan installments, receivables and underlying assets arising out of finance of the Company.
- (iii) 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 17	Subordinated Liabilities	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	<i>(Measured at amortised cost)</i>			
	Non-convertible debentures (unsecured)	13,416.64	10,972.81	7,499.89
	Term loans from banks	7,553.65	7,542.41	2,476.09
	Term loans from financial institution	-	-	5,000.00
	Total	20,970.29	18,515.22	14,975.98
	Subordinated Liabilities in India	20,970.29	18,515.22	14,975.98
	Subordinated Liabilities outside India	-	-	-
	Total	20,970.29	18,515.22	14,975.98

Details of Subordinated Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(a) Term loans from banks and financial institutions (unsecured)			
Term loan from banks	7,553.66	7,542.41	2,476.09
Term Loan from financial institutions	-	-	5,000.00
Subtotal	7,553.66	7,542.41	7,476.09
(b) Non-convertible debentures (unsecured)			
14.25% IFMR Capital Finance Private Limited (Face Value ₹10 lakhs) 100 debentures maturing on 20 September 2022	1,065.29	911.22	1,057.20
13.50% Debenture Northern Arc (Face Value ₹10 lakhs) 650 debentures; maturing on 28 April 2025	6,464.21	6,561.59	6,442.69
12.85% Karvy Capital Limited (Face Value ₹10; 2,50,00,000 debentures, maturing on 25 October 2026	2,423.30	-	-
13.50% Northern Arc Capital Limited (Face Value ₹10) 3,50,00,000 debentures; maturing on 30 September 2025	3,463.83	3,500.00	-
Subtotal	13,416.63	10,972.81	7,499.89
Total	20,970.29	18,515.22	14,975.98

Note 17(i) 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
01 April 2018	11,694.60	1,60,342.22	14,975.98	1,87,012.80
<i>Cash flows:</i>				
Repayment	(5,300.22)	(6,90,677.21)	-	(6,95,977.43)
Proceeds	-	8,06,684.32	3,453.10	8,10,137.42
<i>Non cash:</i>				
Amortisation of upfront fees	(148.49)	1,238.50	86.14	1,176.15
31 March 2019	6,245.89	2,77,587.83	18,515.22	3,02,348.94
<i>Cash flows:</i>				
Repayment	(6,100.00)	(1,99,398.11)	-	(2,05,498.11)
Proceeds	-	3,18,642.65	2,418.25	3,21,060.90
<i>Non cash:</i>				
Amortisation of upfront fees	(145.89)	1,508.57	36.82	1,399.50
31 March 2020	-	3,98,340.94	20,970.29	4,19,311.23

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Note 16: Borrowings (other than debt securities) (Contd.)

Nature of Security:

- (ii) Cash credit facilities and working capital demand loans from banks are secured by way of first charge ranking pari-passu over the designated current assets, both present & future, including the designated book debts, loan installments, receivables and underlying assets arising out of finance of the Company.
- (iii) 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.

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on 31 March 2020 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 installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly	Up to 9%	21	3,884.00	7	1,446.00	-	-	-	-	-	-	5,330.00
	9% to 12%	425	76,658.77	250	51,112.66	80	19,058.57	4	273.82	-	-	1,47,103.82
	12% to 15%	12	5,000.00	11	4,583.33	-	-	-	-	-	-	9,583.33
Quarterly	9% to 12%	190	96,061.06	87	44,920.90	25	13,707.55	1	166.68	-	-	1,54,856.19
Semi-annually	9% to 12%	12	17,971.00	12	13,367.00	8	6,717.00	3	2,000.00	1	750.00	40,805.00
Bullet	9% to 12%	14	20,125.00	1	3,200.00	-	-	2	12,400.00	-	-	35,725.00
On demand	12% to 15%	-	-	-	-	1	1,000.00	-	-	4	17,500.00	18,500.00
Monthly (*)	Variable rates	-	-	-	-	-	-	-	-	-	-	5,953.93
	14%	8	666.61	-	-	-	-	-	-	-	-	666.61
Total		682	2,26,320.37	368	1,18,629.89	114	40,483.12	10	14,840.50	5	18,250.00	4,18,523.88

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on 31 March 2019 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 installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly	Up to 9%	22	3,870.00	21	3,884.00	7	1,446.00	-	-	-	-	9,200.00
	9% to 12%	360	49,756.36	144	22,842.64	11	1,527.78	-	-	-	-	74,126.78
	12% to 15%	41	7,743.08	23	7,126.27	11	4,583.33	-	-	-	-	19,452.68
Quarterly	Above 15%	1	4.50	-	-	-	-	-	-	-	-	4.50
Semi-annually	9% to 12%	160	67,864.07	89	38,379.85	6	3,440.19	-	-	-	-	1,09,684.11
Bullet	9% to 12%	10	10,700.00	10	8,971.00	10	4,367.00	6	1,467.00	1	500.00	26,005.00
On demand	9% to 12%	16	18,375.00	-	-	-	-	-	-	2	12,400.00	30,775.00
Monthly (*)	12% to 15%	-	-	1	2,600.00	-	-	1	1,000.00	3	15,000.00	18,600.00
	Variable rates	-	-	-	-	-	-	-	-	-	-	7,525.67
	14%	12	4,994.57	8	666.61	-	-	-	-	-	-	5,661.18
Total		622	1,70,833.25	296	84,470.37	45	15,364.30	7	2,467.00	6	27,900.00	3,01,034.92

(*) This represents securitisation liability.
 (#) 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 installments of term loan taken from banks and others.



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Terms of repayment of debt securities, other borrowings and subordinated liabilities as on 01 April 2018 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 installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly	Up to 9%	23	1,845.83	12	1,800.00	9	1,400.00	-	-	-	-	5,045.83
	9% to 12%	479	32,431.19	255	20,805.69	51	4,576.11	3	327.72	-	-	58,140.71
	12% to 15%	114	4,879.78	10	606.44	-	-	-	-	-	-	5,486.22
Quarterly	Above 15%	71	443.05	1	4.50	-	-	-	-	-	-	447.55
	9% to 12%	204	34,064.46	258	22,150.17	149	3,549.99	-	-	-	-	59,764.62
Semi-annually	9% to 12%	8	6,000.00	8	4,700.00	8	2,971.00	8	867.00	4	467.00	15,005.00
	12% to 15%	1	0.22	-	-	-	-	-	-	-	-	0.22
Annually	12% to 15%	1	750.00	-	-	-	-	-	-	-	-	750.00
	9% to 12%	12	10,500.00	1	3,500.00	-	-	-	-	1	2,500.00	16,500.00
Bullet	12% to 15%	-	-	-	-	2	4,600.00	1	3,300.00	3	12,500.00	20,400.00
	Variable rates	-	4,966.13	-	-	-	-	-	-	-	-	4,966.13
On demand												
Total		913	95,880.66	545	53,566.80	219	17,097.10	12	4,494.72	8	15,467.00	1,86,506.28

(#) 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 installments of term loan taken from banks and others.

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Note 18	Other financial liabilities	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	<i>(Measured at amortised cost)</i>			
	Payable towards assignment and securitisation transactions	6,793.49	7,226.86	2,333.54
	Employee dues	1,017.38	1,127.29	543.88
	Lease liabilities	784.64	666.17	426.09
	Capital creditors	0.43	24.57	7.11
	Other payables	396.52	1,381.63	507.99
Total		8,992.46	10,426.52	3,818.61

Note 19	Provision	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Provision for gratuity	789.65	228.65	182.56
	Provision for compensated absences	633.30	295.04	79.31
Total		1,422.95	523.69	261.87

Note 20	Other non-financial liabilities	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Statutory dues	375.30	391.82	254.20
	Unamortised profit on buy out transactions	-	-	24.38
	Expenses payable	1,168.65	1,203.04	371.82
	Advance from customers	463.31	576.95	-
	Others	40.78	123.05	438.04
Total		2,048.04	2,294.86	1,088.44

Note 21	Share capital	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
		Number	Amount	Number	Amount	Number	Amount
	Authorised share capital						
	Equity shares of ₹ 10 each	11,24,53,320	11,245.33	11,24,53,320	11,245.33	11,24,53,320	11,245.33
	Balance at the end of the year	11,24,53,320	11,245.33	11,24,53,320	11,245.33	11,24,53,320	11,245.33
	Issued, subscribed and fully paid up						
	Equity shares of ₹ 10 each [refer note (a) below]						
	At the beginning of the year	10,26,73,916	10,267.39	8,84,65,353	8,846.54	8,84,65,353	8,846.54
	Additions during the year	76,47,058	764.71	1,42,08,563	1,420.85	-	-
	Balance at the end of the year	11,03,20,974	11,032.10	10,26,73,916	10,267.39	8,84,65,353	8,846.54

(a)	Reconciliation of Equity Share Capital	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
		Number	Amount	Number	Amount	Number	Amount
	Equity shares of ₹ 10 each						
	Balance at the beginning of the year	10,26,73,916	10,267.39	8,84,65,353	8,846.54	8,84,65,353	8,846.54
	Add: Issued during the year	76,47,058	764.71	1,42,08,563	1,420.86	-	-
	Balance at the end of the year	11,03,20,974	11,032.10	10,26,73,916	10,267.40	8,84,65,353	8,846.54



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The Company has issued 76,47,058 equity shares of ₹10 each during the year on a private placement basis at a price of ₹170 each (including premium of ₹160 each).

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 2020		As at 31 March 2019		As at 01 April 2018	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	15,64,524	156.45	2,93,016	29.30	2,93,016	29.30
Add: Shares issued to trust	-	-	13,50,000	135.00	-	-
Less: Allotted to employees during the year	-	-	78,492	7.85	-	-
Outstanding at the end of the year	15,64,524	156.45	15,64,524	156.45	2,93,016	29.30

(b) Terms and rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the current 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.

(c) No additional shares were allotted as fully paid-up by way of bonus shares or pursuant to contract without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.

(d) Details of shareholders holding more than 5% shares

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number	%	Number	%	Number	%
Equity shares of ₹10 each						
Aavishkaar Venture Management Services Private Limited	2,38,11,394	21.58%	1,30,99,380	12.76%	91,43,320	10.34%
Aavishkaar Goodwill India Microfinance Development Company II Limited	1,85,39,529	16.81%	1,85,39,529	18.06%	1,85,39,529	20.96%
Tano India Private Equity Fund II	1,69,14,279	15.33%	1,69,14,279	16.47%	1,69,14,279	19.12%
Intellectual Capital Advisory Services Private Limited	1,64,72,146	14.93%	1,23,54,499	12.03%	1,23,54,499	13.97%
Maj Invest Financial Inclusion Fund II	1,54,01,267	13.96%	1,54,01,267	15.00%	1,45,41,317	16.44%
TR Capital III Mauritius	97,18,722	8.81%	97,18,722	9.47%	92,88,747	10.50%
Aavishkaar Capital Advisors LLP	-	-	71,82,603	7.00%	-	-

(e) (i) Employee stock option scheme ('ESOP Scheme')

Arohan ESOP Trust ('ESOP Trust') was formed on 19 March 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 shareholder's approval in the meeting held on 15 March 2010 and 27 April 2018 (empowering the board to take any further decisions with regard to ESOP schemes), the Board is authorized to issue employee stock options, that are exercisable into not more than 21,75,000 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 2013 (Revised)
- B. ESOP 2017
- C. ESOP 2018 (grant 2018)
- D. ESOP 2018 (grant 2019)

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(e) (ii) Employee stock option schemes:

Particulars	ESOP 2013 (Revised)	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)
Date of Grant	1 July 2014	29 August 2017	16 May 2018	16 May 2019
Date of Board approval	29 April 2014	19 May 2017	27 April 2018	15 May 2019
Date of committee meeting where grant of options were approved	29 April 2014	19 May 2017	27 April 2018	18 February 2019
Date of shareholders' approval	11 June 2014	29 August 2017	15 May 2018	18 March 2019
Number of options granted	2,86,992	2,29,280	5,97,264	7,69,528
Method of settlement	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
Vesting period	12 months from date of grant of option	12 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	3 years from the date of vesting. The same has been fully exercised.	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

(iii) Details of grant and exercise of such options are as follows:

Particulars	ESOP 2013 (Revised)	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)
Number of options granted	2,86,992	2,29,280	5,97,264	7,69,528
Outstanding number of options	-	1,75,280	5,43,264	7,34,278

(iv) The weighted average exercise price and remaining contractual life of the ESOP Scheme are as follows:

	As at 31 March 2020	As at 31 March 2019
ESOP 2017		
Exercise price	84.70	84.70
Weighted average remaining contractual life (in years)	-	0.41
ESOP 2018 (grant 2018)		
Exercise price	130.00	130.00
Weighted average remaining contractual life (in years)	1.12	2.12
ESOP 2018 (grant 2019)		
Exercise price	162.80	-
Weighted average remaining contractual life (in years)	2.12	-

(v) Reconciliation of stock options:

Particulars	ESOP 2013 (Revised)	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)
Outstanding as at 01 April 2018	49,492	2,29,280	-	-
Stock option issued during the year	-	-	5,97,264	-
Exercised and vested	48,492	30,000	-	-
Forfeited/ lapsed	1,000	24,000	54,000	-
Outstanding as at 31 March 2019	-	1,75,280	5,43,264	-
Stock option issued during the year	-	-	-	7,69,528
Exercised and vested	-	-	-	-
Forfeited/ lapsed	-	-	-	35,250
Outstanding as at 31 March 2020	-	1,75,280	5,43,264	7,34,278



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(vi) The Company has recognized share based payment expense of ₹ 265.47 Lakhs (31 March 2019: ₹ 104.87 Lakhs) during the year as proportionate cost.

(vii) Following employees has received a grant in the reporting year of option amounting to 5% or more of total option granted:

Name of Employee	Designation	Number of Options granted
Mr. Manoj Kumar Narayan Nambiar	Managing Director	1,50,000
Mr. Milind Ramachandra Nare	Chief Financial Officer	62,208
Mr. Shirish Chandra Panda	Executive Vice President	46,530
Mr. Anirudh Singh G Thakur	Company Secretary	39,600

Note:

There is no identified employees who were granted option, 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.

(viii) 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 2013 (Revised)	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)
(A) Date of grant of options	1 July 2014	29 August 2017	16 May 2018	16 May 2019
(B) Fair market value of option on the date of grant	14.71	14.71	37.61	49.53
(C) Exercise price	40.94	84.70	130.00	162.80
(D) Expected volatility (%)	35.95	35.95	34.25	39.02
(E) Expected forfeiture percentage on each vesting date	-	-	-	-
(F) Expected option life (weighted average)	1.04	1.04	2.50	2.50
(G) Expected dividends yield	-	-	-	-
(H) Risk free interest rate (%)	6.07%	6.07%	7.51%	6.75%

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

Note 22	Other equity	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Securities premium	52,018.15	40,011.44	20,501.84
	Statutory reserves	6,805.78	4,269.77	2,028.27
	Retained earnings	26,950.60	17,237.68	6,790.67
	General reserves	80.27	80.27	80.27
	Share based payment reserve	395.23	129.78	47.12
	Treasury shares	(2,084.85)	(2,084.85)	(91.70)
	Other comprehensive income			
	Equity instruments through other comprehensive income	(3.57)	(1.09)	(1.09)
	Changes in fair value of loan assets	1,069.33	(194.79)	-
	Total	85,230.94	59,448.21	29,355.38

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.

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.

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Share based payment reserve

The reserve is used to recognise 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.

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 and sell.

Note 23	Interest Income	Year ended 31 March 2020		
		On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total
	Interest on Loans	62,163.98	22,562.35	84,726.33
	Interest on deposits with banks [refer (a) below]	-	655.03	655.03
	Interest income on unwinding of assigned portfolio	-	748.87	748.87
	Other interest Income	-	16.02	16.02
	Total	62,163.98	23,982.27	86,146.25

Note 23	Interest Income (continued)	Year ended 31 March 2019		
		On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total
	Interest on Loans	37,487.84	19,720.91	57,208.75
	Interest income from investments	-	94.29	94.29
	Interest on deposits with Banks [refer (a) below]	-	397.16	397.16
	Interest income on unwinding of assigned portfolio	-	771.10	771.10
	Other interest Income	-	12.50	12.50
	Total	37,487.84	20,995.96	58,483.80

(a) Interest represents margin money deposits placed to avail term loan from banks and financial institutions.

Note 24	Fees and commission Income	Year ended 31 March 2020	Year ended 31 March 2019
	Income from Cross sale income	1,344.91	729.79
	Income from Partnership Income	173.36	504.57
	Income from Insurance business	1,006.94	750.05
	Total	2,525.21	1,984.41

Note 25	Net gain on derecognition of financial instruments	Year ended 31 March 2020	Year ended 31 March 2019
	Gain on sale of loan portfolio through assignment	3,324.81	4,269.57
	Total	3,324.81	4,269.57



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Note 26	Other operating income	Year ended 31 March 2020	Year ended 31 March 2019
	Bad debt recovery	386.17	364.85
	Others	183.72	148.41
	Total	569.89	513.26

Note 27	Other Income	Year ended 31 March 2020	Year ended 31 March 2019
	Interest income on deposits with banks	1,234.18	213.02
	Income from grant	-	8.86
	Gain on foreign exchange fluctuation	-	0.22
	Miscellaneous income	36.43	51.02
	Total	1,270.61	273.12

Note 28	Finance Costs	Year ended 31 March 2020	Year ended 31 March 2019
	<i>(Measured at amortised cost)</i>		
	Interest on debt securities	332.49	1,370.95
	Interest on borrowings (other than debt securities)	33,965.69	21,280.39
	Interest on subordinated liabilities	2,693.57	2,349.33
	Other Interest expenses	1,228.33	477.78
	Total	38,220.08	25,478.45

Note 29	Impairment on financial instruments	Year ended 31 March 2020		
		On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
	Impairment on loans	4,811.81	8,516.42	13,328.23
	Bad debt Written off	-	2,645.84	2,645.84
	Total	4,811.81	11,162.26	15,974.07

Note 29	Impairment on financial instruments (continued)	Year ended 31 March 2019		
		On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
	Impairment on loans	805.63	732.24	1,537.87
	Bad debt Written off	-	2,511.31	2,511.31
	Total	805.63	3,243.55	4,049.18

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Note 30	Employee Benefits Expenses	Year ended 31 March 2020	Year ended 31 March 2019
	Salaries & wages	13,784.36	10,554.89
	Contribution to provident and other funds	1,078.35	568.96
	Share based payments to employees	265.45	104.87
	Staff welfare expenses	572.67	497.10
	Total	15,700.83	11,725.82

Note 31	Depreciation, amortisation and impairment	Year ended 31 March 2020	Year ended 31 March 2019
	Depreciation on property, plant and equipment	272.04	258.92
	Amortisation charge on right of use assets	211.10	117.63
	Amortisation of intangible assets	186.47	150.70
	Total	669.61	527.25

Note 32	Other expenses	Year ended 31 March 2020	Year ended 31 March 2019
	Rent [Refer note 51]	1,033.07	832.83
	Repairs and maintenance	506.44	406.16
	Insurance	261.26	163.80
	Power and fuel	89.30	105.78
	Rates and taxes	113.37	533.68
	Office expenses	202.59	167.07
	Membership and subscription	63.99	48.37
	Office maintenance	111.19	208.34
	Printing and stationery	232.36	239.14
	Legal and professional expenses	1,614.52	1,372.15
	Director's commission [Refer note 41]	74.40	100.00
	Recruitment and induction expenses	161.42	216.04
	Communication expenses	87.68	100.77
	Travelling and conveyance	1,672.80	1,373.27
	Payment to auditors [Refer note (a) below]	44.93	43.15
	Corporate social responsibility expenses [Refer note 49]	159.76	79.74
	Miscellaneous expenses	84.56	39.50
		6,513.64	6,029.79

Note (a) Payments to auditors (excluding applicable taxes)		Year ended 31 March 2020	Year ended 31 March 2019
	Statutory audit including limited review	35.00	27.50
	Tax audit	1.26	1.28
	In other capacity		
	Other services	4.27	11.34
	Reimbursement of expenses	4.40	3.03
		44.93	43.15



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 33: 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 2020	Year ended 31 March 2019
Employers contribution to provident and other fund	1,078.35	568.96

B Defined benefit plans

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 2020	As at 31 March 2019	As at 01 April 2018
Present value of obligation	999.05	349.87	196.74
Fair value of plan assets	209.40	121.22	14.18
Net obligation recognised in balance sheet as provision	789.65	228.65	182.56

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	68.40	40.02
Net interest cost on defined benefit obligation	13.17	9.10
Net impact on profit (before tax)	81.57	49.12

Amount recognised in the other comprehensive income:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial gain/(loss) unrecognised during the year	576.11	116.08

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 33: Employee benefits (Contd.)

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Present value of defined benefit obligation as at the beginning of the year	349.87	196.74
Current service cost	68.40	40.02
Interest cost	24.81	13.93
Benefits paid	(20.14)	(16.90)
Actuarial loss/(gain) on obligation		
Actuarial (gain)/loss on arising from change in financial assumption	408.68	4.17
Actuarial loss on arising from experience adjustment	167.43	111.91
Present value of defined benefit obligation as at the end of the year	999.05	349.87

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

Particulars	As at 31 March 2020	As at 31 March 2019
Funds managed by LIC of India	100%	100%

(v) Movement in the plan assets recognised in the balance sheet is as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Fair value of plan assets at beginning of the year	121.22	14.18
Actual return on plan assets	11.64	4.83
Employer's contribution	96.68	119.11
Benefits paid	(20.14)	(16.90)
Fair value of plan assets at the end of the year	209.40	121.22

(vi) Actuarial assumptions

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Discount rate	6.40%	7.30%
Future salary increase	8.00%	5.00%
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	16 Years	12 years

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 (Formerly Arohan Financial Services Private Limited)
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(All amounts in ₹ lakhs unless otherwise stated)

Note 33: Employee benefits (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	Year ended 31 March 2020	Year ended 31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 1 %	(138.74)	(38.04)
- Impact due to decrease of 1 %	175.04	46.82
Impact of the change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of 1 %	170.41	47.49
- Impact due to decrease of 1 %	(138.09)	(39.14)

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.

Year	As at 31 March 2020	As at 31 March 2019
	Amount	Amount
Maturity profile of defined benefit obligation (discounted)		
0 to 1 year	109.44	39.02
1 to 2 year	82.54	55.69
2 to 3 year	60.03	43.20
3 to 4 year	69.87	32.47
4 to 5 year	52.32	39.22
5 year onwards	286.20	179.57
Total	660.40	389.17

Note 34: Tax expense

(a) Income tax recognised in the statement of profit and loss:	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	7,520.77	4,585.25
Deferred tax	(3,442.28)	469.89
Tax expense of earlier years	-	(105.50)
Total	4,078.49	4,949.64

(b) Reconciliation of income tax expense and the accounting profit for the year:	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	16,758.54	17,713.67
Enacted tax rates (%)	25.17%	29.12%
Income tax expense calculated at corporate tax rate	4,217.79	5,158.22
Impact of tax relating to earlier years	-	(105.50)
Impact due to change in enacted tax rate	102.03	78.32
Tax impact of expenses not deductible	40.11	26.93
Impact due to deductions claimed under Income Tax Act	(224.34)	(116.44)
Others	(57.10)	(91.89)
Total	4,078.49	4,949.64

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 35: Earning per equity share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit attributable to equity shareholders	12,680.05	12,764.03
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares for basic earning per share	1,050.16	908.47
Add: Diluting effect of potential equity shares issued as employee stock options	2.47	1.94
Weighted average number of equity shares for diluted earning per share	1,052.63	910.41
Earnings per share		
- Basic earnings per share (₹)	12.07	14.05
- Diluted earnings per share (₹)	12.05	14.02

Note 36: 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 31 March 2020

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
<i>Financial Assets:</i>					
Cash and cash equivalents	4	-	-	68,858.31	68,858.31
Other bank balances	5	-	-	15,165.59	15,165.59
Trade receivables	6	-	-	532.01	532.01
Loans	7	-	4,11,662.67	23,056.43	4,34,719.10
Other financial assets	9	-	-	2,122.62	2,122.62
Total		-	4,11,662.67	1,09,734.96	5,21,397.63
<i>Financial Liabilities:</i>					
Borrowings (other than debt securities)	16	-	-	3,98,340.94	3,98,340.94
Subordinated liabilities	17	-	-	20,970.29	20,970.29
Others financial liabilities	18	-	-	8,992.46	8,992.46
Total		-	-	4,28,303.69	4,28,303.69

As at 31 March 2019

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
<i>Financial Assets:</i>					
Cash and cash equivalents	4	-	-	17,400.57	17,400.57
Other bank balances	5	-	-	8,818.76	8,818.76
Trade receivables	6	-	-	566.33	566.33
Loans	7	-	3,07,987.83	43,533.81	3,51,521.64
Investments	8	-	3.32	-	3.32
Other financial assets	9	-	-	3,613.17	3,613.17
Total		-	3,07,991.15	73,932.64	3,81,923.79
<i>Financial Liabilities:</i>					
Debt securities	15	-	-	6,245.89	6,245.89
Borrowings (other than debt securities)	16	-	-	2,77,587.83	2,77,587.83
Subordinated liabilities	17	-	-	18,515.22	18,515.22
Others financial liabilities	18	-	-	10,426.52	10,426.52
Total		-	-	3,12,775.46	3,12,775.46



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 36: Financial Instruments - fair value measurements

(A) Financial assets and liabilities (contd.)

As at 01 April 2018

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial Assets:					
Cash and cash equivalents	4	-	-	15,878.05	15,878.05
Other bank balances	5	-	-	6,583.25	6,583.25
Trade receivables	6	-	-	219.23	219.23
Loans	7	-	-	2,03,889.39	2,03,889.39
Investments	8	1.85	3.32	-	5.17
Other financial assets	9	-	-	1,031.45	1,031.45
Total		1.85	3.32	2,27,601.37	2,27,606.54
Financial Liabilities:					
Debt securities	15	-	-	11,694.60	11,694.60
Borrowings (other than debt securities)	16	-	-	1,60,342.22	1,60,342.22
Subordinated liabilities	17	-	-	14,975.98	14,975.98
Others financial liabilities	18	-	-	3,818.61	3,818.61
Total		-	-	1,90,831.41	1,90,831.41

(B) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 input; and

Level 3: inputs that are not based on observable market data (unobservable inputs).

(C) Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2020	Level 1	Level 2	Level 3
Financial Assets:			
Loans at fair value through other comprehensive income	-	4,11,662.67	-
Total	-	4,11,662.67	-

As at 31 March 2019	Level 1	Level 2	Level 3
Financial Assets:			
Loans at fair value through other comprehensive income	-	3,07,987.83	-
Total	-	3,07,987.83	-

As at 01 April 2018	Level 1	Level 2	Level 3
Financial Assets:			
Investments fair value through profit & loss	1.85	-	-
Investments fair value through other comprehensive income	-	3.32	-
Total	1.85	3.32	-

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.

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(All amounts in ₹ lakhs unless otherwise stated)

(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 3 inputs.

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Cash and cash equivalents	68,858.31	68,858.31	17,400.57	17,400.57	15,878.05	15,878.05
Other bank balance	15,165.59	15,165.59	8,818.76	8,818.76	6,583.25	6,583.25
Trade receivables	532.01	532.01	566.33	566.33	219.23	219.23
Loans	23,056.43	22,924.28	43,533.81	43,468.16	2,03,889.39	2,04,411.78
Other financial assets	2,122.62	2,122.62	3,613.17	3,613.17	1,031.45	1,031.45
Total	1,09,734.96	1,09,602.81	73,932.64	73,866.99	2,27,601.37	2,28,123.75
Financial liabilities						
Debt securities	-	-	6,245.89	6,335.31	11,694.60	12,598.46
Borrowings (other than debt securities)	3,98,340.94	3,99,549.93	2,77,587.83	2,77,631.54	1,60,342.22	1,60,270.92
Subordinated liabilities	20,970.29	23,357.85	18,515.22	20,527.79	14,975.98	16,738.39
Other financial liabilities	8,992.46	8,992.46	10,426.52	10,426.52	3,818.61	3,818.61
Total	4,28,303.69	4,31,900.24	3,12,775.46	3,14,921.16	1,90,831.41	1,93,426.38

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, trade payables 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

Note 37: 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 and collaterals taken for assets
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, 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 internal credit rating system. Internal credit rating 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, including regular collateral revisions. 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.

- Low credit risk
- Moderate credit risk
- High credit risk



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(All amounts in ₹ lakhs unless otherwise stated)

Note 37: 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 31 March 2020	As at 31 March 2019	As at 01 April 2018
(i) Low credit risk			
Cash and cash equivalents	68,493.02	16,961.82	15,409.08
Other bank balances	15,165.59	8,818.76	6,583.25
Trade receivables	532.01	566.33	219.23
Loans (*)	4,30,578.26	3,52,110.23	2,02,933.66
Investments	-	3.32	5.17
Other financial assets	2,122.62	3,613.17	1,031.45
(ii) Moderate credit risk			
Loans (*)	11,709.19	1,352.34	1,037.66
(iii) High credit risk			
Loans (*)	11,183.84	2,584.95	2,986.83

(*) These represent gross carrying values of financial assets, without netting off impairment loss allowance

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.

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 organisation and
5. Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organisation undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organisation in identifying clients with poor repayment histories and multiple loans.

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(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Financial risk management (Contd.)

b) Credit risk exposure

i) Expected credit losses for financial assets other than loans

The Company have 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 balance	Trade receivables	Investments	Other financial assets
As at 31 March 2020					
Estimated gross carrying amount	68,858.31	15,165.59	532.01	5.00	2,122.62
Less: Expected credit losses	-	-	-	5.00	-
Carrying amount net of impairment provision	68,858.31	15,165.59	532.01	-	2,122.62
As at 31 March 2019					
Estimated gross carrying amount	17,400.57	8,818.76	566.33	5.00	3,613.17
Less: Expected credit losses	-	-	-	1.68	-
Carrying amount net of impairment provision	17,400.57	8,818.76	566.33	3.32	3,613.17
As at 01 April 2018					
Estimated gross carrying amount	15,878.05	6,583.25	219.23	6.85	1,031.45
Less: Expected credit losses	-	-	-	1.68	-
Carrying amount net of impairment provision	15,878.05	6,583.25	219.23	5.17	1,031.45

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.

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at 01 April 2018	2,02,933.66	1,037.66	2,986.83
Assets originated*	3,19,012.60	-	-
Net transfer between stages			
Transfer to stage 1	17.04	(4.35)	(12.70)
Transfer to stage 2	(1,341.72)	1,343.22	(1.50)
Transfer to stage 3	(3,898.05)	(195.91)	4,093.96
Assets derecognised or collected (excluding write offs)	(1,64,613.30)	(828.28)	(1,970.24)
Write - offs (including death cases)	-	-	(2,511.40)
Gross carrying amount as at 31 March 2019	3,52,110.23	1,352.34	2,584.95
Assets originated*	3,86,399.25	-	-
Net transfer between stages			
Transfer to stage 1	14.11	(4.58)	(9.53)
Transfer to stage 2	(11,663.56)	11,664.66	(1.09)
Transfer to stage 3	(12,582.69)	(193.78)	12,776.46
Assets derecognised or collected (excluding write offs)	(2,83,699.08)	(1,109.45)	(1,524.92)
Write - offs (including death cases)	-	-	(2,642.03)
Gross carrying amount as at 31 March 2020	4,30,578.26	11,709.19	11,183.84

*Assets originated during the year has been presented on net basis i.e. the collections towards fresh loans has been netted off.



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(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Financial risk management (Contd.)

ii) Movement of carrying amount and expected credit loss for loans (Contd.)

Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on 01 April 2018	617.27	361.93	2,089.56
Increase of provision due to assets originated during the year	957.52		
Net transfer between stages			
Transfer to stage 1	0.03	(1.68)	(12.73)
Transfer to stage 2	(17.39)	481.19	(1.50)
Transfer to stage 3	(23.48)	(71.62)	4,093.87
Assets derecognised or collected	(430.46)	(310.65)	(1,987.63)
Impact of ECL on exposures transferred between stages during the year	348.85	29.42	914.78
Write - offs (including death cases)	-	-	(2,511.40)
Loss allowance on 31 March 2019	1,452.34	488.59	2,584.95
Increase of provision due to assets originated during the year	2,021.95	-	-
Net transfer between stages			
Transfer to stage 1	0.10	(1.54)	(9.59)
Transfer to stage 2	(74.17)	4,757.49	(1.10)
Transfer to stage 3	(75.95)	(61.43)	12,808.26
Assets derecognised or collected	(1,497.44)	(391.94)	(1,526.95)
Impact of ECL on exposures transferred between stages during the year	922.96	27.39	(29.70)
Write - offs (including death cases)	-	-	(2,642.03)
Loss allowance on 31 March 2020 (#)	2,749.79	4,818.56	11,183.84

(#) If the probability of default increases or decrease by 10 basis point the expected credit loss will increase or decrease by ₹317.33 lakhs respectively. Similarly if the loss given default increases or decrease by 100 basis point the expected credit loss will increase or decrease by ₹177.13 lakhs respectively.

c) Concentration of loans (*)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Micro finance loans	4,23,839.42	3,19,352.28	1,95,971.65
Micro, small and medium enterprise (MSME)	22,081.60	19,375.34	7,576.05
Secured term loans to corporates (#)	7,550.27	17,319.90	3,410.45
Total	4,53,471.29	3,56,047.52	2,06,958.15

(#) 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 31 March 2020	Total facility	Drawn	Undrawn
- Expiring within one year	56,500.00	46,000.00	10,500.00
Total	56,500.00	46,000.00	10,500.00
As at 31 March 2019	Total facility	Drawn	Undrawn
- Expiring within one year	2,34,100.00	33,500.00	2,00,600.00
Total	2,34,100.00	33,500.00	2,00,600.00
As at 01 April 2018	Total facility	Drawn	Undrawn
- Expiring within one year	37,330.00	2,374.00	34,956.00
Total	37,330.00	2,374.00	34,956.00

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: 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 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Cash and cash equivalents	68,859.86	-	-	-	68,859.86
Other bank balances	6,731.90	6,773.23	2,888.33	60.54	16,454.00
Trade receivables	532.01	-	-	-	532.01
Loans	2,82,938.99	2,48,220.49	20,215.14	10,152.49	5,61,527.11
Other financial assets	1,956.23	29.96	47.27	89.16	2,122.62
Total undiscounted financial assets	3,61,018.99	2,55,023.68	23,150.74	10,302.19	6,49,495.60
Financial liabilities					
Borrowings other than debt securities	2,57,240.57	1,29,780.62	42,745.94	16,453.40	4,46,220.53
Subordinated liabilities	2,837.05	2,836.71	3,734.15	23,203.31	32,611.22
Other financial liabilities	8,402.25	175.02	68.96	346.23	8,992.46
Total undiscounted financial liabilities	2,68,479.87	1,32,792.35	46,549.05	40,002.94	4,87,824.21
Net undiscounted financial assets/(liabilities)	92,539.12	1,22,231.33	(23,398.31)	(29,700.75)	1,61,671.39

As at 31 March 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Cash and cash equivalents	17,456.12	-	-	-	17,456.12
Other bank balances	3,337.58	2,733.68	3,162.68	-	9,233.94
Trade receivables	566.33	-	-	-	566.33
Loans	3,08,003.29	96,700.90	2,341.58	2,309.64	4,09,355.41
Investments	-	-	-	3.32	3.32
Other financial assets	3,475.34	98.65	2.00	37.18	3,613.17
Total undiscounted financial assets	3,32,838.66	99,533.23	5,506.26	2,350.14	4,40,228.29
Financial liabilities					
Debt Securities	6,427.12	-	-	-	6,427.12
Borrowings other than debt securities	1,87,916.41	88,973.37	17,386.26	13,748.01	3,08,024.05
Subordinated liabilities	2,521.65	2,513.96	2,512.96	25,490.20	33,038.77
Other financial liabilities	9,919.85	160.95	138.19	207.53	10,426.52
Total undiscounted financial liabilities	2,06,785.03	91,648.28	20,037.41	39,445.74	3,57,916.46
Net undiscounted financial assets/(liabilities)	1,26,053.63	7,884.95	(14,531.15)	(37,095.60)	82,311.83

As at 01 April 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Cash and cash equivalents	16,220.82	-	-	-	16,220.82
Bank balances other than cash and cash equivalents	2,156.94	1,857.37	2,360.37	752.53	7,127.21
Trade receivables	219.23	-	-	-	219.23
Loans	1,94,259.14	30,728.77	803.79	2,649.05	2,28,440.75
Investments	0.17	-	-	5.00	5.17
Other financial assets	940.20	42.15	31.47	17.63	1,031.45
Total undiscounted financial assets	2,13,796.50	32,628.29	3,195.63	3,424.21	2,53,044.63
Financial liabilities					
Debt Securities	1,532.08	4,931.53	5,544.08	3,771.85	15,779.54
Borrowings other than debt securities	1,07,607.63	54,171.41	13,348.75	1,825.30	1,76,953.09
Subordinated liabilities	2,037.19	2,047.99	2,043.01	22,481.47	28,609.66
Other financial liabilities	3,481.68	94.15	86.11	156.68	3,818.61
Total undiscounted financial liabilities	1,14,658.58	61,245.08	21,021.95	28,235.30	2,25,160.90
Net undiscounted financial assets/(liabilities)	99,137.92	(28,616.79)	(17,826.32)	(24,811.09)	27,883.73



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 37: 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 2020, 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 2020	As at 31 March 2019	As at 01 April 2018
Variable rate liabilities			
Borrowings other than debt securities	2,50,233.25	1,25,887.87	97,062.40
Fixed rate liabilities			
Debt securities	-	6,100.00	11,400.22
Borrowings other than debt securities	1,46,624.02	1,44,885.87	63,043.66
Subordinated liabilities	21,000.00	18,500.00	15,000.00
Liability against securitisation	666.61	5,661.18	-
Total	4,18,523.88	3,01,034.92	1,86,506.28

(*) The above figures are at their principal carrying amount

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 2020	Year ended 31 March 2019
Interest sensitivity*		
Interest rates – increase by 0.50%	1,603.91	1,225.95
Interest rates – decrease by 0.50%	(1,603.91)	(1,225.95)

* Holding all other variables constant

(ii) Assets

The Company's fixed deposits are carried at amortised cost bearing fixed rate of interest, hence sensitivity analysis is not been presented.

(b) Price risk

Exposure

The Company's price risk exposure arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets. As on balance sheet date there is no material investment in their balance sheet.

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. As at 31 March 2020, 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 defense 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 (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 38: 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 2020	As at 31 March 2019	As at 01 April 2018
Net debt	4,19,311.23	3,02,348.94	1,87,012.80
Total equity	96,263.04	69,715.60	38,201.92
Net debt to equity ratio	4.36	4.34	4.90

Note 39: 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 2020		As at 31 March 2019		As at 01 April 2018	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS						
Financial assets						
Cash and cash equivalents	68,858.31	-	17,400.57	-	15,878.05	-
Other bank balance	6,515.24	8,650.35	3,523.37	5,295.39	2,094.04	4,489.21
Trade receivables	532.01	-	566.33	-	219.23	-
Loans	2,19,922.81	2,14,796.30	2,62,757.78	88,763.86	1,61,066.32	42,823.07
Investments	-	-	-	3.32	1.85	3.32
Other financial assets	1,956.22	166.40	3,475.34	137.83	940.20	91.25
	2,97,784.59	2,23,613.05	2,87,723.39	94,200.40	1,80,199.69	47,406.85
Non-financial assets						
Current tax assets (Net)	366.41	-	323.91	-	8.37	-
Deferred tax assets (Net)	-	3,527.65	-	364.70	-	689.40
Property, Plant and Equipment	-	649.07	-	601.03	-	499.20
Intangible assets under development	-	4.82	-	5.29	-	-
Other Intangible assets	-	538.80	-	570.37	-	534.11
Right to use asset	201.16	539.13	183.20	462.50	107.06	319.03
Other non-financial assets	732.93	80.12	538.71	336.11	461.87	158.06
	1,300.50	5,339.59	1,045.82	2,340.00	577.30	2,199.80
Total assets	2,99,085.09	2,28,952.64	2,88,769.21	96,540.39	1,80,776.99	49,606.65
LIABILITIES AND EQUITY						
Liabilities						
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	-	-	3,645.89	2,600.00	321.38	11,373.22
Borrowings (other than debt securities)	2,27,678.02	1,70,662.92	1,68,796.42	1,08,791.41	96,327.22	64,015.00
Subordinated liabilities	129.73	20,840.56	139.32	18,375.90	110.12	14,865.86
Others financial liabilities	8,402.27	590.19	9,919.85	506.67	3,481.68	336.93
	2,36,210.02	1,92,093.67	1,82,501.48	1,30,273.98	1,00,240.40	90,591.01
Non-financial liabilities						
Current tax liabilities (Net)						
Provisions	334.82	1,088.13	198.98	324.71	55.18	206.69
Other non-financial liabilities	1,623.32	424.72	1,821.92	472.94	1,088.44	-
	1,958.14	1,512.85	2,020.90	797.65	1,143.62	206.69
TOTAL LIABILITIES	2,38,168.16	1,93,606.52	1,84,522.38	1,31,071.63	1,01,384.02	90,797.70
Net Equity	60,916.93	35,346.12	1,04,246.83	(34,531.23)	79,392.96	(41,191.05)



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 40: 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 of 20% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisations	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Gross carrying amount of securitised assets	676.04	5,705.07	-
Gross carrying amount of associated liabilities	666.61	5,661.18	-
Carrying value and fair value of securitised assets	676.04	5,705.07	-
Carrying value and fair value of associated liabilities	666.61	5,661.18	-
Net position	9.43	43.89	-

Note 41: Information on related party transactions as required by Ind AS - 24:

A. List of related parties

Relationship	Name
Key Managerial Personnel (KMP)	Manoj Kumar Narayan Nambiar - Managing Director
	Milind Ramchandra Nare - Chief Financial Officer
	Ranjan Das - Chief Risk Officer (wef 01 March 2020)
	Anirudh Singh G Thakur - Company Secretary
Director	Dinesh Kumar Mittal (Independent Director)
	Vineet Chandra Rai (Director)
	Anurag Agarwal (Director)
	Matangi Gowrishankar (Independent Director)
	Rajat Mohan Nag (Independent Director)
Entities which are able to exercise control or have significant influence	Sumantra Banerjee (Independent Director)
	Aavishkaar Goodwell India Microfinance Development Company-II Limited
Entities having common control	Tano India Private Equity Fund II
	Jain Sons Finlease Limited
	Aavishkaar Venture Management Services Private Limited
	Ergos Business Solutions Private Limited (wef 17 March 2020)
	Aavishkaar Capital Advisory LLP
	Intellectual Capital Advisory Services Private Limited
	Andromeda Sales And Distribution Private Limited (wef 15 March 2020)
	Intellectap Advisory Services Private Limited
Enterprise over which KMP have significant influence or control	Tribetech Private Limited
	Anudip Foundation

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Information on related party transactions as required by Ind AS - 24: (Contd.)

B. Nature of transactions with related parties:

Name of party with nature of transaction	Year ended 31 March 2020	Year ended 31 March 2019
Issue of equity shares (including share premium)		
Aavishkaar Venture Management Services Private Limited	6,000.00	5,955.22
Intellectual Capital Advisory Services Private Limited	7,000.00	-
Aavishkaar Capital Advisors LLP	-	10,544.78
Loan taken		
Aavishkaar Venture Management Services Private Limited	-	15,000.00
Loan repaid		
Jain Sons Finlease Limited	4.50	268.08
Aavishkaar Venture Management Services Private Limited	-	15,000.00
Security deposit received		
Tribetech Private Limited	52.83	14.33
Security deposit invoked		
Tribetech Private Limited	49.69	29.53
Interest paid		
Jain Sons Finlease Limited	0.07	16.12
Aavishkaar Venture Management Services Private Limited	-	175.19
Professional/ business support fees		
Tribetech Private Limited	21.74	55.50
Andromeda Sales And Distribution Private Limited	32.32	-
Aavishkaar Venture Management Services Private Limited	17.60	31.63
Intellectap Advisory Services Private Limited	36.99	6.93
Reimbursement of expenses paid		
Tribetech Private Limited	0.36	3.03
Intellectap Advisory Services Private Limited	3.34	2.63
Aavishkaar Venture Management Services Private Limited	0.46	3.71
Reimbursement of cost received		
Tribetech Private Limited	0.85	4.25
Jain Sons Finlease Limited	0.26	-
Intellectual Capital Advisory Services Private Limited	1.04	0.58
Aavishkaar Venture Management Services Private Limited	1.48	2.51
Other Income		
Intellectap Advisory Services Private Limited	2.96	-
Tribetech Private Limited	3.05	-
Director's commission		
Dinesh Kumar Mittal	25.00	25.00
Vineet Chandra Rai	-	25.00
Anurag Agarwal	-	15.00
Matangi Gowrishankar	15.00	15.00
Rajat Mohan Nag	10.00	10.00
Sumantra Banerjee	10.00	10.00
Remuneration		
Manoj Kumar Narayan Nambiar	176.32	139.85
Milind Ramchandra Nare	103.78	82.06
Ranjan Das - Chief Risk Officer	4.16	-
Anirudh Singh G Thakur	70.55	55.74

C. Short-term employee benefits for Key management personnel

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Short-term employee benefits (including remunerations)	344.11	268.08
Post-employment benefits (*)	10.70	9.57

(*) As provisions for gratuity and leave benefits are made for the Company as a whole, the amount pertaining to key management personnel are not specifically identified and hence are not included above



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Information on related party transactions as required by Ind AS - 24: (Contd.)

D. Outstanding balances with related parties:

	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Loans taken			
Jain Sons Finlease Limited	-	4.68	272.58
Security deposit received			
Tribetech Private Limited	2.80	0.33	-
Security deposit refundable			
Tribetech Private Limited	-	-	14.88
Other payables			
Tribetech Private Limited	1.52	6.23	8.97
Anudip Foundation	-	-	1.80
Intellectap Advisory Services Private Limited	-	0.10	-
Andromeda Sales And Distribution Private Limited	12.32	-	-
Dinesh Kumar Mittal	25.00	25.00	-
Vineet Chandra Rai	-	25.00	-
Anurag Agrawal	-	15.00	-
Matangi Gowrishankar	15.00	15.00	-
Rajat Mohan Nag	10.00	10.00	-
Sumantra Banerjee	10.00	10.00	-

Note 42: Additional disclosures pursuant to the RBI master direction RBI / DNBR / 2016-17 / 45 Master Direction DNBR. PD. 008 / 03.10.119 / 2016-17 and notifications RBI / 2019-20 / 170 DOR (NBFC).CC.PD.NO.109 / 22.10.106 / 2 019-20 circular date 13 March 2020

i)	Capital to risk asset ratio (CRAR)	31 March 2020	31 March 2019
	Capital to Risk/Weighted Assets Ratio (CRAR) (%)	24.80%	20.05%
	CRAR-Tier I Capital (%)	19.93%	15.86%
	CRAR-Tier II Capital (%)	4.87%	4.19%
	Amount of subordinated debt raised as Tier-II Capital	2,500	3,500
	Amount raised by issue of Perpetual Debt Instruments	-	-

CRAR disclosed above for the previous year is as was reported under old accounting standards (IGAAP) and certified by Statutory Auditors. The CRAR for the previous year ended 31 March 2019 under Ind AS is 23.60% (Tier I Capital 18.41% and Tier II capital 5.19%).

ii)	Investments	31 March 2020	31 March 2019
A. Value of Investments			
	Gross Value of Investments:		
a)	In India	5.00	5.00
b)	Outside India	-	-
	Provisions for Depreciation:		
a)	In India	5.00	1.68
b)	Outside India	-	-
	Net Value of Investments		
a)	In India	-	3.32
b)	Outside India	-	-
B. Movement of provisions held towards depreciation on investments			
	Opening Balance	1.68	1.68
	Add: Provisions made during the year	3.32	-
	Less: Write-off/Write-back of excess provisions during the year	-	-
	Closing Balance	5.00	1.68

iii) Derivatives

The Company does not have any derivatives exposure in the current and previous year.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 42: Additional disclosures pursuant to the RBI master direction RBI / DNBR / 2016-17 / 45 Master Direction DNBR. PD. 008 / 03.10.119 / 2016-17 and notifications RBI / 2019-20 / 170 DOR (NBFC).CC.PD.NO.109 / 22.10.106 / 2 019-20 circular date 13 March 2020 (Contd.)

iv)	Disclosures relating to Securitisation	31 March 2020	31 March 2019
A) Securitisation			
1)	No. of SPVs sponsored by the NBFC for securitisation transactions	1	1
2)	Total amount of securitised assets as per books of the SPVs sponsored	736.91	6,558.44
3)	Total amount of exposures retained by the NBFC to comply MRR as on the date of balance sheet		
a)	Off-balance sheet exposures		
(i)	First loss (*)	1,311.69	1,311.69
(ii)	Others	-	-
b)	On-balance sheet exposures		
(i)	First loss	-	-
(ii)	Others	-	-
4)	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
(i)	Exposure to own securitisations		
-	First loss	-	-
-	Others	-	-
(ii)	Exposure to third party securitisations		
-	First loss	-	-
-	Others	-	-
b)	On-balance sheet exposures		
(i)	Exposure to own securitisations		
-	First loss	-	-
-	Others	-	-
(ii)	Exposure to third party securitisations		
-	First loss	-	-
-	Others	-	-

(*) First loss default guarantee of Rs. 1,311.89 is given in the form of corporate guarantee.

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

Particulars	As at 31 March 2020	As at 31 March 2019
i) Number of accounts	2,83,399	4,44,506
ii) Aggregate value (net of provision) of account sold	63,439.51	73,810.42
iii) Aggregate consideration	63,439.51	73,810.42
iv) Additional consideration realized in respect of accounts transferred in earlier year	-	-
v) Aggregate gain/ loss over net book value	-	-

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 46.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 42: Additional disclosures pursuant to the RBI master direction RBI / DNBR / 2016-17 / 45 Master Direction DNBR. PD. 008 / 03.10.119 / 2016-17 and notifications RBI / 2019-20 / 170 DOR (NBFC).CC.PD.NO.109 / 22.10.106 / 2 019-20 circular date 13 March 2020 (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 has obtained a certificate of registration under registration number CA0402 dated 1 August 2019 to act as Corporate Agent (Composite) under Insurance Regulatory and Development Authority of India (IRDA) and Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

B) Disclosure of Penalties imposed by RBI and other regulators

There are no penalty imposed by Reserve Bank of India and other regulators during the financial year.

C) Related Party Transactions

Details of all material related party transactions are disclosed in Note 41.

D) Ratings assigned by credit rating agencies and migration of ratings during the year

The details of ratings assigned by Credit Analysis & Research Ltd. (CARE) vide their report dated 23 October 2019 and 19 February 2020 and migration of ratings during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	CARE A-	Reaffirmed
Non-Convertible Debentures (#)	CARE A-	Reaffirmed
Unsecured Subordinated Tier II Debt	CARE A-	Reaffirmed

(#) There are no outstanding balances with non-convertible debentures.

E) Remuneration of Directors (other than Managing Director) (refer note 41)

Name of Directors	Year ended 31 March 2020	Year ended 31 March 2019
Dinesh Kumar Mittal	25.00	25.00
Vineet Chandra Rai	-	25.00
Anurag Agrawal	-	15.00
Matangi Gowrishankar	15.00	15.00
Rajat Mohan Nag	10.00	10.00
Sumantra Banerjee	10.00	10.00

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 42: Additional disclosures pursuant to the RBI master direction RBI / DNBR / 2016-17 / 45 Master Direction DNBR. PD. 008 / 03.10.119 / 2016-17 and notifications RBI / 2019-20 / 170 DOR (NBFC).CC.PD.NO.109 / 22.10.106 / 2 019-20 circular date 13 March 2020 (Contd.)

Viii) Additional Disclosures

A) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	Year ended 31 March 2020	Year ended 31 March 2019
Provision towards standard assets	5,558.90	1,042.48
Provision towards non performing assets	7,769.33	495.39
Provision made towards Income tax (including for earlier year and deferred tax)	4,078.49	4,949.64
Provision and contingencies on gratuity and compensated absences	899.26	261.82

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	Year ended 31 March 2020	Year ended 31 March 2019
a) Concentration of Advances		
Total Advances to twenty largest borrowers	7,741.67	17,551.69
Percentage of Advances to twenty largest borrowers to total Advances	1.70%	4.89%
b) Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	7,741.7	17,474
Percentage of exposures to twenty largest borrowers / customers to total Exposure	1.70%	4.89%
c) Concentration of NPAs		
Total exposure to top four NPA accounts	186.42	138.37

D) Sector-wise NPAs	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	1.97%
MSME	Nil
Corporate borrowers (*)	Nil
Services	6.02%
Unsecured personal loans	14.65%
Auto loans	Nil
Other personal loans	Nil

(*) Corporate borrowers are included in the respective sector.

E) Movement of NPAs	Year ended 31 March 2020	Year ended 31 March 2019
i) Net NPAs to Net Advances (%)	0.00%	0.00%
ii) Movement of NPAs (Gross)		
a) Opening Balance	2,584.95	2,089.56
b) Additions during the year	12,808.26	5,008.65
c) Reductions during the year	(4,209.37)	(4,513.26)
d) Closing balance	11,183.84	2,584.95
iii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	2,584.95	2,089.56
b) Provisions made during the year	12,808.26	5,008.65
c) Write-off/write-back of excess provisions	(4,209.37)	(4,513.26)
d) Closing balance	11,183.84	2,584.95



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 42: Additional disclosures pursuant to the RBI master reference RBI / DNBR / 2016-17 / 45 Master Direction DNBR. PD. 008 / 03.10.119 / 2016-17 and notifications RBI / 2019-20 / 170 DOR (NBFC).CC.PD.NO.109 / 22.10.106 / 2 019-20 circular date 13 March 2020 (Contd.)

- 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.

ix)	Disclosure of customer complaints	Year ended 31 March 2020	Year ended 31 March 2019
a)	No. of complaints pending at the beginning of the year	34	74
b)	No. of complaints received during the year	650	766
c)	No. of complaints redressed during the year	664	806
d)	No. of complaints pending at the end of the year	20	34

x)	Information on instances of fraud identified during the year	Year ended 31 March 2020	Year ended 31 March 2019
	Nature of fraud		
A. Cash embezzlement			
	No. of cases	101	9
	Amount of fraud	210.59	27.60
	Recovery (*)	107.63	10.61
	Amount provided for	102.96	16.99
B. Loans given against fictitious documents			
	No. of cases	-	1
	Amount of fraud	-	4.98
	Recovery (*)	-	-
	Amount provided for	-	4.98
C. Others (Snatching etc.)			
	No. of cases	60	32
	Amount of fraud	71.53	39.89
	Recovery (*)	49.41	8.11
	Amount provided for	22.12	31.78

(*) Includes claims receivable filed with insurance company.

xi)	Information on net interest margin (qualifying asset)	Year ended 31 March 2020	Year ended 31 March 2019
	Average Interest (a)	20.82%	20.89%
	Average effective cost of borrowing (b)	10.86%	10.94%
	Net Interest margin (a-b)	9.96%	9.95%

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 42: Additional disclosures pursuant to Para 19 of Master Direction - 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 2020	
		Amount outstanding	Amount overdue
(a)	Debentures		
	Secured	-	-
	Unsecured	13,587.84	-
	(other than falling within the meaning of public deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans		
	Secured	3,93,470.42	-
	Unsecured	7,581.54	-
(d)	Inter-corporate loans and borrowing		
(e)	Commercial Paper	-	-
(f)	Other Loans (*)	5,953.96	-

(*) Under Ind AS 109, securitised loan assets does not meet de-recognition criteria and accordingly, the Company continue to recognise such loan assets and a liability at amortised cost using effective interest method. These assets have not been included in above disclosure. The above figure includes accrued interest.

Assets side :

(2)	Break up of Loans and Advances:	As at 31 March 2020
a)	Secured, gross	7,550.27
b)	Unsecured, gross	4,45,921.02
	Total	4,53,471.29

Loans and advances are arriving after the adjustment of accrued interest, unamortised loan processing fees, fair valuation impact and unamortised loan acquisition cost as per Ind AS requirements. Loans and advances include accrued interest along with other Ind AS adjustments.

(3)	Break up of Leased Assets	As at 31 March 2020
(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	-

(4)	Breakup of investments	As at 31 March 2020
	Current Investments :	
1.	Quoted	
(i)	Shares	
	(a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	-
(iv)	Government Securities	-
(v)	Others	-
2.	Unquoted	
(i)	Shares	
	(a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	-
(iv)	Government Securities	-
(v)	Others	-



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 42: Additional disclosures pursuant to Para 19 of Master Direction - 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 2020
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
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others		-

(#) Refer note 42 (ii) investment has been fully provided.

(5)	Borrower group-wise classification of assets financed as in (2) and (3) Category	Net of provision as at 31st March 2020		
		Secured	Unsecured	Total
1.	Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) other related parties	-	-	-
2.	Other than related parties	7,550.27	4,27,168.83	4,34,719.10
Total		7,550.27	4,27,168.83	4,34,719.10

(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) Category	Market value / Breakup or fair value or NAV	Book value (net of provisions)
1.	Related parties	-	-
2.	Other than related parties	-	-
Total		-	-

(7)	Other information	As at 31 March 2020
(i)	Gross non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	11,183.85
(ii)	Net non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	-
(iii)	Assets acquired on satisfaction of debt	-

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 43: 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:

S.L.No.	Type of Restructuring Asset Classification Details	Others				
		Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01 April 2019 (*)	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -
2	Fresh Restructuring during the year	No. of borrowers Amount outstanding Provision thereon	794 125.41 125.41	- - -	- - -	794.00 125.41 125.41
3	Upgradations to restructured standard category during the FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -
5	Downgradations of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -
6	Write-offs of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	793 111.70 -	- - -	- - -	793.00 111.70 -
7	Restructured Accounts as on 31 March 2020 (*)	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -

* 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 as at 31 March 2020 is after considering recoveries made during the year.
2. CDR and SME debt restructuring segments are nil.
3. One loan account was collected and closed during the financial year.
4. There were no accounts restructured during previous year and accordingly the same has not been disclosed.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 44: Disclosures pursuant to Reserve Bank of India notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

A) Asset Classification as per RBI Norms

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms (*)	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
Performing Assets						
Standard	Stage 1	4,30,578.26	2,749.79	4,27,828.47	1,706.88	1,042.91
	Stage 2	11,709.19	4,818.56	6,890.63	43.75	4,774.81
Subtotal (A)		4,42,287.45	7,568.35	4,34,719.10	1,750.63	5,817.72
Non-Performing Assets (NPA)						
Substandard	Stage 3	11,183.84	11,183.84	-	2,722.14	8,461.70
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (B)		11,183.84	11,183.84	-	2,722.14	8,461.70
Total (A+B)	Stage 1	4,30,578.26	2,749.79	4,27,828.47	1,706.88	1,042.91
	Stage 2	11,709.19	4,818.56	6,890.63	43.75	4,774.81
	Stage 3	11,183.84	11,183.84	-	2,722.14	8,461.70
Total		4,53,471.29	18,752.19	4,34,719.10	4,472.77	14,279.42

(*) The amount of securitisation portfolio has been considered off book balances for limited purpose of computation provision as per RBI norms.

Note 45(a): Disclosures pursuant to Reserve Bank of India notification no. DOR.No.BP. BC.47/21.04.048/2019-20 dated 27 March 2020 and DOR.No.BP. BC.71/21.04.048/2019-20 dated 23 May 2020 on COVID-19 – Regulatory Package

RBI vide its notification DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 had allowed NBFCs to grant three month moratorium for the period from 01 March 2020 to 31 May 2020 to its customers which was subsequently extended to additional three months vide notification DOR.No.BP.BC.71/21.04.048/2019-20 dated 23 May 2020.

The Company has extended the relaxation to its borrowers across the loans product offerings in the following manner:

- For the loans in which customers avails the moratorium, interest shall accrue at the contractual interest rate during the moratorium period with corresponding increase in the residual tenure.
- Interest accrual for moratorium period is adjusted over the balance period with EMI recalibration.
- Rescheduling of payment including interest will not qualify as a default for purpose of supervisory reporting and reporting to Credit Bureau.
- Days Past Due (DPD) status and reporting to Credit Bureaus between 1 March 2020 and 31 August, 2020 will not change with effect from 1 Mar 2020. However, due to EMI repayments post 1 March 2020, if there is a reduction of DPD days, the same will be recorded & reported.

Note 45(b): Disclosures pursuant to Reserve Bank of India notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020

Amount in SMA/ overdue category where the moratorium deferment was extended	28,106.37
Amount where asset classification benefit is extended	18,027.41

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 46: Asset Liability Management

Maturity pattern of assets and liability as on 31 March 2019

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)	4,072.88	-	253.41	466.10	842.82	641.44	3,865.26	8,177.77	50.00	-	18,369.68
Advances (Micro Finance Portfolio)	-	-	-	325.90	-	35,762.61	1,66,204.59	2,08,945.50	8,790.07	-	4,20,028.67
Advances (Other than Micro Finance)	70.37	132.30	78.82	175.05	241.83	3,501.14	12,165.77	11,284.40	1,348.89	-	28,998.57
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	7,511.09	2,427.65	4,482.86	8,247.35	20,134.35	65,136.07	1,18,381.02	1,59,112.99	15,590.49	17,500.00	4,18,523.87
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of assets and liability as on 31 March 2019

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)	21.55	2,000.00	9,062.71	276.22	407.68	492.15	2,126.89	5,078.70	-	-	19,465.90
Advances (Micro Finance Portfolio)	59.93	103.71	22,883.75	23,393.28	22,894.73	65,659.86	1,02,661.26	78,781.42	1,474.68	-	3,17,912.62
Advances (Other than Micro Finance)	249.29	498.58	1,689.38	2,516.67	2,299.62	6,690.87	10,713.97	10,990.52	834.95	-	36,483.85
Investments	-	-	-	-	-	-	-	-	-	3.32	3.32
Borrowings	3,794.12	981.37	6,220.40	10,543.23	12,949.80	47,959.67	88,384.68	99,834.65	15,367.00	15,000.00	3,01,034.92
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.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Asset Liability Management (Contd.)

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

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
25	3,77,808.33	Not applicable	87.50%

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.

(II) Top 20 large deposits (amount in ₹ lakhs and % of total deposits) - Not applicable

(III) Top 10 borrowings

Amount	% of total borrowings (#)
2,61,908.02	62.58%

Note:

(*) Accrued interest on borrowings not considered.

(#) Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

(IV) Funding Concentration based on significant instrument / product

Name of the instrument/product	Amount	% of total liabilities
Debt securities	-	-
Borrowings (other than debt securities)	4,00,023.85	92.65%
Subordinated liabilities	18,500.00	4.28%

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.

(v) Stock Ratios:

Stock Ratio	Percentage
1. Commercial papers as a % of total liabilities	Not Applicable
2. Commercial papers as a % of total assets	Not Applicable
3. Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%
4. Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%
5. Other short-term liabilities as a % of total liabilities	55.16%
6. Other short-term liabilities as a % of total assets	45.10%

(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 (Formerly Arohan Financial Services Private Limited) Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 47: First time adoption of Ind AS

A) Explanation of transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For the periods upto and including the year ended 31 March 2019, the company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) - ('previous GAAP').

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2020, the comparative information presented in these financial statements for the year ended 31 March 2019 and in the preparation of an opening Ind AS balance sheet at 01 April 2018 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Effect of Ind AS adoption on the Balance Sheet as at 01 April 2018

Particulars	Note	As at 01 April 2018		
		Previous GAAP *	Effect of transition to Ind AS	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents		15,863.87	14.18	15,878.05
Other bank balances		6,583.25	-	6,583.25
Trade receivables		219.23	-	219.23
Loans	E.c,d,g	2,03,439.37	450.02	2,03,889.39
Investments	E.e	6.58	(1.41)	5.17
Other financial assets	E.h	1,044.73	(13.28)	1,031.45
Total financial assets		2,27,157.03	449.51	2,27,606.54
Non-financial assets				
Current tax assets (net)	E.f	8.37	-	8.37
Deferred tax assets (net)	E.f	785.11	(95.71)	689.40
Property, plant and equipment		499.20	-	499.20
Intangible assets under development		-	-	-
Other intangible assets		534.11	-	534.11
Right-of-use assets	E.j	-	426.09	426.09
Other non-financial assets	E.h	606.65	13.28	619.93
Total non-financial assets		2,433.44	343.66	2,777.10
Total assets		2,29,590.47	793.17	2,30,383.64
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	E.a	11,694.90	(0.30)	11,694.60
Borrowings (other than debt securities)	E.a	1,60,193.59	148.63	1,60,342.22
Subordinated liabilities	E.a	14,975.98	-	14,975.98
Others financial liabilities	E.j	3,391.13	427.48	3,818.61
		1,90,255.60	575.81	1,90,831.41
Non-financial liabilities				
Provisions		261.87	-	261.87
Other non-financial liabilities		1,088.44	-	1,088.44
		1,350.31	-	1,350.31
Equity				
Equity share capital	E.i	8,822.44	24.10	8,846.54
Other equity	E.i	29,162.12	193.26	29,355.38
		37,984.56	217.36	38,201.92
TOTAL LIABILITIES AND EQUITY		2,29,590.47	793.17	2,30,383.64

(*) The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III to the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 47: First time adoption of Ind AS (Contd.)

A) Explanation of transition to Ind AS (Contd.)

Effect of Ind AS adoption on the Balance Sheet as at 31 March 2019

Particulars	Note	As at 31 March 2019		
		Previous GAAP *	Effect of transition to Ind AS	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents		17,400.18	0.39	17,400.57
Other bank balances		8,818.76	-	8,818.76
Trade receivables		566.33	-	566.33
Loans	E.c,d,g	3,45,317.11	6,204.53	3,51,521.64
Investments	E.e	5.00	(1.68)	3.32
Other financial assets	E.h	1,549.37	2,063.80	3,613.17
		3,73,656.75	8,267.04	3,81,923.79
Non-financial assets				
Current tax assets (net)	E.f	323.91	-	323.91
Deferred tax assets (net)	E.f	1,151.47	(786.77)	364.70
Property, plant and equipment		601.03	-	601.03
Intangible assets under development		5.29	-	5.29
Other intangible assets		570.37	-	570.37
Right-of-use assets	E.j	-	645.70	645.70
Other non-financial assets	E.h	864.65	10.17	874.82
		3,516.72	(130.90)	3,385.82
Total assets		3,77,173.47	8,136.14	3,85,309.61
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables				
(I) Trade payables		-	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(II) Other payables		-	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	E.a	6,244.29	1.60	6,245.89
Borrowings (other than debt securities)	E.a	2,71,714.38	5,873.45	2,77,587.83
Subordinated liabilities	E.a	18,515.22	-	18,515.22
Others financial liabilities	E.j	9,759.11	667.41	10,426.52
		3,06,233.00	6,542.46	3,12,775.46
Non-financial liabilities				
Provisions		523.69	-	523.69
Other non-financial liabilities		2,294.86	-	2,294.86
		2,818.55	-	2,818.55
Equity				
Equity share capital	E.i	10,116.14	151.25	10,267.39
Other equity (refer statement of change in equity)	E.i	58,005.78	1,442.43	59,448.21
		68,121.92	1,593.68	69,715.60
Total liabilities and equity		3,77,173.47	8,136.14	3,85,309.61

(*)The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III to the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 47: First time adoption of Ind AS (Contd.)

A) Explanation of transition to Ind AS (Contd.)

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31 March 2019

Particulars	Note	Previous GAAP *	Effect of transition to IndAS	IndAS
Revenue from operations				
Interest income	E.a	60,279.02	(1,795.22)	58,483.80
Fees and commission income		1,984.41	-	1,984.41
Net gain on derecognition of financial instruments	E.b	-	4,269.57	4,269.57
Other operating income		513.26	-	513.26
Total Revenue from operations		62,776.69	2,474.35	65,251.04
Other Income	E.h	270.35	2.77	273.12
Total Income		63,047.04	2,477.12	65,524.16
Expenses				
Finance costs	E.a	25,360.60	117.85	25,478.45
Impairment on financial instruments	E.d	4,049.18	-	4,049.18
Employee benefits expenses	E.g	11,738.50	(12.68)	11,725.82
Depreciation, amortisation and impairment	E.j	409.61	117.64	527.25
Other expenses	E.j	6,168.25	(138.46)	6,029.79
Total Expenses		47,726.14	84.35	47,810.49
Profit before tax		15,320.90	2,392.77	17,713.67
Tax Expense	E.f			
Current tax expenses		4,585.25	-	4,585.25
Deferred Tax		(366.37)	836.26	469.89
Tax reversal for earlier years		(105.50)	-	(105.50)
Profit after tax		11,207.52	1,556.51	12,764.03
Other Comprehensive Income	E.g			
(A) Items that will not be reclassified to profit or loss				
(i) Remeasurement of post employment benefit obligations		-	(116.08)	(116.08)
(ii) Equity instruments through other comprehensive income		-	-	-
(iii) Income tax relating to these items		-	40.56	40.56
Subtotal (A)		-	(75.52)	(75.52)
(B) Items that will be reclassified to profit or loss				
(i) Fair valuation of financial assets		-	(299.42)	(299.42)
(ii) Income tax relating to these items		-	104.63	104.63
Subtotal (B)		-	(194.79)	(194.79)
Other Comprehensive Income (A + B)		-	(270.31)	(270.31)
Total comprehensive income for the year		11,207.52	1,286.20	12,493.72

(*) The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III to the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 47: First time adoption of Ind AS (Contd.)

B) Ind AS optional exemptions

Indian Accounting Standard 101 First time adoption Indian Accounting Standards (Ind AS 101) allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following:

(i) Deemed cost property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Asset. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(ii) Determining whether an arrangement contains a lease

The Company has applied Ind AS 116 for determining whether an arrangement contains a lease and also to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

(iii) Share based payments

Ind AS 102 share based payments requires an entity to recognise the equity settled share based payment plans based on fair value of the stock options granted to employees instead of intrinsic value. Ind AS 101 permits a first time adopter to ignore such requirement for the options already vested as on transition date that is April 1, 2017. The Company has elected to apply this exemptions for such vested options.

C) Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 01 April 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI
- Impairment of financial assets based on expected credit loss model

(ii) Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition. Further, if it is impracticable for the Company to apply retrospectively the effective interest rate method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS shall be the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to Ind AS.

(iii) Derecognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

D) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile total equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) Reconciliation of total equity

Particulars	As at 01 April 2018	As at 31 March 2019
Total equity (shareholder's funds) as per previous GAAP	37,984.56	68,121.92
Adjustment resulting in increase/ (decrease) in equity reported in previous GAAP:		
(1) Impact on recognition of financial asset and financial liabilities at amortised cost by application of effective interest rate method	(168.25)	628.90
(2) Net gain on derecognition of loans sold under assignment transaction	-	2,074.31
(3) Fair valuation of financial assets and liabilities	(26.10)	(431.20)
(4) Others	508.01	108.47
(7) Tax impact on above adjustments	(96.30)	(786.80)
Total adjustments on transition to Ind AS	217.36	1,593.68
Total equity as per Ind AS	38,201.92	69,715.60

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 47: First time adoption of Ind AS (Contd.)

D) Reconciliations between previous GAAP and Ind AS (Contd.)

(ii) Reconciliation of total comprehensive income for the year

Particulars	Year ended 31 March 2019
Net profit as per previous GAAP	11,207.52
Adjustment resulting in increase/(decrease) in profit after tax as reported under previous GAAP	
(1) Impact on recognition of financial asset and financial liabilities at amortised cost by application of effective interest rate method	327.22
(2) Net gain on derecognition of loans sold under assignment transaction	2,074.31
(3) Fair valuation of financial assets and liabilities	(103.73)
(5) Others	94.97
(6) Deferred tax impact on Ind AS adjustments	(836.25)
Profit after tax as per Ind AS	12,764.04
Other comprehensive income, net of taxes	(270.32)
Total comprehensive income for the year	12,493.72

(iii) Impact of Ind AS adoption on statement of cash flows for the year ended on 31 March 2019:

Particulars	Previous GAAP*	Adjustments	Ind AS
Net cash used in operating activities	(1,25,804.90)	(5,054.09)	(1,30,858.99)
Net cash used in investing activities	(439.40)	(111.72)	(551.12)
Net cash flows from financing activities	1,27,795.86	5,136.77	1,32,932.63
Net Increase/ (decrease) in cash and cash equivalent	1,551.56	(29.04)	1,522.52
Cash and cash equivalent as at 01 April 2018	15,861.20	16.85	15,878.05
Cash and cash equivalent as at 31 March 2019	17,412.76	(12.19)	17,400.57

The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III for the purpose of this note. After reclassification, effect has been given for transition adjustments.

E) Notes to First time adoption

a) Borrowings and loans

Under previous GAAP, transaction costs incurred towards origination of borrowings were charged to statement of profit and loss on straight-line basis over the period of borrowing. Under Ind AS, such transaction costs are netted off from the carrying amount of borrowings on initial recognition. These transactions costs are then recognised in the statement of profit and loss over the tenure of the such borrowings as part of the interest expense by applying the effective interest rate method.

b) Gain on de-recognition of loans sold under direct assignment transactions

Under Ind AS, present value of excess interest spread receivables on de-recognized assets has been computed by discounting net cash flows from such assigned pools with respective pool IRR. Under previous GAAP, such spread was being recognized as and when received in cash.

c) Securitisation

Under previous GAAP, the Company used to de-recognise the securitised loan assets and excess interest spread income was recognised on receipt basis. Under Ind AS 109, securitised loan assets does not meet de-recognition criteria and accordingly, the Company continue to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

d) Impairment of loan assets

Under previous GAAP, the Company were created impairment allowance on loan assets basis the provisioning norms prescribed by Reserve Bank of India ('RBI'). Under Ind AS, impairment allowance has been determined based on expected credit loss ('ECL') model.

e) Fair valuation of investments

Under previous GAAP, investments in long-term equity instrument were carried at cost and tested for other than temporary diminution. Under Ind AS, such investments are carried either at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) (except for investment in subsidiaries).

Under previous GAAP, investments in mutual funds were carried at cost or market value whichever is lower. Under Ind AS, such investments are carried at fair value through profit and loss (FVTPL).



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 47: First time adoption of Ind AS (Contd.)

E Notes to First time adoption (Contd.)

f Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

g Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under previous GAAP.

h Security deposits paid

Under previous GAAP, security deposits were initially recognised at transaction price. Subsequently, finance income was recognised based on contractual terms, if any. Under Ind AS, such security deposits are initially recognised at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value is recognised in statement of profit and loss unless it quantifies for recognition as some other type of asset.

i Share based payment

Under the previous GAAP, the Company had the option to measure the cost of equity-settled employee share-based plan either using the intrinsic value method or using the fair value method. Under Ind AS, the cost of equity-settled share-based plan is recognised based on the fair value of the options as at the grant date.

j Right of use asset

Under Ind AS, lease for office building and furniture 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. Accordingly The Company has used the modified retrospective method to all lease contracts existing as at 1 April 2019. This has resulted in recognising a right-of-use asset and a corresponding lease liability. In the Statement of Profit and Loss, 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.

Note 48: Foreign Currency Disclosures

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Earnings in foreign currency (on accrual basis)		
Grant income	-	3.47
Sale of accumulated carbon credit	4.92	-
	4.92	3.47
(b) Expenditure in foreign currency (on accrual basis)		
Other borrowing costs	-	38.12
Professional fees	1.34	-
	1.34	38.12

Note 49: 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 of the Companies Act 2013, CSR expenses have been incurred throughout the year on the activities as specified in schedule VII of the Act.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Gross amount required to be spent during the year	159.76	79.74
(b) Amount spent during the year on purposes other than construction/acquisition of any asset		
Already spend	141.40	77.67
Yet to be paid	18.36	2.07
Total	159.76	79.74

Note 50: 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.

Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 51: Lease related disclosures

(a) Company as a lessee

The Company has adopted Ind AS 116 effective 1 April 2018 (i.e. date of transition to Ind AS), using the modified retrospective method to all lease contracts existing as at 1 April 2019. This has resulted in recognising a right-of-use asset of ₹1,206.79 lakhs and a corresponding lease liability of ₹ 1,206.79 lakhs. 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 ₹ 261.48 lakhs (31 March 2019: 141.94 lakhs) and negatively impacted the PBT by ₹ 34.05 lakhs (31 March 2019: 20.47 lakhs)

(b) The table below describes the nature of Company's leasing activities by type of right-of-assets recognised on balance sheet:

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	9	10 months to 95 months	34 months	9	-	-
Furniture	3	111 months	111 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 2020	Year ended 31 March 2019
Short-term leases	1,033.07	832.83

(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 2020
Lease payments	266.85	228.16	108.62	89.22	75.06	299.42	1,067.33
Less: Finance cost	72.41	53.14	39.66	33.59	28.30	55.60	282.70
Net present values	194.44	175.02	68.96	55.63	46.76	243.82	784.63

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at 31 March 2019
Lease payments	221.11	205.90	167.45	82.72	66.37	105.64	849.19
Less: Finance cost	61.61	44.95	29.26	18.32	12.23	16.65	183.02
Net present values	159.50	160.95	138.19	64.40	54.14	88.99	666.17

(e) Total cash outflow for leases for the year ended 31 March 2020 was ₹ 261.48 lakhs (31 March 2019; ₹141.94 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) On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised was 11%.



Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (Contd.)
 (All amounts in ₹ lakhs unless otherwise stated)

Note 52: Contingent liabilities and commitments

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(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	29.07	96.20
(b) Corporate guarantee provided to IndusInd Bank towards partnership agreement.	75.00	75.00	75.00
(c) Corporate guarantee in the form of credit enhancement provided towards securitisation.	1,311.69	1,311.69	-
(d) Capital commitment for purchase/ development of tangible and intangible asset (net of advances).	13.81	16.44	97.31

Note 53: COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The Company's business is expected to be impacted by lower lending opportunities and decline in collection efficiencies. The impact of COVID-19 on Company's result remain uncertain and dependent on extent of spread of COVID-19, steps taken by the Government and central bank to mitigate the economic impact, steps taken by the Company and the time it takes for economic activities to resume at normal levels as a result of which, actual results may differ. The Company's capital and liquidity position remains strong and would continue to be the focus area for the Company.

In accordance with the Reserve Bank of India ("the RBI") guidelines relating to COVID-19 Regulatory Package dated 27 March, 2020 and 17 April, 2020, the Company has granted moratorium upto six months on payment of all installments and/ or interest, as applicable, falling due between 1 March, 2020 and 31 August, 2020 to all the eligible borrowers as per the Company's policy. For all such loans where moratorium is granted, the Company has kept ageing of such loans and their asset classification standstill during the moratorium period.

The Company has recognized provisions as on 31 March 2020 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 financial results. 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 conditions.

This is the summary of significant accounting policies and other explanatory information referred in our report of even date.

For **Walker Chandiok & Co LLP**
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Manish Gujral
 Partner
 Membership No. 105117

Place: Mumbai
 Date: 26 June 2020

For and on behalf of Board of Directors of
Arohan Financial Services Limited
 (Formerly Arohan Financial Services Private Limited)

Manoj Kumar Nambiar **Anurag Agrawal**
 Managing Director Director
 (DIN: 03172919) (DIN: 02385780)
 Place : Kolkata Place : Mumbai

Anirudh Singh G Thakur **Milind Nare**
 Company Secretary Chief Financial Officer
 Place: Kolkata Place: Kolkata
 Date: 26 June 2020



Arohan Financial Services Limited

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