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INDEPENDENT AUDITOR'S REPORT

To the Members of **Arohan Financial Services Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arohan Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. 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.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Measurement of Impairment on Financial Assets-Loans** Refer Note 3(k) for significant accounting policies and Note 41 for credit risk disclosures. The Company has reported gross loan assets of INR 5,06,686.12 lacs against which an impairment loss of INR 28,464.17 lacs has been recorded. The Company recognised impairment provision for loan assets based on the Expected Credit Loss approach laid down under 'Ind AS 109 - Financial Instruments'. The calculation of impairment losses on loans is complex and is based on the application of	Assessed the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited, to the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. • Considered the Company's accounting policies for estimation of expected credit loss

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	significant management judgement and the use of different modelling techniques and assumptions which are uncertain and could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. The Expected Credit Loss is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In view of the above, the measurement of impairment loss on loans was determined to be a Key Audit Matter in our audit of the financial statements.	on loans and assessed the compliance with the policies in terms of Ind AS 109. • Tested the design and operating effectiveness of key financial controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the revised repayment schedules of the borrowers which included the impact of the moratorium and restructuring. • Understood and challenged the aforesaid assumptions through our understanding of the risk profile of the customers of the Company. • Reconciled the total financial assets considered for ECL estimation with the books of account to ensure the completeness. • Verified, on test check basis, whether appropriate staging of assets have been performed basis their days past due. Further, performed an overall assessment of the ECL provision levels at each stage. • Verified assets in stage 1, 2 and 3 on sample basis and tested that they were allocated to the appropriate stage. For samples of exposure, verified the appropriateness of determining Exposure at Default (EAD), PD and LGD. • Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
2	**Information Technology ("IT") Systems and Controls** The Company has a complex IT system to support its recording of customer's operational data, business processes, ensuring complete and accurate processing of financial transactions and supporting the overall internal control framework. In particular, the IT system is used for recording all disbursements and collections, identification and tagging of pledged loans to	Our audit procedures with respect to this matter include, but were not limited to the following: • Involved IT specialists as part of the audit for the purpose of testing the IT general controls and application controls (automated and semi-automated controls) to determine the accuracy of the information produced by the Company's IT systems.

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	customers and calculating interest income and overdue days. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The reliability and security of IT systems play a key role in the business operation. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Accordingly, we have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	• Obtained a comprehensive understanding of IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. • Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. •Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 58 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.

(1) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(2) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 23118580BGXRQD9097

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Mumbai
May 12, 2023

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ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AROHAN FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2023.

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

i.

(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment, and relevant details of right-of-use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) All the Property, Plant and Equipment and right of use assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.

ii.

(a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.

(b) During the year the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks/financial institutions on the basis of security of current assets. Quarterly returns / statements filed with such Banks/ financial institutions are in agreement with the books of account.

iii.

(a) The Company is involved in the Business of giving loans. Accordingly, the requirements under paragraph 3(iii)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made, guarantees provided, securities given and / or grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the interest of the Company.

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(c) In respect of the [aforesaid] loans/ advances in nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of micro finance lending [to small individual borrowers], the borrower-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 7 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of the loans/ advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2023 is Rs. 6,791.10 lakhs. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 48 in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2023.

(e) The Company is involved in the Business of giving loans. Accordingly, the requirements under paragraph 3(iii)(e) of the Order are not applicable to the Company.

(f) According to the information explanation provided to us, the Company has granted loans and / or advances in the nature of loans during the year. These are not repayable on demand / have stipulated the schedule for repayment of principal and interest. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of Section 185 of the Act nor made investments through more than two layers of investment companies in accordance with the provisions of Section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

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

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

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(b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded Rs. (in Lakhs)	Amount Paid Rs. (in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6.18	--	AY 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	22.89	22.88	AY 2014-15	Commissioner of Income Tax(Appeals)
Income Tax Act, 1961	Income Tax	9.13	1.85	AY 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act,c1961	Income Tax	3.10	--	AY 2022-23	Commissioner of Income Tax (Appeals)

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

ix.

(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information explanation given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries, associates, or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.

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x.

(a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of cumulative convertible preference shares during the year and the requirements of Section 42 and Section 62 of the Act have been complied with. The amount raised has been used for the purposes for which they were raised.

xi.

(a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.

(b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv.

(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports of the Company issued till date, for the year under audit.

xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.

xvi.

(a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a non deposit taking non-banking financial institution.

(b) The Company has not conducted any Non-Banking Financial activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.

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(d) The Group does not have any CIC as part of its group. Hence the provisions stated in paragraph 3(xvi) (d) of the order are not applicable to the Company.

xvii. Based on the overall review of financial statements, the Company has incurred cash losses in the current financial year amounting to Rs. 92,317.98 lakhs but has not incurred any cash losses during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx.

(a) In respect of other than ongoing projects, the Company has transferred unspent amount to a Fund specified in schedule VII of the Act within a period of six months of the expiry of the financial year in compliance second proviso to sub-Section (5) of Section 135 of the Act.

(b) There are no ongoing projects and accordingly reporting under Clause 3(xx)(b) of order is not applicable to the Company.

xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Tushar Kurani

MSKA & ASSOCIATES MUMBAI Chartered Accountants

Tushar Kurani
Partner
Membership No. 118580
UDIN: 23118580BGXRQD9097

Mumbai
May 12, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AROHAN FINANCIAL SERVICES LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Arohan Financial Services Limited on the Financial Statements for the year ended March 31, 2023]

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

Opinion

We have audited the internal financial controls with reference to financial statements of Arohan Financial Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6238 0519
Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 23118580BGXRQD9097

Mumbai
May 12, 2023

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Arohan Financial Services Limited
Balance Sheet as at 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial Assets			
Cash and cash equivalents	4	55,656.06	95,362.92
Other bank balances	5	37,800.09	35,372.38
Trade receivables	6	1,537.64	200.59
Loans	7	4,78,221.95	3,71,019.93
Investments	8	7,877.00	5.00
Other financial assets	9	2,757.32	547.14
		5,83,850.06	**5,02,507.96**
Non-financial assets			
Current tax assets (net)	10	4,268.74	4,820.31
Deferred tax assets (net)	11	11,846.91	13,773.52
Property, plant and equipment	12	530.80	400.71
Intangible assets under development	13	44.06	45.04
Other intangible assets	13	215.05	269.47
Right of use asset	14	490.05	393.43
Other non-financial assets	15	571.12	749.01
		17,966.73	**20,451.49**
Total assets		**6,01,816.79**	**5,22,959.45**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	16	30,084.77	28,338.42
Borrowings (other than debt securities)	17	3,80,936.33	3,41,078.35
Subordinated liabilities	18	42,327.83	43,309.37
Other financial liabilities	20	9,946.14	3,713.27
		4,63,295.07	**4,16,439.41**
Non-financial liabilities			
Provisions	21	2,468.29	2,099.70
Other non-financial liabilities	22	2,250.92	2,072.25
		4,719.21	**4,171.95**
Equity			
Equity share capital	23	15,038.85	12,017.73
Other equity	24	1,18,763.66	90,330.36
		1,33,802.51	**1,02,348.09**
Total liabilities and equity		**6,01,816.79**	**5,22,959.45**

Note 1 to 61 form an integral part of these Financial Statements
This is the Balance Sheet referred to in our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580

MSKA & ASSOCIATES MUMBAI Chartered Accountants

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

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

Vineet Chandra Rai
Director
(DIN: 00606290)
Place : Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 12 May 2023

Milind R Nare
Chief Financial Officer
Place: Kolkata

Arohan Financial Services Limited
Statement of Profit and Loss for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
Interest income	26	93,096.90	85,872.70
Dividend income	27	-	3.50
Fees and commission income	28	10,209.69	4,172.35
Net gain on derecognition of financial instruments	29	3,586.49	-
Other operating income	30	52.30	124.02
Total revenue from operations		1,06,946.38	90,172.57
Other income	31	2,154.14	1,870.03
Total Income		1,09,099.52	92,042.60
Expenses			
Finance costs	32	46,864.42	40,176.34
Impairment on financial instruments	33	19,264.99	13,566.80
Employee benefits expenses	34	24,614.80	21,039.10
Depreciation and amortization	35	476.24	586.07
Other expenses	36	8,883.71	8,380.19
Total Expenses		1,00,104.16	83,748.50
Profit before tax		8,995.36	8,294.10
Tax expense:	38		
Current tax		1.96	8.93
Deferred tax expense		2,014.95	2,178.62
Tax expense for earlier years		(93.18)	11.52
Total tax expenses		1,923.73	2,199.07
Profit/ (loss) for the year		7,071.63	6,095.03
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
(i) Remeasurement of post employment benefit obligations		(350.99)	(223.42)
(ii) Equity instruments through other comprehensive income		-	5.00
(ii) Income tax relating to these items		88.34	55.40
Subtotal (A)		(262.65)	(163.02)
(B) Items that will be reclassified to profit or loss			
(i) Fair valuation of financial assets		-	-
(ii) Income tax relating to these items		-	-
Subtotal (B)		-	-
Total other comprehensive income (A + B)		(262.65)	(163.02)
Total comprehensive income for the year		6,808.98	5,932.01
Earnings per equity share			
Nominal value per share		10.00	10.00
Basic (₹)	39	6.05	5.22
Diluted (₹)		5.84	5.20

Note 1 to 61 form an integral part of these Financial Statements
This is the Statement of Profit and Loss referred to in our report of even date.

For **M S K A & Associates**
Chartered Accountants
Firm Registration No: 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580

MSKA & ASSOCIATES MUMBAI Chartered Accountants

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

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

Vineet Chandra Rai
Director
(DIN: 00606290)
Place : Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 12 May 2023

Milind R Nare
Chief Financial Officer
Place: Kolkata

Arohan Financial Services Limited
Statement of change in equity for the Year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	12,017.73	12,017.73
Changes in equity share capital during the year	100.00	-
Balance at the end of the year	**12,117.73**	**12,017.73**

(b) Convertible preference share capital

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	-	-
Changes in Compulsorily convertible preference shares capital during the year	2,921.12	-
Balance at the end of the year	**2,921.12**	-

(c) Other equity

Particulars	Reserves and Surplus						Other Comprehensive Income	Total other equity
	Securities premium	Statutory reserves	Retained Earnings	General reserve	Share option outstanding account	Treasury shares	Equity instruments through other comprehensive income	
Balance as at March 31, 2021	**71,032.08**	**6,805.78**	**10,831.32**	**80.27**	**729.77**	**(5,629.85)**	**(3.57)**	**83,845.80**
Profit for the year	-	-	6,095.03	-	-	-	-	6,095.03
Other comprehensive income (net)	-	-	(166.59)	-	-	-	3.57	(163.02)
Share based payments to employees	29.38	-	-	-	425.31	122.17	-	576.86
Adjustment of loan to ESOP trust	(24.31)	-	-	-	-	-	-	(24.31)
Transfer to Statutory reserve (*)	-	1,219.01	(1,219.01)	-	-	-	-	-
Balance as at March 31, 2022	**71,037.15**	**8,024.79**	**15,540.75**	**80.27**	**1,155.08**	**(5,507.68)**	-	**90,330.36**
Profit for the year	-	-	7,071.63	-	-	-	-	7,071.63
Other comprehensive income (net)	-	-	(262.65)	-	-	-	-	(262.65)
Share based payments to employees	4.77	-	-	-	277.99	5.65	-	288.41
Issue of equity shares to ESOP trust	1,439.40	-	-	-	-	(1,539.40)	-	(100.00)
Issue of compulsorily convertible preference shares	21,908.38	-	-	-	-	-	-	21,908.38
Share issue expenses	(472.47)	-	-	-	-	-	-	(472.47)
Transfer to Statutory reserve (*)	-	1,414.33	(1,414.33)	-	-	-	-	-
Balance as at March 31, 2023	**93,917.23**	**9,439.12**	**20,935.40**	**80.27**	**1,433.07**	**(7,041.43)**	-	**1,18,763.66**

Note: The Company proposes a dividend @ 0.001% on compulsory convertible preference shares which is recommended by the Board of Directors for approval by the Shareholders in the ensuring Annual General meeting.

(*) The Company has transferred 20% of profits after tax to Statutory reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934

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

For **M S K A & Associates**
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580

MSKA & ASSOCIATES * MUMBAI * Chartered Accountants

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

Manoj Kumar N Nambiar
Managing Director
(DIN: 031[illegible]2919)
Place : Kolkata

Vineet Chandra Rai
Director
(DIN: 00606290)
Place : Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 12 May 2023

Milind R Nare
Chief Financial Officer
Place: Kolkata

Arohan Financial Services Limited
Cash Flow Statement for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

		Year ended 31 March 2023	Year ended 31 March 2022
(A)	**Cash flows from operating activities**		
	Profit before tax	8,995.36	8,294.10
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortization	476.24	586.07
	Interest on lease liability (net)	45.78	53.09
	Impairment on financial instruments	19,117.55	13,566.80
	Impairment on trade receivables	147.44	-
	Net gain on derecognition of financial instruments	(3,586.49)	-
	Interest income on unwinding of assigned portfolio	(294.45)	(352.92)
	Adjustment of loan to ESOP trust	-	(24.31)
	Expense on employee stock option scheme	282.76	454.69
	Effective interest rate adjustment for financial instruments (*)	1,475.82	(2,310.11)
	Unwinding impact on security deposit	0.21	0.34
	Operating profit before working capital changes	**26,660.22**	**20,267.75**
	Working capital adjustments		
	(Increase)/ decrease in assets		
	Loans	(1,26,319.57)	8,003.80
	Trade receivables	(1,484.49)	(86.92)
	Other financial assets	1,675.25	862.65
	Other non-financial assets	173.19	614.67
	Increase/ (decrease) in liabilities		
	Others financial liabilities	6,138.36	(2,911.19)
	Provisions	17.60	87.77
	Other non-financial liabilities	178.67	(173.13)
	Cash (used in)/ generated from operating activities	**(92,960.77)**	**26,665.40**
	Income taxes paid (net of refunds)	642.79	(4,204.80)
	Net cash (used in)/ generated from operating activities (A)	**(92,317.98)**	**22,460.60**
(B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(301.69)	(97.76)
	Investment in fixed deposits	(2,427.71)	(16,122.96)
	Purchase of investments	(7,872.00)	-
	Purchase of intangible assets	(34.41)	(5.96)
	Purchase of intangible assets under development	(46.30)	(70.72)
	Proceeds from sale of property, plant and equipment	0.44	2.63
	Net cash used in investing activities (B)	**(10,681.67)**	**(16,294.77)**
(C)	**Cash flows from financing activities**		
	Proceeds from issue of equity shares (including premium)	5.65	122.17
	Proceeds from Issue of compulsorily convertible preference shares (including premium)	24,829.50	-
	Share issue expenses	(472.47)	-
	Proceeds from debt securities (*)	11,462.43	-
	Repayment of debt securities (*)	(9,940.00)	(69,977.67)
	Proceeds from borrowings (other than debt securities) (*)	6,44,169.00	4,67,025.59
	Repayment of borrowings (other than debt securities) (*)	(6,05,544.46)	(4,45,766.13)
	Proceeds from subordinated liabilities (*)	-	22,234.60
	Repayment of subordinated liabilities (*)	(1,000.00)	-
	Payment of lease liabilities	(216.86)	(243.22)
	Net cash generated/ (used in) financing activities (C)	**63,292.79**	**(26,604.66)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(39,706.86)	(20,438.83)
	Cash and cash equivalents as at the beginning of the year	95,362.92	1,15,801.75
	Cash and cash equivalents as at the end of the year	**55,656.06**	**95,362.92**
	Components of cash and cash equivalents: [Refer Note 4]		
	Cash on hand	36.05	55.57
	Balances and deposits with banks	55,620.01	95,307.35
	Cash and cash equivalents considered for cash flow	**55,656.06**	**95,362.92**

(*) Refer Note 19 for reconciliation of liabilities arising from financing activities

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".
This is the Statement of Cash Flows referred to in our report of even date.

For M S K A & Associates
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580

MSKA & ASSOCIATES MUMBAI Chartered Accountants

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

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

Vineet Chandra Rai
Director
(DIN: 00606290)
Place : Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 12 May 2023

Milind R Nare
Chief Financial Officer
Place: Kolkata

1 Corporate informatories

Arohan Financial Services Limited ('the Company') is incorporated under the provisions of the Companies Act 1956. The Company has been registered as a Non-Banking Financial Company ('NBFC') with the Reserve Bank of India ('the RBI') from 8 July 2009 and pursuant to the notification issued by the RBI for classification of NBFCs as Non-Banking Finance Company – Micro Finance Institutions ('NBFC-MFI'), the Company's application for registration as an NBFC-MFI was approved by the RBI on 10 January 2014. The Company has converted itself into a public limited company and changed its name to Arohan Financial Services Limited and has received a fresh certificate of incorporation dated 25 May 2018.

The Company is primarily engaged in providing the livelihood promotion services such as micro-credit to socio-economically disadvantaged customers un-reached by the formal banking systems. In addition to the core business of providing micro-credit, the company uses its distribution channel to provide certain other financial products and services.

2 Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These financial statements have been prepared by the Company in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended), the provisions of the Act (to the extent notified and applicable) and other applicable guidelines issued by the RBI.

The financial statements for the year ended 31 March 2023 has been authorised and approved by the Board of Directors in their meeting held on 12 May 2023.

The Guidance Note on Division III - Schedule III to the Companies Act. 2013 issued by the Institute of Chartered Accountants of India ("ICAI") has been followed in so far as they are not inconsistent with any of these Directions.

(ii) Historical cost convention

These financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.

3 Significant accounting policies and key account estimates and judgements

a) Basis of preparation

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 43. The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

b) Use of estimates, judgments and assumptions

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

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

Business model assessment

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

Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurements

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

Impairment of loan portfolio

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

Provisions

Provisions created in respect of a range of future obligations such as litigation. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate, which reflects both current interest rates and the risks specific to that provision.

Useful lives of depreciable/ amortisable assets

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

c) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss.

MSKA & ASSOCIATES MUMBAI Chartered Accountants

Arohan Financial Services Limited Kolkata 700 091

3 Significant accounting policies and key account estimates and judgements (cont'd)

c) Property, plant and equipment (cont'd)

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

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II, which is also the management's estimates of useful lives of such assets.

Asset class	Useful life
Office equipment	5 years
Computer equipment	3 years
Computer Servers	6 Years
Motor Vehicle	8 years
Furniture and fixtures	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use till useful life or the date the asset is sold/ disposed, whichever is earlier. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is de-recognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses incurred to acquire property, plant and equipment. Assets which are not ready to its intended use are also shown under capital work-in-progress.

d) Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

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

Intangible assets are amortised over a period of five years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost.

Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and repair the asset to be capable of operating in the manner intended by management. These are recognised as assets when the company demonstrate following recognition requirements:

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

e) Revenue recognition

Interest and processing fee income on loans

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

Income from assignment transactions

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

Commission income

Income from business correspondent and cross sale services is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

Interest on fixed deposits

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable using the effective interest rate (EIR) method.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/ collection.

f) Borrowing costs

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

g) Taxation

a) Current tax: Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation an establishes provisions where appropriate.

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3 Significant accounting policies and key account estimates and judgements (cont'd)

g) Taxation (cont'd)

b) Deferred Tax: Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Tax expense recognized in the Statement of Profit and Loss comprises the sum of deferred tax, current tax and tax expense for earlier years, except to the extent it recognized in other comprehensive income or directly in equity.

h) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The company has a defined contribution plans like provident fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of profit and loss.

Defined benefit plans

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

Other long-term employee benefits

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

i) Share based payments

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

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

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

j) Impairment of non-financial assets

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

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

k) Impairment of financial assets

The expected credit loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk.

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

• Stage 1 (0-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

• Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.

• Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

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

Probability of Default (PD)

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

Loss Given Default (LGD)

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

Exposure at Default (EAD)

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

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

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3 Significant accounting policies and key account estimates and judgements (cont'd)

k) Impairment of financial assets (cont'd)

Trade receivables

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

Other financial assets

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

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

Write off

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

m) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

n) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

o) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Non-derivative financial assets:

Subsequent measurement

Financial assets carried at amortised cost

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

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cashflows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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3 Significant accounting policies and key account estimates and judgements (cont'd)

o) Financial instruments (cont'd)

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

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

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

(b) The contractual terms of the financial asset meet the SPPI test.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

Investments

Investment in mutual funds and security receipts are measured at fair value through profit and loss (FVTPL).

Investment in equity are measured at fair value to other comprehensive income (FVOCI)

De-recognition of financial assets

Financial assets or a part of financial asset are derecognised when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities:

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there are a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p) Earnings per equity share

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

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

q) Segment reporting

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

r) Government grants

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

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

s) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non- monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

t) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

u) Dividend payment

Interim dividend declared to equity/ preference shareholders, if any, is recognized as liability in the period in which the said dividend is declared by the Board of Directors. Final dividend declared, if any, is recognized in the year in which the said dividend is approved by the Shareholders. Dividend payable is recognized directly in equity.

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Arohan Financial Services Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

Note 4: Cash and cash equivalents	As at 31 March 2023	As at 31 March 2022
Cash on hand	36.05	55.57
Balances with banks		
-Balance with banks in current accounts	1,549.67	9,747.32
-Deposits for original maturity of less than 3 months	54,070.34	85,560.03
Total	**55,656.06**	**95,362.92**

Note 5: Other bank balances	As at 31 March 2023	As at 31 March 2022
Deposits with remaining maturity of less than than 3 months	2,479.40	1.02
Deposits with remaining maturity of more than 3 months but less than 12 months	2,774.19	-
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees [Refer Note (a) below]		
- with maturity less than 3 months	2,032.37	5,020.14
- with maturity more than 3 months but less than 12 months	11,899.22	7,622.19
- with maturity more than 12 months	18,614.91	22,729.03
Total	**37,800.09**	**35,372.38**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Term loans from banks and financial Institutions	18,140.32	20,957.61
Overdraft facilities	45.29	53.75
Collateral against securitisations	14,161.49	14,170.19
Secured non convertible debenture	199.40	189.81
Total	**32,546.50**	**35,371.36**

Note 6: Trade receivables (at amortised cost)	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured (*)	1,537.64	200.59
Undisputed trade receivables – credit impaired (*)	147.44	-
	1,685.08	**200.59**
Less: Impairment allowance	(147.44)	-
Total - Net	**1,537.64**	**200.59**

(*) Unbilled dues are not included [Refer note 9].

Trade receivable outstanding from the due date of payment/ date of transaction

As at March 31, 2023

Trade receivables aging schedule	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good (#)	1,537.64		-	-	-	**1,537.64**
(ii) Undisputed trade receivables – credit impaired (#)	144.16	3.28	-	-	-	**147.44**
(iii) Disputed trade receivables – considered good	-	-	-	-	-	-
(iv) Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	**1,681.80**	**3.28**	-	-	-	**1,685.08**

As at March 31, 2022

Trade Receivables aging schedule	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good (#)	200.59	-	-	-	-	**200.59**
(ii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iii) Disputed trade receivables – considered good	-	-	-	-	-	-
(iv) Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	**200.59**	-	-	-	-	**200.59**

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

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Note 7: Loans	As at 31 March 2023			As at 31 March 2022		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
Term loans						
Secured Loans	854.79	-	854.79	9,405.09	-	9,405.09
Unsecured Loans	5,05,831.33	-	5,05,831.33	4,05,431.73	-	4,05,431.73
Total - Gross	**5,06,686.12**	-	**5,06,686.12**	**4,14,836.82**	-	**4,14,836.82**
Less: Impairment allowance (#)	(28,464.17)	-	(28,464.17)	(43,816.89)		(43,816.89)
Total - Net	**4,78,221.95**	-	**4,78,221.95**	**3,71,019.93**	-	**3,71,019.93**
(i) Secured by tangible assets (*)	854.79	-	854.79	9,405.09	-	9,405.09
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	5,05,831.33	-	5,05,831.33	4,05,431.73	-	4,05,431.73
Total - Gross	**5,06,686.12**	-	**5,06,686.12**	**4,14,836.82**	-	**4,14,836.82**
Less: Impairment allowance (#)	(28,464.17)	-	(28,464.17)	(43,816.89)	-	(43,816.89)
Total - Net	**4,78,221.95**	-	**4,78,221.95**	**3,71,019.93**	-	**3,71,019.93**
Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	5,06,686.12	-	5,06,686.12	4,14,836.82	-	4,14,836.82
Total - Gross	**5,06,686.12**	-	**5,06,686.12**	**4,14,836.82**	-	**4,14,836.82**
Less: Impairment allowance (#)	(28,464.17)	-	(28,464.17)	(43,816.89)	-	(43,816.89)
Total - Net	**4,78,221.95**	-	**4,78,221.95**	**3,71,019.93**	-	**3,71,019.93**

(*) Includes advance against book debts
(#) Impairment allowance includes management overlay of ₹5,517.37 lakhs as on March 31, 2023 (March 31, 2022 : ₹719.81 lakhs).

Note 8: Investments	As at 31 March 2023			As at 31 March 2022		
	At fair value through profit and loss	At fair value through other comprehensive income	Total	At fair value through profit and loss	At fair value through other comprehensive income	Total
Unquoted equity instruments						
Alpha Micro Finance Consultant Private Limited (50,000 equity shares of ₹ 10 each, fully paid-up)	-	5.00	5.00	-	5.00	5.00
Security receipts						
Security receipts from Phoenix (8,00,000 security receipts of face value ₹ 984/- each)	7,872.00	-	7,872.00	-	-	-
Total - Gross	7,872.00	5.00	7,877.00	-	5.00	5.00
Less: Impairment allowance	-	-	-	-	-	-
Total - Net	**7,872.00**	**5.00**	**7,877.00**	-	**5.00**	**5.00**
Investments in India	7,872.00	5.00	7,877.00	-	5.00	5.00
Investments outside India	-	-	-	-	-	-
Total - Gross	**7,872.00**	**5.00**	**7,877.00**	-	**5.00**	**5.00**
Less: Impairment allowance	-	-	-	-	-	-
Total - Net	**7,872.00**	**5.00**	**7,877.00**	-	**5.00**	**5.00**

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(All amounts in ₹ lakhs unless otherwise stated)

Note 9: Other financial assets	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Security deposits	261.81	249.29
Receivable on assigned loans	2,259.72	8.26
Insurance receivables	85.13	105.43
Unbilled receivables	87.04	40.31
Others	148.75	220.36
	2,842.45	623.65
Less: Impairment allowance on insurance receivables	(85.13)	(76.51)
Total	2,757.32	547.14

Note 10: Current tax assets (net)	As at 31 March 2023	As at 31 March 2022
Advance tax and TDS (net of provisions)	4,268.74	4,820.31
Total	4,268.74	4,820.31

Note 11: Deferred tax assets (net)	As at 31 March 2023	As at 31 March 2022
Deferred tax asset arising on account of:		
Impairment loss allowance on loan assets	6,586.17	10,217.96
Provision for employee benefits	621.20	528.43
Financial assets measured at amortised cost	539.78	384.38
Fair valuation of financial instruments through other comprehensive income	-	0.17
Provision for expense allowed for tax purpose on payment basis	27.15	27.15
Other adjustments	4,341.63	2,588.46
	12,115.93	13,746.55
Deferred tax liability arising on account of:		
Difference in written down value as per books and as per income tax act	(32.19)	(26.97)
Other adjustments	301.21	-
	269.02	(26.97)
Net deferred tax assets	11,846.91	13,773.52

Movement in deferred tax assets for the year ended March 31, 2023

Particulars	As at 01 April 2022	Statement of profit and loss	Other comprehensive income	As at 31 March 2023
Deferred tax assets for deductable temporary differences on:				
Impairment loss allowance on loan assets	10,217.96	(3,631.79)	-	6,586.17
Provision for employee benefits	528.43	4.43	88.34	621.20
Financial assets measured at amortised cost	384.38	155.40	-	539.78
Fair valuation of financial instruments through other comprehensive income	0.17	(0.17)	-	-
Provision for expense allowed for tax purpose on payment basis	27.15	-	-	27.15
Other adjustments	2,588.46	1,753.17	-	4,341.63
Total	13,746.55	(1,718.96)	88.34	12,115.93
Deferred tax liabilities for taxable temporary differences on:				
Difference in written down value as per books and as per income tax act	(26.97)	(5.22)	-	(32.19)
Other adjustments	-	301.21	-	301.21
Total	(26.97)	295.99	-	269.02
Deferred tax assets (net)	13,773.52	(2,014.95)	88.34	11,846.91

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

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

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(All amounts in ₹ lakhs unless otherwise stated)

Note 12: Property, plant and equipment	Furniture and fixtures	Computer and accessories	Office equipment	Total
Gross carrying amount				
Balance as at March 31, 2021	**311.40**	**702.32**	**230.34**	**1,244.06**
Additions for the year	27.24	36.88	33.64	97.76
Disposals for the year	0.67	13.10	9.90	23.67
Balance as at March 31, 2022	**337.97**	**726.10**	**254.08**	**1,318.15**
Additions for the year	55.40	189.90	56.39	301.69
Disposals for the year	-	10.20	2.86	13.06
Balance as at March, 31 2023	**393.37**	**905.80**	**307.61**	**1,606.78**
Accumulated depreciation				
Up to March 31, 2021	**94.80**	**523.27**	**123.71**	**741.78**
Depreciation charge for the year	39.15	110.51	47.04	196.70
Adjustment on account of disposal	0.67	12.80	7.57	21.04
Up to March 31, 2022	**133.28**	**620.98**	**163.18**	**917.44**
Depreciation charge for the year	37.45	85.27	48.44	171.16
Adjustment on account of disposal	-	10.21	2.41	12.62
Up to March 31, 2023	**170.73**	**696.04**	**209.21**	**1,075.98**
Net block				
Balance as at March 31, 2022	204.69	105.12	90.90	400.71
Balance as at March, 31 2023	**222.64**	**209.76**	**98.39**	**530.80**

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

Note 13 : Intangible assets	Intangible assets	
	Under development	Others
Gross carrying amount		
Balance as at March 31, 2021	**52.55**	**925.85**
Additions for the year	70.72	84.19
Disposals for the year	78.23	-
Balance as at March 31, 2022	**45.04**	**1,010.04**
Additions for the year	46.30	81.69
Disposals for the year	47.28	-
Balance as at March, 31 2023	**44.06**	**1,091.73**
Accumulated amortisation		
Up to March 31, 2021	**-**	**540.39**
Amortisation charge for the year	-	200.18
Adjustment on account of disposal	-	-
Up to March 31, 2022	**-**	**740.57**
Amortisation charge for the year	-	136.11
Adjustment on account of disposal	-	-
Up to March 31, 2023	**-**	**876.68**
Net block		
Balance as at March 31, 2022	45.04	269.47
Balance as at March, 31 2023	**44.06**	**215.05**

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

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts in ₹ lakhs unless otherwise stated)

Note 13 : Intangible assets (cont'd)

Ageing schedule of intangible assets under development

As at March 31, 2023

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	44.06	-	-	-	44.06
Projects temporarily suspended	-	-	-	-	-
Total	**44.06**	-	-	-	**44.06**

As at March 31, 2022

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	45.04	-	-	-	45.04
Projects temporarily suspended	-	-	-	-	-
Total	**45.04**	-	-	-	**45.04**

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

Note 14 : Right of use assets	Right of use assets
Gross carrying amount	
Balance as at March 31, 2021	**884.06**
Additions for the year	84.36
Disposals for the year	142.27
Balance as at March 31, 2022	**826.15**
Additions for the year	269.38
Disposals for the year	7.06
Balance as at March, 31 2023	**1,088.47**
Accumulated depreciation	
Up to March 31, 2021	**377.30**
Depreciation for the year	189.19
Adjustment on account of disposal	133.77
Up to March 31, 2022	**432.72**
Depreciation for the year	168.97
Adjustment on account of disposal	3.27
Up to March, 31 2023	**598.42**
Net block	
Balance as at March 31, 2022	393.43
Balance as at March, 31 2023	**490.05**

Note 15: Other non-financial assets	As at 31 March 2023	As at 31 March 2022
(Measured at amortised cost)		
Prepaid expenses	263.24	265.34
Advances to employees	189.93	214.86
Balances with government authorities	19.97	112.51
Advance against expenses	69.14	145.62
Others	28.84	10.68
Total	**571.12**	**749.01**

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Note 16: Debt securities	As at 31 March 2023	As at 31 March 2022
(Measured at amortised cost)		
Non convertible debentures (secured)	30,084.77	28,338.42
Total	**30,084.77**	**28,338.42**
Debt securities in India	30,084.77	28,338.42
Debt securities outside India	-	-
Total	**30,084.77**	**28,338.42**

(#) Terms of repayment given in the repayment schedule
Non convertible debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on identified receivables to the extent of at least 100% of outstanding secured NCDs and pursuant to the terms of respective information memorandum.

Other terms and conditions:

Particulars	Repayment Schedule	As at 31 March 2023	As at 31 March 2022
10.50% Indian Bank (Face Value ₹10 lakhs) - no. of units Nil (March 31, 2022 - 250 units)	Bullet repayment in May 2022	-	2,697.52
10.40% Punjab National Bank (Face Value ₹10 lakhs) - no. of units Nil (March 31, 2022 - 250 units)	Bullet repayment in May 2022.	-	2,527.03
10.45% Bank of Baroda (Face Value ₹10 lakhs) - no. of units Nil (March 31, 2022 - 1,500 units)	Four equal instalments on August 2021, November 2021, February 2022 and May 2022.	-	3,791.73
11.00% Bank of India (Face Value ₹10 lakhs) - no. of units 250 (March 31, 2022 - 250 units)	Bullet repayment in June, 2023	2,713.11	2,701.89
11.50% Indian Bank (Face Value ₹10 lakhs) - no. of units 250 (March 31, 2022 - 250 units)	Bullet Repayment in July 2023	2,705.70	2,606.19
11.00% Bank of Baroda (Face Value ₹10 lakhs) - no. of units 250 (March 31, 2022 - 250 units)	Three annual instalment on July 2021, July 2022 and July 2023.	854.21	1,694.50
11.86% Blue Orchard Microfinance Fund (Face Value ₹10 lakhs) - no. of units - 1,150 (March 31, 2022 - nil units)	Bullet repayment in July 2027	11,843.91	-
12.06% Japanese ASEAN Women Empowerment Fund (Face Value ₹10 lakhs) - no. of units - 650 (March 31, 2022 - 650 units)	Repayment in three instalments on June 2023, December 2023 and June 2024.	6,717.22	6,717.22
10.09% CDC Group (Face Value ₹10 lakhs) - no. of units - 600 (March 31, 2022 - 600 units)	Redeemed on a pro rata basis and shall be fully redeemed by March 2025.	5,250.62	5,602.34
Total		**30,084.77**	**28,338.42**

Note 17: Borrowings (other than debt securities)	As at 31 March 2023	As at 31 March 2022
(Measured at amortised cost)		
(Secured)		
(a) Term loans [refer note (i) below]		
Term loan from banks	2,16,074.41	1,27,561.53
Term loan from financial institutions	91,648.82	94,339.66
Term Loan from related party	892.80	-
(b) Loans repayable on demand		
Cash credit from banks [refer note (ii) below]	90.42	9,349.54
(c) Liability against securitisation [refer note (iii) below]	72,229.88	1,09,827.62
Total	**3,80,936.33**	**3,41,078.35**
Borrowings in India	3,80,936.33	3,41,078.35
Borrowings outside India	-	-
Total	**3,80,936.33**	**3,41,078.35**

(#) Terms of repayment given in the repayment schedule

Nature of Security:
(i) All term loans from banks and financial institutions are secured by way of first and exclusive charge, both present & future, over the eligible designated current assets, eligible designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company.
(ii) Cash credit facilities and working capital demand loans from banks are secured by way of first and exclusive charge, both present & future, over the eligible designated current assets, eligible designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company.
(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.

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Note 18: Subordinated liabilities	As at 31 March 2023	As at 31 March 2022
(Measured at amortised cost)		
(Unsecured)		
Non-convertible debentures	32,242.61	33,238.59
Term loans from banks	7,580.47	7,570.57
Term loans from financial institution	2,504.75	2,500.21
Total	**42,327.83**	**43,309.37**
Subordinated liabilities in India	42,327.83	43,309.37
Subordinated liabilities outside India	-	-
Total	**42,327.83**	**43,309.37**

(#) Terms of repayment given in the repayment schedule

Details of subordinated liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Term loans from banks (unsecured)		
Term loan from banks	7,580.47	7,570.57
Term Loan from financial institutions	2,504.75	2,500.21
Subtotal	**10,085.22**	**10,070.78**
(b) Non-convertible debentures (unsecured)		
14.25% IFMR Capital Finance Private Limited (Face Value ₹10 lakhs) nil debentures maturing in September 2022 (March 31, 2022 - 100 units)	-	1,073.07
13.50% Northern Arc Capital Limited (Face Value ₹10 lakhs) 650 debentures; maturing in April 2025 (March 31, 2022 - 650 units)	6,492.38	6,470.61
12.85% Karvy Capital Limited (Face Value ₹10 each) 2,50,00,000 debentures, maturing in October 2026 (March 31, 2022 - 2,50,00,000 units)	2,459.40	2,447.22
13.50% Northern Arc Capital Limited (Face Value ₹10 each) 3,50,00,000 debentures; maturing in September 2025 (March 31, 2022 - 3,50,00,000 units)	3,483.54	3,485.84
13.65% Piramal Structured Credit Opportunity Fund (Face Value ₹100 lakhs) 200 debentures; maturing in June 2027 (March 31, 2022 - 200 units)	19,807.29	19,761.85
Subtotal	**32,242.61**	**33,238.59**
Total (a+b)	**42,327.83**	**43,309.37**

Note 19 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Total
As on March 31, 2021	**1,00,735.92**	**3,19,775.64**	**21,008.31**	**4,41,519.87**
Cash flows:				
Proceeds	-	4,67,025.59	22,234.59	4,89,260.18
Repayment	(69,977.67)	(4,45,766.13)	-	(5,15,743.80)
Non cash:				
Amortisation of upfront fees and interest accrual	(2,419.83)	43.25	66.47	(2,310.11)
As on March 31, 2022	**28,338.42**	**3,41,078.35**	**43,309.37**	**4,12,726.14**
Cash flows:				
Proceeds	11,462.43	6,44,169.00	-	6,55,631.43
Repayment	(9,940.00)	(6,05,544.46)	(1,000.00)	(6,16,484.46)
Non cash:				
Amortisation of upfront fees and interest accrual	223.92	1,233.44	18.46	1,475.82
As on March 31, 2023	**30,084.77**	**3,80,936.33**	**42,327.83**	**4,53,348.93**

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(All amounts in ₹ lakhs unless otherwise stated)

(#) Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2023 are as follows:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	40	6,697.03	24	3,818.07	-	-	-	-	-	-	10,515.10
	9% to 12%	277	68,016.50	149	43,823.18	34	10,844.53	-	-	-	-	1,22,684.21
	12% to 15%	24	11,034.59	17	8,283.80	-	-	-	-	1	2,500.00	21,818.39
Bi-monthly	9% to 12%	-	-	6	4,500.00	-	-	-	-	-	-	4,500.00
Quarterly	9% to 12%	125	56,876.03	106	53,151.60	29	15,184.88	-	-	-	-	1,25,212.51
	12% to 15%	13	17,798.67	4	666.64	-	-	-	-	-	-	18,465.31
Semi-annually	9% to 12%	5	2,780.00	1	750.00	-	-	-	-	-	-	3,530.00
	12% to 15%	2	3,250.00	1	3,250.00	-	-	-	-	-	-	6,500.00
Annually	9% to 12%	2	3,340.00	-	-	-	-	-	-	-	-	3,340.00
Bullet	9% to 12%	2	12,400.00	-	-	-	-	-	-	-	-	12,400.00
	12% to 15%	1	2,500.00	-	-	3	15,000.00	1	2,500.00	2	31,500.00	51,500.00
On demand	Variable rates	-	95.46	-	-	-	-	-	-	-	-	95.46
Monthly (*)	9% to 12%	135	72,116.94	1	23.04	-	-	-	-	-	-	72,139.98
Total			2,56,905.22		1,18,266.33		41,029.41		2,500.00		34,000.00	4,52,700.96

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

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	53	19,979.21	28	4,697.03	12	1,818.08	-	-	-	-	26,494.32
	9% to 12%	261	64,567.56	102	23,242.59	29	9,333.33	-	-	-	-	97,143.48
	12% to 15%	-	-	-	-	-	-	-	-	1	2,500.00	2,500.00
Bi-monthly	9% to 12%	-	-	-	-	6	4,500.00	-	-	-	-	4,500.00
Quarterly	Up to 9%	2	485.68	-	-	-	-	-	-	-	-	485.68
	9% to 12%	65	48,451.70	41	30,647.31	12	1,966.64	4	800.00	-	-	81,865.65
Semi-annually	9% to 12%	10	7,077.00	5	2,780.00	1	750.00	-	-	-	-	10,607.00
	12% to 15%	-	-	2	3,250.00	1	3,250.00	-	-	-	-	6,500.00
Annually	9% to 12%	1	830.00	2	3,340.00	-	-	-	-	-	-	4,170.00
Bullet	Up to 9%	6	5,163.64	3	14,900.35	-	-	-	-	-	-	20,063.99
	9% to 12%	1	1,000.00	-	-	-	-	3	15,000.00	2	22,500.00	38,500.00
On demand	Variable rates	-	9,358.26	-	-	-	-	-	-	-	-	9,358.26
Monthly (*)	10%	146	1,00,206.30	28	9,616.33	-	-	-	-	-	-	1,09,822.63
Total			2,57,119.35		92,473.61		21,618.05		15,800.00		25,000.00	4,12,011.01

(*) This represents securitised liability.

Notes:

All the above repayments disclosed as per the contractual maturities of debt securities, borrowings other than debts securities and subordinate liabilities as gross carrying value.
There have been no defaults in repayment of debentures or any instalments of term loan taken from banks and others.

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Note 20: Other financial liabilities	As at 31 March 2023	As at 31 March 2022
(Measured at amortised cost)		
Payable towards assignment transactions	5,567.49	50.66
Employees dues	2,368.26	1,724.57
Lease liabilities	545.33	450.82
Liability for expenses	140.05	128.97
Other payables	1,325.01	1,358.25
Total	**9,946.14**	**3,713.27**

Note 21: Provisions (*)	As at 31 March 2023	As at 31 March 2022
Provision for gratuity	1,368.70	959.25
Provision for pension fund	35.31	168.73
Provision for compensated absences	1,064.28	971.72
Total	**2,468.29**	**2,099.70**

(*) Refer note 37 on actuarial valuation

Note 22: Other non-financial liabilities	As at 31 March 2023	As at 31 March 2022
Statutory dues	797.39	497.83
Expenses payable	1,181.29	1,016.11
Advance from customers	90.35	477.89
Others	181.89	80.42
Total	**2,250.92**	**2,072.25**

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
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Note 23: Share capital	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised share capital (*)				
Equity shares of ₹ 10 each	18,00,00,000	18,000.00	13,50,00,000	13,500.00
Compulsorily convertible preference shares of ₹ 10 each	4,50,00,000	4,500.00	2,50,00,000	2,500.00
Balance at the end of the year	**22,50,00,000**	**22,500.00**	**16,00,00,000**	**16,000.00**

(*) The shareholders of the Company at their extraordinary general meeting held on November 18, 2022 had approved the increase of authorised share capital of the Company.
The shareholders of the Company at their extraordinary general meeting held on March 29, 2023 had approved the reclassification of authorised share capital of the Company to 14,50,00,000 equity shares and 8,00,00,000 compulsorily convertible preference shares, the Company has done necessary filing and is awating the approval from Ministry of Corporate Affairs (MCA).

(A) Equity shares capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Issued, subscribed and fully paid up equity shares				
Equity shares of ₹ 10 each				
At the beginning of the year	12,01,77,303	12,017.73	12,01,77,303	12,017.73
Additions during the year (*)	10,00,000	100.00	-	-
Balance at the end of the year	**12,11,77,303**	**12,117.73**	**12,01,77,303**	**12,017.73**

(*) Additions made in equity shares during the year	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Arohan ESOP Trust	10,00,000	100.00	-	-
Total additions during the year	10,00,000	100.00		

(a) Reconciliation of number of equity shares issued to ESOP Trust outstanding at the beginning and at the end of the year

Reconciliation of equity share capital	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Balance at the beginning of the year	33,15,395	331.54	34,14,524	341.45
Add: Shares issued to ESOP trust (*)	10,00,000	1,539.40	-	-
Less: Allotted to employees during the period (**)	17,280	5.65	99,129	9.91
Outstanding at the end of the year	**42,98,115**	**1,865.29**	**33,15,395**	**331.54**

(*) During the year ended March 31, 2023, the Company has issued 10,00,000 (March 31, 2022 : Nil) equity shares of 10.00 each under the Arohan ESOP plan 2021 (grant 2022) aggregating to ₹1,539.40 lakhs (including premium).
(**) During the year ended March 31, 2023, Arohan ESOP Trust has transferred 17,280 equity shares at ₹32.69/- to Mr. Harshvardhan patnaik under ESOP 2017 schemes of Arohan Financial Services Limited (March 31, 2022: Arohan ESOP Trust has transferred 30,000 equity shares at ₹84.70/-, 10,000 shares at ₹130/- to Mr. Arvind Murarka, 33,254 shares at ₹130.00/- & 15,200 shares at ₹162.80/- to Mr. Sirish Panda and and 6,675 shares at ₹162.80/- & 4,000 shares at ₹170.00/- to Mr. Anirban Sinha under various ESOP schemes of Arohan Financial Services Limited) .

(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 financial year the Company has not proposed/ declared any dividend on equity shares except on compulsorily convertible preference shares.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(d) Shareholding of promoters

Shares held by promoters at the end of the year	As at 31 March 2023		As at 31 March 2022		% change during the year
Promoter name	No. of shares	% of total shares	No. of shares	% of total shares	
1. Aavishkaar Venture Management Services Private Limited	2,40,95,182	19.88%	2,47,63,774	20.61%	(0.72%)
2. Intellectual Capital Advisory Services Private Limited	1,64,72,146	13.59%	1,64,72,146	13.71%	(0.11%)

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	%	Number	%
Equity shares of ₹ 10 each				
Aavishkaar Venture Management Services Private Limited	2,40,95,182	19.88%	2,47,63,774	20.61%
Aavishkaar Goodwell India Microfinance Development Company II Limited	1,85,39,529	15.30%	1,85,39,529	15.43%
Tano India Private Equity Fund II	1,66,87,029	13.77%	1,69,14,279	14.07%
Intellectual Capital Advisory Services Private Limited	1,64,72,146	13.59%	1,64,72,146	13.71%
Maj Invest Financial Inclusion Fund II	1,54,01,267	12.71%	1,54,01,267	12.82%
TR Capital III Mauritius	97,18,722	8.02%	97,18,722	8.09%

(B) Compulsorily convertible preference shares

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Issued, subscribed and fully paid up compulsorily convertible preference shares				
Compulsorily convertible preference shares of ₹ 10 each				
At the beginning of the year	-	-	-	-
Additions during the year (**)	2,92,11,177	2,921.12	-	-
Balance at the end of the year	**2,92,11,177**	**2,921.12**	-	-

(**) Additions made in compulsorily convertible preference shares during the year	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Teachers Insurance and Annuity Association of America (TIAA) (#)	1,85,00,412	1,850.04	-	-
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) (#)	1,07,10,765	1,071.08		
Total additions during the year	2,92,11,177	2,921.12	-	-

Note: Subsequent to the reporting date the Company have further allotted 77,89,648 compulsorily convertible preference shares of ₹10 each to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) at a price of ₹85 (including securities premium of ₹75 per share) aggregating to ₹6,621.20 Lakhs.
(#) The Company proposes a dividend @ 0.001% on compulsory convertible preference shares which is recommended by the Board of Directors for approval by the Shareholders in the ensuring Annual General meeting.

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Terms and rights attached to Compulsorily convertible preference shares:
The Company has only one class of Compulsorily convertible preference shares (CCPS) which shall rank pari-passu with other preference shares. The CCPS shall carry a dividend of 0.001% payable annually. The Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of CCPS shall not be entitled to any voting rights in the Company. The conversion of the CCPS into equity shares of the Company shall be triggered and the CCPS shall be converted into equity shares, in case of (i) Scenario 1, in no event later than 7 (seven) days from the date on which the applicable conditions set out in Scenario 1 below are satisfied ("Scenario 1 Trigger Date"); (ii) Scenario 2, within 30 (thirty) days from the date on which the applicable conditions set out in Scenario 2 below are satisfied; and (iii) Scenario 3, within 7 (seven) days from March 31, 2024, at such conversion price and on such terms as set out below:
1. Scenario 1: Occurrence of the Full Equity Infusion that includes a Qualified Investment Raise (as defined below) at a priced round/ pre-determined valuation for the Company, by March 31, 2024;
2. Scenario 2: Occurrence of the Full Equity Infusion without the Qualified Investment Raise (as defined below) by March 31, 2024; and
3. Scenario 3: Full Equity Infusion not having occurred by March 31, 2024.

"Qualified Investment Raise" shall mean a single external investment (that could include a secondary purchase of securities of the Company from its existing shareholders) from not more than 1 (one) external institutional investor (along with its affiliates) of an aggregate amount that is the INR equivalent of USD 25 million (calculated at the Exchange Rate) or more into the Company at a priced round/ pre-determined valuation for the Company, by March 31, 2024.

Conversion Terms:
1. Upon occurrence of Scenario 1, the CCPS shall be compulsorily converted into such number of equity shares of the Company so as to provide an extended internal rate of return (XIRR) of 25% per annum (twenty five percent per annum) calculated in INR from the date of the infusion of the investment amount and until the Scenario 1 Trigger Date ("Scenario 1 Conversion Price"). Provided that, the conversion of the CCPS shall be subject to a minimum pre-money valuation floor of ₹1,500 crores and a maximum pre-money valuation cap of ₹2,000 crores.

2. Upon occurrence of Scenario 2, the CCPS shall be compulsorily converted into equity shares at the higher of: (i) pre-money valuation of ₹1,500 crores; or (ii) 1.8x of the book value of the Company as of March 31, 2023 (which shall be calculated by excluding any equity raise undertaken by the Company during FY22-23, but including the impact from proceeds received pursuant to 'Assam write-back until September 30, 2023, tax affected' minus adjustments required pursuant to 'Deloitte's analysis' as of March 31, 2023), subject to a maximum pre-money valuation cap of ₹2,000 crores ("Scenario 2 Conversion Price").
3. Upon occurrence of Scenario 3, subject to applicable law, the CCPS shall be compulsorily converted into equity shares of the Company at the floor of 1x of the book value of the Company as of September 30, 2022, as certified by the statutory auditor of the Company (including a confirmation on the ECL amount by the statutory auditor) ("Scenario 3 Conversion Price").

Note 24: Other equity	As at 31 March 2023	As at 31 March 2022
Securities premium	93,917.23	71,037.15
Statutory reserves	9,439.12	8,024.79
Retained earnings	20,935.40	15,540.75
General reserves	80.27	80.27
Share option outstanding account	1,433.07	1,155.08
Treasury shares	(7,041.43)	(5,507.68)
Other comprehensive income	-	-
Equity instruments through other comprehensive income	-	-
Changes in fair value of loan assets	-	-
Total	**1,18,763.66**	**90,330.36**

Nature and purpose of reserves:

Securities premium
The securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provision of the Companies Act 2013.

Statutory reserves
This reserve is created as per the provision of section 45(IC) of the Reserve Bank of India ('RBI) Act, 1934. An amount equal to 20% of profits after tax is transferred to this reserve every year. This is a restricted reserve and any appropriation from this reserve can only be made after prior approval from RBI.

Retained earnings
The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety. Retained earnings is a free reserve, retained from company's profits to meet future obligations.

General reserves
The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

Share based payment reserve
The reserve is used to recognised the fair value of the options issued to the employees of the Company under its stock option plan.

Treasury shares
The Company has created ESOP trust for providing ESOP to its employees. The Company treats ESOP trust as its extension and share held by ESOP trust are treated as treasury shares. Own equity instrument that are re-acquired (treasury shares) are recognised at cost and deducted from equity.

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

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

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

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(All amounts in ₹ lakhs unless otherwise stated)

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

Arohan ESOP Trust ('ESOP Trust') was formed on March 19, 2010 to promote participation of the eligible employees of the Company in the ownership and growth of the Company and to confer on them certain welfare benefits through the implementation of the welfare schemes. Pursuant to the shareholders' approval in the meeting held on March 15, 2010 and April 27, 2018 (empowering the Board and Nomination and Remuneration Committee (NRC) to take any further decisions with regard to the ESOP schemes), the Board and Nomination and Remuneration Committee (NRC) has been authorized to issue employee stock options, that are exercisable into not more than 53,00,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme."

Presently, stock options have been granted or shares have been issued under the following scheme:

A. ESOP 2017
B. ESOP 2018 (grant 2018)
C. ESOP 2018 (grant 2019)
D. ESOP 2018 (grant 2020)
E. ESOP 2021 (grant 2021)
F. ESOP 2021 (grant 2022)

(i) Employee stock option schemes:

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (Grant 21)	ESOP 2021 (Grant 22)
Date of Grant	29-Aug-17	16-May-18	16-May-19	04-Aug-20	05-Jun-21	19-Aug-22
Date of Board approval	19-May-17	27-Apr-18	15-May-19	26-Jun-20	04-Jun-21	11-May-22
Date of committee meeting where grant of options were approved	19-May-17	27-Apr-18	18-Feb-19	26-Jun-20	04-Jun-21	11-May-22
Date of shareholders' approval	29-Aug-17	15-May-18	18-Mar-19	03-Aug-20	08-Feb-21	11-Aug-22
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867	9,97,942
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting conditions	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria
Vesting period	12 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option	36 months from date of grant of option
Exercise period	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting	For KMP and others: 10 year from the date of vesting

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

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (Grant 21)	ESOP 2021 (Grant 22)
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867	9,97,942
Outstanding number of options as on March 31, 2023	1,28,000	4,12,824	5,43,908	6,06,349	7,86,591	8,75,650

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

Employee stock option scheme ('ESOP Scheme')	As at 31 March 2023	As at 31 March 2022
ESOP 2017		
Exercise price	84.70	84.70
Weighted average remaining contractual life (in years)	-	-
ESOP 2018 *(grant 2018)*		
Exercise price	130.00	130.00
Weighted average remaining contractual life (in years)	-	-
ESOP 2018 (grant 2019)		
Exercise price	162.80	162.80
Weighted average remaining contractual life (in years)	-	0.12
ESOP 2018 (grant 2020)		
Exercise price	170.00	170.00
Weighted average remaining contractual life (in years)	0.35	1.35
ESOP 2021 (grant 2021)		
Exercise price	210.00	210.00
Weighted average remaining contractual life (in years)	1.18	2.18
ESOP 2021 (grant 2022)		
Exercise price	153.94	-
Weighted average remaining contractual life (in years)	2.39	-

Note 25: Employee stock option scheme ('ESOP Scheme') (cont'd)

(iv) Reconciliation of stock options:	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)
Outstanding as at 31 March 2021	1,75,280	5,43,264	7,34,278	8,42,858	-	-
Stock option issued during the year	-	-	-	-	9,82,867	-
Exercised and vested	30,000	43,254	21,875	4,000	-	-
Forfeited/ lapsed	-	52,626	1,16,655	1,40,949	55,744	-
Outstanding as at 31 March 2022	1,45,280	4,47,384	5,95,748	6,97,909	9,27,123	-
Stock option issued during the period	-	-	-	-	-	9,97,942
Exercised and vested	17,280	-	-	-	-	-
Forfeited/ lapsed	-	34,560	51,840	91,560	1,40,532	1,22,292
Outstanding as at 31 March 2023	1,28,000	4,12,824	5,43,908	6,06,349	7,86,591	8,75,650

(v) The Company has recognized share based payment expense of ₹282.76 Lakhs (March 31, 2022: ₹454.69 Lakhs) during the period as proportionate cost.

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

Name of Employee	Designation	Number of Options granted
Manoj Kumar Narayan Nambiar	Managing Director	2,00,000
Milind Nare	Chief Financial Officer	68,999
Ranjan Das	Chief Risk Officer	56,454
Anirudh Singh G Thakur	Company Secretary	56,301

There are no identified employees who were granted options, during any particular year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

(vii) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer.

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)
(A) Date of grant of options	29-Aug-17	16-May-18	16-May-19	04-Aug-20	05-Jun-21	19-Aug-22
(B) Fair market value of option on the date of grant	14.71	37.61	49.53	56.83	75.94	47.26
(C) Exercise price	84.70	130.00	162.80	170.00	210.00	153.94
(D) Expected volatility (%)	35.95	34.25	39.02	47.60	46.31	51.08
(E) Expected forfeiture percentage on each vesting date	-	-	-			
(F) Expected option life (weighted average)	1.04	2.50	2.50	2.57	3.00	2.50
(G) Expected dividends yield	-	-	-	-	-	-
(H) Risk free interest rate (%)	6.07%	7.51%	6.75%	4.39%	4.95%	6.57%

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

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(All amounts in ₹ lakhs unless otherwise stated)

Note 26: Interest Income	Year ended 31 March 2023		
	On Financial Assets measured at fair value through OCI	On financial assets measured at amortised cost	Total
Interest on loans		91,059.35	91,059.35
Interest on deposits with banks [refer note (a) below]	-	1,719.11	1,719.11
Interest income on unwinding of assigned portfolio	-	294.45	294.45
Other interest Income	-	23.99	23.99
Total	-	**93,096.90**	**93,096.90**

Note 26: Interest Income (cont'd)	Year ended 31 March 2022		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total
Interest on Loans	-	84,396.54	84,396.54
Interest on deposits with Banks [refer (a) below]	-	1,095.37	1,095.37
Interest income on unwinding of assigned portfolio	-	352.92	352.92
Other interest Income	-	27.87	27.87
Total	-	**85,872.70**	**85,872.70**

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

Note 27: Dividend Income	Year ended 31 March 2023	Year ended 31 March 2022
Dividend Income	-	3.50
Total	-	**3.50**

Note 28: Fees and commission Income	Year ended 31 March 2023	Year ended 31 March 2022
Income from cross sale business	10,209.69	4,172.35
Total	**10,209.69**	**4,172.35**

Note 29: Net gain on derecognition of financial instruments	Year ended 31 March 2023	Year ended 31 March 2022
Gain on sale of loan portfolio through assignment	3,586.49	-
Total	**3,586.49**	-

Note 30: Other operating income	Year ended 31 March 2023	Year ended 31 March 2022
Other operating income	52.30	124.02
Total	**52.30**	**124.02**

Note 31: Other income	Year ended 31 March 2023	Year ended 31 March 2022
Interest income on deposits with banks	1,807.90	1,836.15
Miscellaneous income	346.24	33.88
Total	**2,154.14**	**1,870.03**

Note 32: Finance costs	Year ended 31 March 2023	Year ended 31 March 2022
(Measured at amortised cost)		
Interest on debt securities	3,339.47	8,008.75
Interest on borrowings (other than debt securities)	34,750.83	28,289.38
Interest on subordinated liabilities	7,305.37	2,868.82
Interest on leasing arrangements	59.70	54.50
Other interest expenses	1,409.05	954.89
Total	**46,864.42**	**40,176.34**

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Arohan Financial Services Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

Note 33: Impairment on financial instruments (Amortised Cost)	Year ended 31 March 2023	Year ended 31 March 2022
Impairment on loans	(14,577.65)	(24,959.65)
Impairment on trade receivables	147.44	-
Bad debt written off (net of recoveries) (*)	33,695.20	38,526.45
Total	**19,264.99**	**13,566.80**

(*) ₹3,949.17 lakhs (March 31, 2022: ₹1,357.86 lakhs) of recoveries netted off with bad debt written off.

Note 34: Employee benefits expenses	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	21,585.98	17,892.00
Contribution to provident and other funds	2,170.43	2,102.71
Share based payments to employees	282.76	454.69
Staff welfare expenses	575.63	589.70
Total	**24,614.80**	**21,039.10**

Note 35: Depreciation and amortization	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation on property, plant and equipment	171.16	196.70
Depreciation on right of use assets	168.97	189.19
Amortisation of intangible assets	136.11	200.18
Total	**476.24**	**586.07**

Note 36: Other expenses	Year ended 31 March 2023	Year ended 31 March 2022
Rent *[Refer note 57]*	1,286.03	1,110.51
Repairs and maintenance	1,230.65	873.38
Insurance	472.28	438.28
Power and fuel	159.73	162.92
Rates and taxes	68.23	49.05
Office expenses	202.62	152.10
Membership and subscription	77.05	85.54
Office maintenance	346.83	253.04
Printing and stationery	238.82	327.79
Legal and professional expenses	1,453.13	1,904.70
Director's commission *[Refer note 45]*	68.13	65.40
Recruitment and induction expenses	171.02	93.97
Communication expenses	105.71	91.50
Travelling and conveyance	2,765.24	2,284.64
Payment to auditors *[Refer note (a) below]*	83.20	87.77
Corporate social responsibility expenses *[Refer note 55]*	21.83	68.67
Miscellaneous expenses	133.21	330.93
Total	**8,883.71**	**8,380.19**
Note (a) Payments to auditors (excluding applicable taxes)		
Statutory audit including limited reviews	70.00	74.00
Tax audit (other than statutory auditors)	1.50	1.50
In other capacity		
Other services	10.03	11.44
Reimbursement of expenses	1.67	0.83
	83.20	**87.77**

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Note 37: Employee benefits

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

a) Defined contribution plans

Provident and other funds

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Employers contribution to provident and other fund	2,170.43	2,102.71

b) Defined benefit plans

(a) Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the scheme is managed by Life Insurance Corporation of India ('LIC'). The liability of gratuity is recognized on the basis of actuarial valuation.

Risks associated with plan provisions

Salary increases	Actual salary increases will result in increase in the Plan's liability. Increase in salary rate assumption in future valuations will also increase the liability.
Investment risk	As plan is funded, assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of obligation	2,334.71	1,803.19
Fair value of plan assets	966.01	843.94
Net obligation recognised in balance sheet as provision	**1,368.70**	**959.25**

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	297.21	241.30
Net interest cost on defined benefit obligation	56.80	46.18
Net impact on profit (before tax)	**354.01**	**287.48**

Amount recognised in the other comprehensive income:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial losses recognized in OCI	350.99	223.42

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

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation as at the beginning of the year	1,803.19	1,375.75
Current service cost	297.21	241.30
Interest cost	118.01	86.54
Benefits paid	(234.69)	(129.07)
Actuarial loss/(gain) on obligation		
Actuarial (gain)/loss on arising from change in financial assumption	(71.00)	(114.46)
Actuarial loss on arising from experience adjustment	421.99	343.13
Present value of defined benefit obligation as at the end of the year	**2,334.71**	**1,803.19**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Funds managed by LIC of India	100%	100%

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

Particulars	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets at beginning of the year	843.94	424.73
Interest income on plan assets	61.21	40.36
Employer's contribution	295.55	502.67
Benefits paid	(234.69)	(129.07)
Expected return on plan assets	-	5.25
Fair value of plan assets at the end of the year	**966.01**	**843.94**

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(All amounts in ₹ lakhs unless otherwise stated)

Note 37: Employee benefits (cont'd)

(vi) Actuarial assumptions

Particulars	As at 31 March 2023	As at 31 March 2022
Discounting rate	7.20%	7.00%
Future salary increase	8.00%	8.00%
Retirement age (years)	60	60
Withdrawal rate		
upto 5 years of service	52%	52%
More than 5 years of service	1%	1%
Weighted average duration (years)	11	16

Mortality rates as per Indian Assured Life Mortality (2006-08) ultimate

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

(vii) Sensitivity analysis for gratuity liability

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at 31 March 2023	As at 31 March 2022
Impact of the change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(311.08)	(244.52)
- Impact due to decrease of 1%	389.71	307.35
Impact of the change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	382.68	301.17
- Impact due to decrease of 1%	(311.72)	(244.62)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated.

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

(viii)

Maturity profile of defined benefit obligation (discounted)	As at 31 March 2023	As at 31 March 2022
Year		
0 to 1 year	286.70	192.49
1 to 2 year	131.69	146.47
2 to 3 year	209.50	96.26
3 to 4 year	85.50	176.82
4 to 5 year	116.51	70.69
5 year onwards	846.18	660.47
Total	**1,676.08**	**1,343.20**

(b) Pension Fund

The Company has a defined benefit pension plan. Family members of eligible deceased employee is entitled to pension as per the provisions of the Pension scheme. The liability of pension is recognized on the basis of actuarial valuation.

Risks associated with plan provisions

Salary increases	Actual salary increases will result in increase in the Plan's liability. Increase in salary rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of obligation	35.31	168.73
Net obligation recognised in balance sheet as provision	**35.31**	**168.73**

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	-	18.13
Past service cost	-	145.45
Settlement credit	(99.79)	-
Net interest on net defined benefit liability/ (asset)	2.92	7.02
Immediate recognition of (gains)/ losses	(0.95)	5.23
Payment made during the year	(35.60)	(7.10)
Net impact on profit (before tax)	**(133.42)**	**168.73**

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Note 37: Employee benefits (cont'd)

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

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation as at the beginning of the year	168.73	-
Current service cost	(99.79)	163.58
Interest cost	2.92	7.02
Benefits paid	(35.60)	(7.10)
Actuarial loss/(gain) on obligation		
Actuarial (gain)/loss on arising from change in financial assumption	(0.02)	5.23
Actuarial loss on arising from experience adjustment	(0.93)	-
Present value of defined benefit obligation as at the end of the year	**35.31**	**168.73**

(vi) Actuarial assumptions

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Discounting rate	7.20%	7.00%
Future salary increase	Not applicable	8.00%
Retirement age (years)	-	-
Withdrawal rate		
upto 5 years of service	52%	52%
More than 5 years of service	1%	1%
Weighted average duration (years)	1	10

(v) Sensitivity analysis for pension fund

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Impact of the change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(0.14)	(14.39)
- Impact due to decrease of 1%	0.14	17.20

(vii)

Maturity profile of defined benefit obligation (discounted)	As at 31 March 2023	As at 31 March 2022
Year		
0 to 1 year	29.88	28.23
1 to 2 year	6.51	22.32
2 to 3 year	-	10.81
3 to 4 year	-	4.09
4 to 5 year	-	4.28
5 to 6 year	-	29.55
Total	**36.39**	**99.28**

(c) Compensated absences

(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of obligation	1,064.28	971.72
Fair value of plan assets	-	-
Net obligation recognised in balance sheet as provision	**1,064.28**	**971.72**

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	192.04	191.99
Past service cost	-	-
Net interest on net defined benefit liability/ (asset)	52.63	43.85
Immediate recognition of (gains)/ losses	7.94	11.74
Payment made during the year	(160.05)	-
Net impact on profit (before tax)	**92.56**	**247.58**

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Note 38: Tax expense

(a) Income tax recognised in the Statement of Profit and Loss:	Year ended 31 March 2023	Year ended 31 March 2022
Current tax	1.96	8.93
Deferred tax expense	2,014.95	2,178.62
Tax expense for earlier years	(93.18)	11.52
	1,923.73	2,199.07

(b) Reconciliation of income tax expense and the accounting profit for the year:	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	8,995.36	8,294.10
Enacted tax rates (%)	25.17%	25.17%
Income tax expense calculated at corporate tax rate	2,263.95	2,087.46
Reconciliation items		
Impact of tax relating to earlier years	(93.18)	11.52
Impact due to different tax rate	(0.49)	(0.71)
Tax impact of expenses not deductible	8.97	18.00
Impact on account of deductions claimed under Income Tax Act	(118.91)	-
Others	(136.61)	82.80
	1,923.73	2,199.07

Note 39: Earning per equity share

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net profit attributable to equity shareholders	7,071.63	6,095.03
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares for basic earning per share	11,68,61,908	11,67,62,779
Add : Diluting effect of potential equity shares issued as employee stock options	1,21,773	5,23,952
Add : Diluting effect of potential equity shares on conversion of compulsorily convertible preference shares	41,82,379	-
Weighted average number of equity shares for diluted earning per share	12,11,66,060	11,72,86,731
Earnings per share		
- Basic earnings per share (₹)	6.05	5.22
- Diluted earnings per share (₹)	5.84	5.20

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Note 40: Financial Instruments - fair value measurements

(A) Financial assets and liabilities

The following tables shows the carrying amount of the financial assets and financial liabilities

As at March 31, 2023

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial Assets:					
Cash and cash equivalents	4	-	-	55,656.06	55,656.06
Other bank balances	5	-	-	37,800.09	37,800.09
Trade receivables	6	-	-	1,537.64	1,537.64
Loans	7	-	-	4,78,221.95	4,78,221.95
Investments	8	7,872.00	5.00	-	7,877.00
Other financial assets	9	-	-	2,757.32	2,757.32
Total		**7,872.00**	**5.00**	**5,75,973.06**	**5,83,850.06**
Financial Liabilities:					
Debt securities	16	-	-	30,084.77	30,084.77
Borrowings (other than debt securities)	17	-	-	3,80,936.33	3,80,936.33
Subordinated liabilities	18	-	-	42,327.83	42,327.83
Others financial liabilities	20	-	-	9,946.14	9,946.14
Total		-	-	**4,63,295.07**	**4,63,295.07**

As at March 31, 2022

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial Assets:					
Cash and cash equivalents	4	-	-	95,362.92	95,362.92
Other bank balances	5	-	-	35,372.38	35,372.38
Trade receivables	6	-	-	200.59	200.59
Loans	7	-	-	3,71,019.93	3,71,019.93
Investments	8	-	5.00	-	5.00
Other financial assets	9	-	-	547.14	547.14
Total		-	**5.00**	**5,02,502.96**	**5,02,507.96**
Financial Liabilities:					
Debt securities	16	-	-	28,338.42	28,338.42
Borrowings (other than debt securities)	17	-	-	3,41,078.35	3,41,078.35
Subordinated liabilities	18	-	-	43,309.37	43,309.37
Others financial liabilities	20	-	-	3,713.27	3,713.27
Total		-	-	**4,16,439.41**	**4,16,439.41**

(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 March 31, 2023	Level 1	Level 2	Level 3
Financial Assets:			
Investments		7,877.00	
Total	-	**7,877.00**	-

As at March 31, 2022	Level 1	Level 2	Level 3
Financial Assets:			
Investments		5.00	
Total	-	**5.00**	-

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) Eligible portfolio loans valued by discounting the aggregate future cash flows (both principal and interest cash flows) with risk-adjusted discounting rate for the remaining portfolio tenor. The Company considers the average valuation impact arrived using average lending rate of last quarter.

(b) 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.

(c) For mutual funds and security receipts, the Company has used the net asset value (NAV) on the basis of the statement received from the investee party.

(D) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 2 inputs.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	55,656.06	55,656.06	95,362.92	95,362.92
Other bank balance	37,800.09	37,800.09	35,372.38	35,372.38
Trade receivables	1,537.64	1,537.64	200.59	200.59
Loans	4,78,221.95	4,75,004.70	3,71,019.93	3,82,864.62
Other financial assets	2,757.32	2,757.32	547.14	547.14
Total	**5,75,973.06**	**5,72,755.81**	**5,02,502.96**	**5,14,347.65**
Financial liabilities				
Debt securities	30,084.77	30,788.48	28,338.42	22,395.27
Borrowings (other than debt securities)	3,80,936.33	3,79,860.23	3,41,078.35	3,53,948.70
Subordinated liabilities	42,327.83	43,041.20	43,309.37	36,725.19
Other financial liabilities	9,946.14	9,946.14	3,713.27	3,713.27
Total	**4,63,295.07**	**4,63,636.05**	**4,16,439.41**	**4,16,782.43**

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash on hand, balances with banks, receivables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

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Note 41: Financial risk management

Risk Management
The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company manages the risk basis policies approved by the board of directors. The board of directors provides written principles for overall risk management. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets.	Credit limit and ageing analysis	Highly rated bank deposits and diversification of asset base.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities.	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities.	Sensitivity analysis	Review of cost of funds and pricing disbursement.
Market risk - security price	Investments in equity securities, mutual funds, security receipts and certificate of deposits and commercial papers.	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments.

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

A. Credit risk
Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents excluding cash in hand, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management
Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on risk monitoring and measurement metrics and well defined loan appraisal process. Internal credit rating and monitoring is performed for each class of financial instruments with different characteristics. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.
(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

The Company provides for expected credit loss based on the following:

Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans	Life time expected credit loss or fully provided for

Financial assets that expose the entity to credit risk

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Low credit risk		
Cash and cash equivalents (#)	55,620.01	95,307.35
Other bank balances (*)	37,800.09	35,372.38
Trade receivables (*)	1,685.08	200.59
Investments	7,877.00	5.00
Loans (*)	4,65,644.48	3,47,813.23
Other financial assets (*)	2,842.45	623.65
(ii) Moderate credit risk		
Loans (*)	27,320.44	48,322.90
(iii) High credit risk		
Loans (*)	13,721.20	18,700.69

(*) These represent gross carrying values of financial assets, without netting off impairment loss allowance.
(#) Exclude cash in hand balance since there is no credit risk.

Cash and cash equivalents and bank deposits
Credit risk related to cash and cash equivalents (excluding cash on hand) and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Trade receivables
Trade receivables measured at amortised cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

Other financial assets
Other financial assets measured at amortized cost includes security deposits, receivable on assignment, insurance claim receivables and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

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Note 41: Financial risk management (cont'd)
a) Credit risk management (cont'd)
Loans
The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

The major guidelines for selection of the client includes:
1, The client's income and fixed obligation to income ratio levels must be within the prescribed guidelines of Reserve Bank of India;
2. The client must possess the required KYC documents;
3. The client's household must be engaged in some form of economic activity which ensures regular and assured income;
4. Client must agree to follow the rules and regulations of the organisation and
5. Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organisation undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organisation in identifying clients with poor repayment histories and multiple loans.

b) Credit risk exposure
i) Expected credit losses for financial assets other than loans
The Company has made expected credit losses for financial assets other than loans.

Particulars	Cash and cash equivalents (*)	Other bank balances	Trade receivables	Investments	Other financial assets
Year ended March 31, 2023					
Estimated gross carrying amount	55,620.01	37,800.09	1,685.08	7,877.00	2,842.45
Less: Expected credit losses	-	-	147.44	-	85.13
Carrying amount net of impairment allowance	**55,620.01**	**37,800.09**	**1,537.64**	**7,877.00**	**2,757.32**
Year ended March 31, 2022					
Estimated gross carrying amount	95,307.35	35,372.38	200.59	5.00	623.65
Less: Expected credit losses	-	-	-	-	76.51
Carrying amount net of impairment allowance	**95,307.35**	**35,372.38**	**200.59**	**5.00**	**547.14**

(*) Exclude cash in hand balance since there is no credit risk.

ii) Movement of carrying amount and expected credit loss for loans
Definition of default:
The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at March 31, 2021	**3,60,257.37**	**51,230.98**	**52,096.33**
Assets originated*	2,75,892.29	45,293.57	5,991.82
Net transfer between stages			
Transfer to stage 1	172.40	(142.46)	(29.94)
Transfer to stage 2	(2,238.99)	2,279.60	(40.61)
Transfer to stage 3	(5,029.53)	(1,765.99)	6,795.52
Assets derecognised or collected (excluding write offs)	(2,81,240.31)	(48,572.80)	(6,709.04)
Write - offs (including death cases & settlements)	-	-	(39,403.39)
Gross carrying amount as at March 31, 2022	**3,47,813.23**	**48,322.90**	**18,700.69**
Assets originated*	4,07,584.31	20,714.72	-
Net transfer between stages			
Transfer to stage 1	792.44	(773.69)	(18.75)
Transfer to stage 2	(4,658.63)	4,665.21	(6.58)
Transfer to stage 3	(8,873.15)	(4,337.41)	13,210.56
Assets derecognised or collected (excluding write offs)	(2,77,013.72)	(41,271.29)	19,478.60
Write - offs (including death cases & settlements)	-	-	(37,643.32)
Gross carrying amount as at March 31, 2023	**4,65,644.48**	**27,320.44**	**13,721.20**

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

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

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2021	**14,560.23**	**21,313.45**	**35,120.47**
Increase of provision due to assets originated during the year	8,610.37	17,979.81	4,053.56
Net transfer between stages			
Transfer to stage 1	7.33	(64.51)	(20.25)
Transfer to stage 2	(73.39)	934.05	(36.23)
Transfer to stage 3	(186.21)	(1,371.65)	5,024.39
Assets derecognised or collected	(8,808.35)	(20,348.85)	(4,808.17)
Impact of ECL on exposures transferred between stages during the year	(3,087.83)	1,168.37	13,253.69
Write - offs (including death cases & settlements)	-	-	(39,403.39)
Loss allowance on March 31, 2022	**11,022.15**	**19,610.67**	**13,184.07**
Increase of provision due to assets originated during the year	4,009.92	8,252.25	-
Net transfer between stages			
Transfer to stage 1	7.77	(309.63)	(17.51)
Transfer to stage 2	(45.59)	1,862.89	(6.13)
Transfer to stage 3	(86.74)	(1,730.17)	12,322.58
Assets derecognised or collected	(2,758.70)	(16,366.93)	18,650.98
Impact of ECL on exposures transferred between stages during the year	(7,555.61)	(246.45)	6,307.66
Write - offs (including death cases & settlements)	-	-	(37,643.31)
Loss allowance on March 31, 2023 (#)	**4,593.20**	**11,072.63**	**12,798.34**

(#) If the probability of default increases or decreases by 10 basis point the expected credit loss will increase or decrease by ₹337.12 lakhs respectively. Similarly, if the loss given default increases or decreases by 100 basis point the expected credit loss will increase or decrease by ₹173.94 lakhs respectively.

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Note 41: Financial risk management (cont'd)

(c) Concentration of loans (*)

Particulars	As at 31 March 2023	As at 31 March 2022
Micro finance loans	5,05,831.33	4,03,215.49
Micro, small and medium enterprise (MSME)	-	2,216.24
Secured term loans to corporates (#)	854.79	9,405.09
Total	5,06,686.12	4,14,836.82

(#) The secured term loans disbursed to corporates are all secured by book debts.
(*) The above figures represents the gross loan value along with interest accrued.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company also takes into account liquidity of the market in which the entity operates.

(i) Financing arrangements

The Company has access to the following funding facilities:

As at March 31, 2023	Total facility	Drawn	Undrawn
- Expiring within one year	70,000.00	33,500.00	36,500.00
- Expiring beyond one year	-	-	-
Total	70,000.00	33,500.00	36,500.00

As at March 31, 2022	Total facility	Drawn	Undrawn
- Expiring within one year	1,00,000.00	65,000.00	35,000.00
- Expiring beyond one year	-	-	-
Total	1,00,000.00	65,000.00	35,000.00

(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 2023	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Cash and cash equivalents	55,766.91	-	-	-	55,766.91
Other bank balances	19,858.92	9,206.73	10,207.14	1,551.15	40,823.94
Trade receivables	1,685.08	-	-	-	1,685.08
Loans	4,00,025.26	1,84,643.44	4,846.22	12,734.87	6,02,249.79
Investments	-	-	-	7,877.00	7,877.00
Other financial assets	2,684.85	12.73	4.26	55.48	2,757.32
Total undiscounted financial assets	4,80,021.02	1,93,862.90	15,057.62	22,218.50	7,11,160.04
Financial liabilities					
Debt Securities	12,579.20	9,555.47	1,443.23	13,299.11	36,877.01
Borrowings other than debt securities	2,69,478.00	1,19,008.88	27,008.60	-	4,15,495.48
Subordinated liabilities	8,153.58	5,459.41	18,717.88	29,013.39	61,344.26
Other financial liabilities	9,624.08	177.98	89.61	182.81	10,074.48
Total undiscounted financial liabilities	2,99,834.86	1,34,201.74	47,259.32	42,495.31	5,23,791.23
Net undiscounted financial assets/ (liabilities)	1,80,186.16	59,661.16	(32,201.70)	(20,276.81)	1,87,368.81

As at 31 March 2022	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	95,642.56	-	-	-	95,642.56
Other bank balances	13,157.21	18,180.85	3,858.79	2,527.40	37,724.25
Trade receivables	200.59	-	-	-	200.59
Loans	3,55,933.99	1,07,340.08	700.50	16,825.42	4,80,799.99
Investments	-	-	-	5.00	5.00
Other financial assets	457.86	44.41	12.73	47.18	562.18
Total undiscounted financial assets	4,65,392.21	1,25,565.34	4,572.02	19,405.00	6,14,934.57
Financial liabilities					
Non-derivatives					
Debt Securities	12,079.93	11,135.43	8,111.23	-	31,326.59
Borrowings other than debt securities	3,66,211.29	95,583.88	14,589.52	849.58	4,77,234.27
Subordinated liabilities	6,811.69	8,126.86	5,459.41	47,731.27	68,129.23
Other financial liabilities	3,374.14	124.45	74.76	249.52	3,822.87
Total undiscounted financial liabilities	3,88,477.05	1,14,970.62	28,234.92	48,830.37	5,80,512.96
Net undiscounted financial assets/ (liabilities)	76,915.16	10,594.72	(23,662.90)	(29,425.37)	34,421.61

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Note 41: Financial risk management (cont'd)

(C) Market risk
a) Interest rate risk

(i) Liabilities
The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2023, 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 2023	As at 31 March 2022
Variable rate liabilities		
Debt securities	-	6,250.00
Borrowings (other than debt securities)	2,49,645.59	1,24,395.11
Subordinated liabilities	2,500.00	10,000.35
Fixed rate liabilities		
Debt securities	29,120.00	21,310.00
Borrowings (other than debt securities)	59,295.40	1,06,732.93
Subordinated liabilities	40,000.00	33,500.00
Liability against securitisation	72,139.97	1,09,822.62
Total	**4,52,700.96**	**4,12,011.01**

(*) Figures are presented at principal carrying value.

Sensitivity
The sensitivity of the statement of profit and loss is the effect of the changes in market interest rates on debt securities, other borrowings and subordinated liabilities. Below is the sensitivity of profit and loss in interest rates.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest sensitivity*		
Interest rates – increase by 0.50%	2,016.23	1,878.41
Interest rates – decrease by 0.50%	(2,016.23)	(1,878.41)

* 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 defence approach to operational risk management.
First line – Field Operations, Central Operation & Product function and Credit vertical exercise & also evaluate internal compliance and thereby lay down/ calibrates processes & policies for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.
Second line – Independent risk management vertical supports the first line in providing deep analytics insights, influencing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.
Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

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(All amounts in ₹ lakhs unless otherwise stated)

Note 42: Capital management

The Company's capital management objectives are
- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong
- 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 2023	As at 31 March 2022
Net debt	4,53,348.93	4,12,726.14
Total equity	1,33,802.51	1,02,348.09
Net debt to equity ratio	**3.39**	**4.03**

Note 43: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31 March 2023		As at 31 March 2022	
ASSETS	**Within 12 months**	**After 12 months**	**Within 12 months**	**After 12 months**
Financial assets				
Cash and cash equivalents	55,656.06	-	95,362.92	-
Other bank balance	19,185.18	18,614.91	12,643.35	22,729.03
Trade receivables	1,537.64	-	200.59	-
Loans	3,14,019.96	1,64,201.99	2,77,074.62	93,945.31
Investments	-	7,877.00	-	5.00
Other financial assets	2,712.21	45.11	457.86	89.28
	3,93,111.05	**1,90,739.01**	**3,85,739.34**	**1,16,768.62**
Non-financial assets				
Current tax assets (Net)	4,268.74	-	4,820.31	-
Deferred tax assets (Net)	4,328.05	7,518.86	2,574.39	11,199.13
Property, Plant and Equipment	167.46	363.34	135.45	265.26
Intangible assets under development	44.06	-	45.04	-
Other intangible assets	94.70	120.35	125.81	143.66
Right to use asset	168.97	321.08	109.52	283.91
Other non-financial assets	571.12	-	749.01	-
	9,643.10	**8,323.63**	**8,559.53**	**11,891.96**
Total assets	**4,02,754.15**	**1,99,062.64**	**3,94,298.87**	**1,28,660.58**
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	-	-	-	-
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and	-	-	-	-
Debt securities	10,839.01	19,245.76	10,736.36	17,602.06
Borrowings (other than debt securities)	2,44,787.11	1,36,149.22	2,46,617.25	94,461.10
Subordinated liabilities	2,545.50	39,782.33	1,102.94	42,206.43
Others financial liabilities	9,575.30	370.84	3,368.75	344.52
	2,67,746.92	**1,95,548.15**	**2,61,825.30**	**1,54,614.11**
Non-financial liabilities				
Current tax liabilities (Net)				
Provisions	473.17	1,995.12	439.57	1,660.13
Other non-financial liabilities	2,250.92	-	1,970.55	101.70
	2,724.09	**1,995.12**	**2,410.12**	**1,761.83**
TOTAL LIABILITIES	**2,70,471.01**	**1,97,543.27**	**2,64,235.42**	**1,56,375.94**
Net Equity	**1,32,283.14**	**1,519.37**	**1,30,063.45**	**(27,715.36)**

Note 44: Transferred financial assets

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitised its loan assets to an unrelated and unconsolidated entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee ranging from 17% to 18% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

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

Securitisation	As at 31 March 2023	As at 31 March 2022
Gross carrying amount of securitised assets	79,717.95	1,16,087.73
Gross carrying amount of associated liabilities	72,139.97	1,09,822.63
Carrying value and fair value of securitised assets	79,717.95	1,16,087.73
Carrying value and fair value of associated liabilities	72,139.97	1,09,822.63
Net position	**7,577.98**	**6,265.10**

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Note 45: Information on related party transactions as required by Ind AS - 24:

A. List of related parties

Relationship	Name
Key Managerial Personnel (KMP)	Manoj Kumar N Nambiar - Managing Director Milind R Nare - Chief Financial Officer Anirudh Singh G Thakur - Company Secretary Ranjan Das - Chief Risk Officer Bharat Sondur - Chief Business Officer (joined on December 29, 2021 till March 31, 2023)
Directors	Dinesh Kumar Mittal (Independent Director) Vineet Chandra Rai (Director) Anurag Agarwal (Director) Matangi Gowrishankar (Independent Director) Rajat Mohan Nag (Independent Director) Sumantra Banerjee (Independent Director)
Entities which are able to exercise control or have significant influence	Aavishkaar Goodwell India Microfinance Development Company-II Limited Tano India Private Equity Fund II
Entities under common control	Aavishkaar Venture Management Services Private Limited Intellecap Advisory Services Private Limited Intellectual Capital Advisory Services Private Limited Aavishkaar Capital Advisory LLP Aavishkaar Foundation Ashv Finance Limited (Erstwhile Jain Sons Finlease Limited) Shivalik Small Finance Bank (w.e.f. August, 08, 2022) Ulink Agritech Private Limited
Enterprise over which KMP have significant influence or control	Tribetech Private Limited

B. Nature of transactions with related parties:

Name of party with nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
Loan availed		
Shivalik Small Finance Bank	1,000.00	-
Loan repaid (including interest)		
Shivalik Small Finance Bank	141.31	-
Accrued finance cost on loan availed (gross)		
Shivalik Small Finance Bank	8.38	-
Loan processing charges on loan availed (gross)		
Shivalik Small Finance Bank	2.73	-
Fixed deposit		
Shivalik Small Finance Bank	283.15	-
Interest on fixed deposit (gross)		
Shivalik Small Finance Bank	70.65	-
Remittance under business transfer agreement		
Ashv Finance Limited	3.20	1,850.45
Reimbursement of expenses paid		
Intellectual Capital Advisory Services Private Limited	-	0.19
Aavishkaar Venture Management Services Private Limited	-	2.68
Intellecap Advisory Services Private Limited	-	2.68
Ashv Finance Limited	7.92	16.06
Business support fees		
Aavishkaar Venture Management Services Private Limited	43.31	29.28
Intellecap Advisory Services Private Limited	13.30	9.40
Ashv Finance Limited	0.47	0.42
Corporate social responsibility		
Aavishkaar Foundation (*)	47.20	75.64
(*) Includes CSR contribution by Arohan employees of ₹40.04 Lakhs (March 31, 2022 : ₹34.71 Lakhs)		
Director's commission (#)		
Dinesh Kumar Mittal	25.00	25.00
Matangi Gowrishankar	12.50	15.00
Rajat Mohan Nag	12.50	10.00
Sumantra Banerjee	12.50	10.00
(#) The above amounts are excluding taxes		

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Note 45: Information on related party transactions as required by Ind AS - 24: (cont'd)

B. Nature of transactions with related parties: (cont'd)

Remuneration		
Manoj Kumar N Nambiar	230.62	138.61
Milind R Nare	123.54	105.54
Anirudh Singh G Thakur	88.75	74.29
Ranjan Das	80.84	65.87
Bharath Sondur	48.11	75.19
Sitting Fees (#)		
Dinesh Kumar Mittal	4.60	3.20
Matangi Gowrishankar	7.00	6.40
Rajat Mohan Nag	5.80	6.20
Sumantra Banerjee	5.20	7.20

(#) The above amounts are excluding taxes

C. Short-term employee benefits for Key management personnel	Year ended 31 March 2023	Year ended 31 March 2022
Short-term employee benefits (including remunerations)	540.96	438.24
Post-employment benefits (**)	30.90	21.26

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

D. Outstanding balances with related parties:	As at 31 March 2023	As at 31 March 2022
Other receivables		
Ashv Finance Limited	1.39	0.92
Fixed Deposit (including accrued Interest)		
Shivalik Small Finance Bank	353.79	-
Other payables		
Ashv Finance Limited	1.33	1.86
Intellecap Advisory Services Private Limited	0.77	3.28
Aavishkaar Venture Management Services Private Limited	17.75	17.75
Dinesh Kumar Mittal	25.00	25.00
Matangi Gowrishankar	12.50	15.00
Rajat Mohan Nag	12.50	10.00
Sumantra Banerjee	12.50	10.00
Loan availed (including accrued interest)		
Shivalik Small Finance Bank	894.77	-

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Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17

i) Capital to risk asset ratio (CRAR)	**As at 31 March 2023**	**As at 31 March 2022**
Capital to Risk Weighted Assets Ratio (CRAR) (%)	28.74%	34.58%
CRAR - Tier I Capital (%)	25.46%	27.18%
CRAR - Tier II Capital (%)	3.28%	7.40%
Amount of subordinated debt raised as Tier-II Capital	-	22,500
Amount raised by issue of Perpetual Debt Instruments	-	-

ii) Investments	**As at 31 March 2023**	**As at 31 March 2022**
A. Value of Investments		
Gross Value of Investments:		
a) In India	7,877.00	5.00
b) Outside India	-	-
Provisions for Depreciation:		
a) In India	-	-
b) Outside India	-	-
Net Value of Investments:		
a) In India	7,877.00	5.00
b) Outside India	-	-
B. Movement of provisions held towards depreciation on investments		
Opening Balance	-	5.00
Add: Provisions made during the year	-	-
Less: Write-off /Write-back of excess provisions during the year	-	5.00
Closing Balance	-	-

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

iv) Disclosures relating to Securitisation

A) Securitisation	**As at 31 March 2023**	**As at 31 March 2022**
1) No of SPEs holding assets for securitisation transactions originated by the originator	16	14
2) Total amount of securitised assets as per books of the SPEs (*)	87,917.97	1,28,686.43
3) Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
A) Off-balance sheet exposures		
(i) First loss	-	-
(ii) Others	-	-
B) On-balance sheet exposures		
(a) First loss in the form of	29,486.76	32,802.30
(i) Fixed deposits	13,708.76	13,938.50
(ii) Over collateral	15,778.00	18,863.80
(b) Others		
4) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	1,55,827.81	1,67,561.87
6. Outstanding value of services provided by way of, liquidity support, post-securitisation asset servicing, etc.(*)	87,917.97	1,28,686.43
7. Performance of facility provided viz. Credit enhancement, liquidity support, servicing agent etc.		
Credit enhancement:		
(a) Amount paid	34,320.73 (19.45%)	-
(b) Repayment received	4,833.97 (2.74%)	-
(c) Outstanding amount	29,486.76 (16.71%)	32,802.30 (17.27%)
Servicing agent:		
(a) Amount paid	1.60	1.40
(b) Repayment received	-	-
(c) Outstanding amount	-	-
8. Average default rate of portfolios observed in the past in respect of microfinance loans	Nil	Nil
9. Amount and number of additional/ top up loan given on same underlying asset.	Nil	Nil
10. Investor complaints		
(a) Directly/Indirectly received and;	Nil	Nil
(b) Complaints outstanding	Nil	Nil

(*) The total amount of securitised assets includes over collateral of ₹15,778.00 lakhs (March 31, 2022: ₹18,863.80 lakhs)

B) Details of financial assets sold to securitisation/ reconstruction company for asset reconstruction
Refer point number D below on details of non-performing financial assets purchased/ sold

C) Details of assignment transactions undertaken by the Company
Details of loan transferred/ acquired during the year ended March 31, 2023 vide RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on transfer of loan exposures dated September 24, 2021 are given below:
(i) Details of loan transfer through direct assignment transaction in respect of loans not in default for the year ended March 31, 2023:

Particulars	**To Banks/ NBFC's**
Number of loans	2,49,691
Aggregate amount of loans transferred (₹ in lakhs)	54,589.54
Sale Consideration (₹ in lakhs)	54,589.54
Weighted average residual maturity (in months) (*)	14.66
Weighted average holding period by the originator (in months)	7.11
Retention of beneficial economic interest by the originator	2.80% to 15.90%
Tangible security coverage	-
Rating-wise distribution of rated loans	-
Number of instances where it has agreed to replace loans transferred to transferee(s)	-
Number of instances where it has agreed to pay damages arising out of any representation or warranty	-

(*) residual maturity from the time of transfer
(ii) The Company has not acquired any stressed loans during the year ended March 31, 2023.
(iii) The Company has not acquired loans not in default during the year ended March 31, 2023.

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D) Details of non-performing financial assets purchased/ sold

The Company has not purchased any financial assets during the current and previous year

During the current year ended March 31, 2023 (March 31, 2022 : Nil), the Company has entered into a agreement with Phoenix ARC Private Limited on December 29, 2022 to sell a portfolio of ₹10,033.36 Lakhs (net book value) of the Company, for an aggregate purchase consideration of ₹9,200 lakhs out of which the company is allotted with 800,000 security receipts at a face value of ₹1000/- each.

(a) The company has transferred certain NPA & SMA loans during the year ended March 31, 2023, details of which are given below:

Particulars	To ARC's		To permitted transferees
	NPA	SMA	
(i) Total number of loan assets assigned	1,10,656	21,219	Nil
(ii) Aggregate principal outstanding of loans transferred (₹ in lakhs) (*)	22,594.96	5,294.60	Nil
(iii) Weighted average residual tenor of loans transferred (in months)	20.43	23.93	Nil
(iv) Net book value of loan assets transferred (at the time of transfer) (₹ in lakhs)	6,838.75	3,194.61	Nil
(v) Aggregate consideration (₹ in lakhs)	9,200.00		Nil
(vi) Addition consideration realised in respect of account transferred in earlier years	Nil		Nil

(*) NPA includes written off loans of ₹1,325.50 lakhs

(b) Security Receipt's (SR's) held and recovery ratings assigned to such SR's by the credit rating agency.

Particulars	Category of recovery ratings	As at March 31, 2023 (₹ in lakhs)
Security Receipts under trust floated by ARC's	Yet to be rated within time lines as per Reserve Bank of India guidelines	7,872.00

v) Asset Liability Management

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 51.

vi) Exposures

A) Exposure to Real Estate Sector

The Company did not have any exposure to real estate sector during the current and previous year.

B) Exposure to Capital Market

The Company did not have any exposure to capital market during the current and previous year.

C) Details of financing of parent company products

The Company does not have a parent company and accordingly disclosures is not required.

D) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC

There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year.

E) Unsecured Advances - Refer Note 7.

vii) Miscellaneous

A) Registration obtained from other financial sector regulators

The Company is having Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

B) Disclosure of penalties imposed by RBI and other regulators

An amount of ₹0.16 lakhs (March 31, 2022: ₹0.27 lakhs) has been paid to Reserve Bank of India towards late submission fees of FC_TRS under Foreign Exchange Management Act, 1999 (as amended).

C) Disclosure of intra-group exposures

The Company has no intra-group exposures for the current and previous year.

D) Disclosure of unhedged foreign currency exposure

The Company has no unhedged foreign currency exposure for the current and previous year.

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Note 46: Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 (contd.)

E) Related party transactions

Related Party/ Items	Key Management Personnel		Directors other than KMP		Entities having common director		Others		Total		Closing balance		Maximum during the year	
	FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22	As on March 31, 2023	As on March 31, 2022	FY 22-23	FY 21-22
Borrowings	-	-	-	-	1,008.38	-	-	-	1,008.38	-	894.77	-	1,000.00	-
Repayment of borrowings	-	-	-	-	141.31	-	-	-	141.31	-	-	-	-	-
Loan processing charges	-	-	-	-	2.73	-	-	-	2.73	-	-	-	-	-
Deposits (lien marked on securitisation)	-	-	-	-	353.80	-	-	-	353.80	-	353.79	-	353.80	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration	571.86	459.50	-	-	-	-	-	-	571.86	459.50	-	-	-	-
Remittance from business transfer agreement	-	-	-	-	3.20	1,850.45	-	-	3.20	1,850.45	1.33	1.86	3.20	1,850.45
Others	-	-	85.10	83.00	-	-	112.20	136.35	197.30	219.35	79.63	80.10	197.30	219.35

Refer information on related party transactions as required by Ind AS - 24 [note 45]

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Note 46: Additional disclosures pursuant to Para 19 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016. (contd.)

F) Ratings assigned by credit rating agencies and migration of ratings during the year
The details of ratings assigned by Credit Analysis & Research Limited (CARE) dated November 25, 2022 and ICRA Limited vide report dated December 21, 2022 & December 26, 2022 during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	ICRA A (-ve) (Stable outlook)/ CARE A (-ve) (Negative outlook)	Reaffirmed
Non-Convertible Debentures	ICRA A (-ve) (Stable outlook)/ CARE A (-ve) (Negative outlook)	Reaffirmed
Unsecured Subordinated Tier II Debt	ICRA A (-ve) (Stable outlook)/ CARE A (-ve) (Negative outlook)	Reaffirmed

G) Remuneration including sitting fees of Directors (other than Managing Director) [Refer note 45]

Name of Directors	As at 31 March 2023	As at 31 March 2022
A. Director's commission		
Dinesh Kumar Mittal	25.00	25.00
Matangi Gowrishankar	12.50	15.00
Rajat Mohan Nag	12.50	10.00
Sumantra Banerjee	12.50	10.00
B. Sitting fees:		
Dinesh Kumar Mittal	4.60	3.20
Matangi Gowrishankar	7.00	6.40
Rajat Mohan Nag	5.80	6.20
Sumantra Banerjee	5.20	7.20

viii) Additional Disclosures
A) Provisions and Contingencies

Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss	As at 31 March 2023	As at 31 March 2022
Provision towards standard assets	(15,636.68)	(5,015.51)
Provision towards non performing assets (*)	1,081.92	(19,944.14)
Provision made towards Income tax (including for earlier years and deferred tax)	1,923.73	2,199.07
Other provisions and contingencies (employee benefits)	368.59	311.19

(*) Does not include provision on accrued NPA interest as the same is netted off in income.

B) Draw Down from Reserves
There have been no instances of draw down from reserves by the Company during the current and previous year.

C) Concentration of Advances, Exposures and NPAs	As at 31 March 2023	As at 31 March 2022
a) Concentration of Advances		
Total Advances to twenty largest borrowers	865.87	9,030.67
Percentage of advances to twenty largest borrowers to total advances	0.17%	2.16%
b) Concentration of Exposures		
Total exposure to twenty largest borrowers/ customers	865.87	10,905.67
Percentage of exposures to twenty largest borrowers/ customers to total exposure	0.17%	2.57%
c) Concentration of NPAs		
Total exposure to top four NPA accounts	29.46	191.94

D) Sectoral exposure

Sectors	As at 31 March 2023			As at 31 March 2022		
	Total exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
i....						
ii....						
Others						
Total of Industry (i+ii+...+Others)	-	-	-	-	-	-
3. Services						
i. Secured term loan	854.79	26.06	3.05%	9,405.09	22.84	0.24%
ii....						
Others						
Total of Services (i+ii+...+Others)	854.79	26.06	3.05%	9,405.09	22.84	0.24%
4. Personal Loans						
i. Retail loans	4,695.96	824.50	17.56%	26,220.05	2,580.72	9.84%
ii...						
Others						
Total of Personal Loans (i+ii+...+Others)	4,695.96	824.50	17.56%	26,220.05	2,580.72	9.84%
5. Others - Microfinance Loan	5,01,135.37	13,662.95	2.73%	3,79,211.68	16,097.13	4.24%
Total	5,06,686.12	14,513.51	2.86%	4,14,836.82	18,700.69	4.51%

D) Sector-wise NPAs - Percentage of NPAs to total advances in that sector	As at 31 March 2023	As at 31 March 2022
Agriculture & allied activities	Nil	Nil
MSME	Nil	Nil
Corporate borrowers (*)	Nil	Nil
Services	3.05%	0.24%
Unsecured personal loans	17.56%	9.84%
Microfinance Loan	2.73%	4.24%
Auto loans	Nil	Nil
Other personal loans	Nil	Nil

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

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E) Movement of NPAs	As at 31 March 2023	As at 31 March 2022
i) Net NPAs to Net Advances (%)	0.21%	1.37%
ii) Movement of NPAs (Gross)		
a) Opening Balance	18,700.69	52,098.33
b) Additions during the year	50,050.58	12,787.34
c) Reductions during the year	-54,237.76	-46,182.98
d) Closing balance	14,513.51	18,700.69
iii) Movement of Net NPAs		
a) Opening Balance	5,516.62	16,975.86
b) Additions during the year	1,197.56	-
c) Reductions during the year	-5,668.69	-11,459.24
d) Closing balance	1,045.49	5,516.62
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	13,184.07	35,120.47
b) Provisions made during the year	48,853.02	22,331.64
c) Write-off/write-back of excess provision	-48,569.07	-44,268.04
d) Closing balance	13,468.02	13,184.07

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
The Company did not sponsor any SPVs during the current and previous year.

ix) Disclosure of customer complaints	As at 31 March 2023	As at 31 March 2022
a) Complaints received by the NBFC from its customers		
1. Number of complaints pending at beginning of the year	71	60
2. Number of complaints received during the year	1,360	872
3. Number of complaints disposed during the year	1,410	861
3.1 Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	21	71
b) Maintainable complaints received by the NBFC from Office of Ombudsman		
5. Number of maintainable complaints received by the NBFC from Office of Ombudsman	19	8
5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	19	8
5.2 Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	-	-
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6. Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

c) Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Year ended March 31, 2023					
Non-observance of fair practices code	61	347	(11.25%)	6	1
Loans and advances	3	235	167.05%	3	-
Staff behaviour	-	101	-	1	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	1	17	54.54%	-	-
Mis-selling	1	11	22.22%	-	-
Others	5	649	138.60%	11	-
	71	1,360		21	1
Year ended March 31, 2022					
Non-observance of fair practices code	41	391	107.98%	61	37
Loans and advances	3	88	(42.86%)	3	-
Staff behaviour	1	101	71.19%	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	11	100.00%	1	1
Mis-selling	-	9	125.00%	1	-
Others	15	272	(17.82%)	5	1
	60	872		71	39

x) Information on instances of fraud identified during the year	As at 31 March 2023	As at 31 March 2022
Nature of fraud		
A. Cash embezzlement		
No. of cases	594	282
Amount of fraud	114.07	50.93
Recovery	33.47	27.77
Amount provided for	80.60	23.16
B. Loans given against fictitious documents		
No. of cases	5	6
Amount of fraud	8.63	16.65
Recovery	3.11	12.00
Amount provided for	5.52	4.65
C. Others (Snatching etc.)		
No. of cases	25	34
Amount of fraud	15.18	25.10
Recovery	3.05	17.15
Amount provided for	12.13	7.95

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 2023		As at 31 March 2022	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) Debentures				
Secured	30,121.39	-	28,410.70	-
Unsecured	32,513.31	-	33,584.40	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
Secured	3,09,894.37	-	2,22,730.81	-
Unsecured	10,108.44	-	10,106.42	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (working capital loan and securitisation liability)	72,404.43	-	1,18,432.20	-

(*) The above figure excludes adjustments of loan processing charges

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(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	As at 31 March 2023		As at 31 March 2022	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(C) Other public deposits	-	-	-	-

Assets side :

(3) Break up of loans and advances:	As at 31 March 2023	As at 31 March 2022
a) Secured, gross	854.79	9,405.09
b) Unsecured, gross	5,05,831.33	4,05,431.73
Total	5,06,686.12	4,14,836.82

Figures of loans and advances also includes accrued interest, unamortised loan processing fees, unamortised acquisition costs and are based on Ind AS numbers.

(4) Break up of leased assets	As at 31 March 2023	As at 31 March 2022
(i) Lease assets including lease rentals under sundry debtors:		
(a) Finance lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed asset	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

(5) Breakup of investments	As at 31 March 2023	As at 31 March 2022
Current Investments :		
1. Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Long Term investments :		
1. Quoted		
(i) Shares :		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares:		
(a) Equity	5.00	5.00
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Security Receipts)	7,872.00	-

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(All amounts in ₹ lakhs unless otherwise stated)

Note 46: Additional disclosures pursuant to Para 19 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 (cont'd)

(6) Borrower group-wise classification of assets financed as in (2) and (3)	Net of provision as at 31 March 2023		
Category	**Secured**	**Unsecured**	**Total**
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	823.67	4,77,398.28	4,78,221.95
Total	**823.67**	**4,77,398.28**	**4,78,221.95**

(6) Borrower group-wise classification of assets financed as in (2) and (3)	Net of provision as at 31 March 2022		
Category	**Secured**	**Unsecured**	**Total**
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	9,327.29	3,61,692.64	3,71,019.93
Total	**9,327.29**	**3,61,692.64**	**3,71,019.93**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	As at 31 March 2023		As at 31 March 2022	
	Market value / Breakup or fair value or NAV	**Book value (net of provisions)**	**Market value / Breakup or fair value or NAV**	**Book value (net of provisions)**
Category				
1. Related parties			-	-
2. Other than related parties	7,877.00	7,877.00	5.00	5.00
Total	**7,877.00**	**7,877.00**	**5.00**	**5.00**

(8) Other information	As at 31 March 2023	As at 31 March 2022
(i) Gross non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	14,513.51	18,700.69
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	1,045.49	5,516.62
(iii) Assets acquired on satisfaction of debt	-	-

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(All amounts in ₹ lakhs unless otherwise stated)

Note 47: **Additional disclosures pursuant to para 25 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016:**

SL.No.	Type of Restructuring		As on 31 March 2023					As on 31 March 2022				
	Asset Classification		Others					Others				
	Details		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts at the beginning of the period (*)	No. of borrowers	-	31,479	-	-	31,479	-	45,968	-	-	45,968.00
		Amount outstanding	-	7,555.27	-	-	7,555.27	-	11,297.03	-	-	11,297.03
		Provision thereon	-	5,724.03	-	-	5,724.03	-	7,606.46	-	-	7,606.46
2	Fresh restructuring during the period	No. of borrowers	96,108		-	-	96,108	-	22,054	-	-	22,054.00
		Amount outstanding	28,237.24		-	-	28,237.24	-	5,816.39	-	-	5,816.39
		Provision thereon	7,712.43		-	-	7,712.43	-	3,713.23	-	-	3,713.23
3	Upgradations to restructured standard category during the period	No. of borrowers	-		-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the period	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the period	No. of borrowers	1,440	28,612	-	-	30,052.00	-	32,937	-	-	32,937.00
		Amount outstanding	29.40	6,926.28	-	-	6,955.68	-	8,105.02	-	-	8,105.02
		Provision thereon	29.40	6,926.28	-	-	6,955.68	-	8,105.02	-	-	8,105.02
7	Restructured Accounts at the end of the period (*)	No. of borrowers	93,034	-	-	-	93,034	-	31,479	-	-	31,479.00
		Amount outstanding	27,267.60	-	-	-	27,267.60	-	7,555.27	-	-	7,555.27
		Provision thereon	8,028.68	-	-	-	8,028.68	-	5,724.03	-	-	5,724.03

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).
1. The outstanding amount and number of borrowers is after considering recoveries made during the year
2. CDR and SME debt restructuring segments are nil.

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Arohan Financial Services Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts in ₹ lakhs unless otherwise stated)

Note 48: Disclosures pursuant to Reserve Bank of India notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Asset Classification as per RBI Norms

As on March 31, 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS (**)	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
Performing Assets						
Standard	Stage 1	4,65,621.12	4,589.72	4,61,031.40	4,889.80	(300.08)
	Stage 2	26,551.48	10,406.42	16,145.06	1,499.72	8,906.70
Subtotal (A)		**4,92,172.60**	**14,996.14**	**4,77,176.46**	**6,389.52**	**8,606.62**
Non-Performing Assets (NPA) (#)						
Substandard	Stage 1 (*)	23.36	3.48	19.88	1,927.35	11,540.68
	Stage 2 (*)	768.96	666.21	102.75		
	Stage 3	13,721.20	12,798.34	922.86		
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (B)		**14,513.52**	**13,468.03**	**1,045.49**	**1,927.35**	**11,540.68**
Total (A+B)	**Stage 1**	**4,65,644.48**	**4,593.20**	**4,61,051.28**	**4,889.80**	**(300.08)**
	Stage 2	**27,320.44**	**11,072.63**	**16,247.81**	**1,499.72**	**8,906.70**
	Stage 3	**13,721.20**	**12,798.34**	**922.86**	**1,927.35**	**11,540.68**
	Total	**5,06,686.12**	**28,464.17**	**4,78,221.95**	**8,316.87**	**20,147.30**

(*) The gross carrying amount of stage 1 and 2 in non-performing assets section are classified in respective stages as per Ind AS.

As on March 31, 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS (**)	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms (*)	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
Performing Assets						
Standard	Stage 1	3,47,813.23	11,022.15	3,36,791.08	6,759.99	4,262.16
	Stage 2	48,322.90	19,610.67	28,712.23	4,368.71	15,241.96
Subtotal (A)		**3,96,136.13**	**30,632.82**	**3,65,503.31**	**11,128.70**	**19,504.12**
Non-Performing Assets (NPA) (#)						
Substandard	Stage 3	18,700.69	13,184.07	5,516.62	4,504.13	8,679.94
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (B)		**18,700.69**	**13,184.07**	**5,516.62**	**4,504.13**	**8,679.94**
Total (A+B)	**Stage 1**	**3,47,813.23**	**11,022.15**	**3,36,791.08**	**6,759.99**	**4,262.16**
	Stage 2	**48,322.90**	**19,610.67**	**28,712.23**	**4,368.71**	**15,241.96**
	Stage 3	**18,700.69**	**13,184.07**	**5,516.62**	**4,504.13**	**8,679.94**
	Total	**4,14,836.82**	**43,816.89**	**3,71,019.93**	**15,632.83**	**28,184.06**

(**) Gross carrying amount as per Ind AS represents gross carrying amount, accrued interest, loan processing fees and securitised assets.

(#) Includes 94,542 accounts having principal overdue of ₹5,807.53 lakhs and interest overdue of ₹983.57 lakhs as at March 31, 2023 (March 31, 2022: Includes 1,25,719 accounts having principal overdue of ₹6,217.24 lakhs and interest overdue of ₹1,731.60 lakhs)

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Note 49 : Disclosures pursuant to RBI's notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 Resolution Framework 1.0 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 Resolution Framework 2.0

Format B

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. March 31, 2023
Personal Loans	-	-	-	-	-
Corporate persons (*)	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	65410.27	10,539.70	31,075.92	9,423.78	14,370.87
Total	65,410.27	10,539.70	31,075.92	9,423.78	14,370.87

(*) As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016
(**) represents microfinance loans to customer

Note:
Under Covid Resolution 1.0 and 2.0, 6,48,491 and 5,42,934 number of borrower accounts respectively were sanctioned for modification and implemented whose aggregate exposure as on March 31, 2023 is ₹1,565.69 lakhs and ₹24,240.83 lakhs respectively (March 31, 2022: ₹16,350.98 lakhs and ₹1,11,682.65 lakhs respectively)
Under covid resolution 1.0, 336 number of MSME borrower accounts were sanction for modification and implemented whose aggregate exposure as on March 31, 2023 is Nil (March 31, 2022: ₹2,083.03 lakhs).

Note 50(A): Additional disclosures pursuant to the RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation

(a) The Company is a debt-listed NBFC and the corporate governance disclosures are as below:

1) Composition of the Board

Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Director identification number (DIN)	Number of Board Meetings		Number of other Directorships	Remuneration			Number of shares held in and convertible instruments held in the NBFC
				Held	Attended		Salary and other compensation (₹)	Sitting Fee (₹)	Commission (₹)	
Mr. Manoj Kumar N Nambiar	October 3, 2012	Executive - Managing Director	03172919	10	10	2	230.62	Nil	Nil	Nil
Mr. Anurag Agrawal	October 3, 2012	Promoter Nominee Director	02385780	10	10	5	Nil	Nil	Nil	Nil
Mr. Vineet Chandra Rai	October 24, 2013	Promoter Nominee Director	00606290	10	7	10	Nil	Nil	Nil	Nil
Mr. Dinesh Kumar Mittal	May 15, 2018	Non Executive - Independent Director	00040000	10	10	11	Nil	4.60	25.00	Nil
Mr. Sumantra Banerjee	April 29, 2014	Non Executive - Independent Director	00075243	10	7	5	Nil	5.20	12.50	10,000
Mr. Rajat Mohan Nag	January 31, 2015	Non Executive - Independent Director	07083831	10	7	1	Nil	5.80	12.50	Nil
Ms. Matangi Gowrishankar	August 22, 2018	Non Executive - Independent Director	01518137	10	10	11	Nil	7.00	12.50	Nil
Mr. Piyush Goenka	March 31, 2015	Non Executive - Nominee Director	02117859	10	8	3	Nil	Nil	Nil	Nil
Mr. Wilhelmus Marthinus Maria Van Der Beek	December 5, 2016	Non Executive - Nominee Director	02142559	10	4	6	Nil	Nil	Nil	Nil
Mr. Paul Gratien Robine (*)	March 18, 2019	Non Executive - Nominee Director	07828525	10	1	3	Nil	Nil	Nil	Nil
Mr. Shri Ram Meena (*)	May 15, 2019	Non Executive - Nominee Director	08452187	10	2	1	Nil	Nil	Nil	Nil
Mr. David Arturo Paradiso (*)	May 11, 2022	Non Executive - Nominee Director	08181632	10	6	4	Nil	Nil	Nil	Nil
Mr. Stephen Dongwon Lee (*)	December 1, 2022	Additional Director	08640160	10	2	1	Nil	Nil	Nil	Nil

(*) Mr. Paul Gratien Robine and Mr. Shri Ram Meena has resigned from his directorship w.e.f. May 12, 2023. Mr. David Arturo Paradiso is appointed as a Additional Director w.e.f. May 11, 2022 and thereafter was appointed as Nominee Director w.e.f. August 11, 2022. Further, Mr. Stephen Dongwon Lee has been appointed as an Additional Director w.e.f. December 1, 2022.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

Note 50(A): Additional disclosures pursuant to the RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation (contd)

Details of change in composition of the Board during the current and previous financial year.

Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
Mr. Manoj Kumar N Nambiar	Executive - Managing Director	Re-appointment	July 1, 2021
Mr. Kasper Svarrer	Non Executive - Nominee Director	Vacation	May 11, 2022
Mr. David Arturo Paradiso	Non Executive - Nominee Director	Appointment	Additional Director since May 11, 2022
			Nominee Director since August 11, 2022
Mr. Stephen Dongwon Lee	Additional Director	Appointment	December 1, 2022
Ms. Matangi Gowrishankar	Non Executive - Independent Director	Re-appointment	August 22, 2021

Where an independent director resigns before expiry of his/ her term, the reasons for resignation as given by his/ her shall be disclosed.: Nil

Details of any relationship amongst the directors inter-se shall be disclosed: Nil

2) Committees of the Board and their composition

(a) Audit Committee

Audit Committee has been constituted under Section 177 of the Companies Act 2013 and under Regulation 18 and Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee has been charged with the principal oversight of financial reporting process and to ensure accurate and timely disclosure with the highest levels of transparency, integrity and aims to enhance the confidence in the quality of the Company's financial reporting, to review of internal audit reports and action taken reports and assessment of the efficacy of the internal control systems. The Audit Committee also looks after the compliance with the legal and statutory requirements, related party transactions and recommends the appointment of statutory auditor to the Board.

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Mr. Rajat Mohan Nag	April 27, 2018	Non Executive - Independent Director	6	6	Nil
Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	6	4	10,000
Ms. Matangi Gowrishankar	April 27, 2018	Non Executive - Independent Director	6	5	Nil
Mr. Dinesh Kumar Mittal (*)	November 10, 2022	Non Executive - Independent Director	6	3	Nil
Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	6	5	Nil

(*) Mr. Dinesh Kumar Mittal is a member of the Committee w.e.f. November 10, 2022.

(b) Nomination and Remuneration Committee

Nomination and Remuneration Committee has been constituted under Section 178 of the Companies Act 2013 and under Regulation 19 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee has been responsible to oversee that the Company's nomination process including succession planning for the senior management and the Board and specifically to assist the Board by identifying, screening and reviewing individuals qualified to serve as directors so that the directors appointed would have appropriate skills to support the functioning of the Company and also to advise Board on Remuneration policy for Directors, Key Managerial Personnel and other employees.

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Ms. Matangi Gowrishankar	April 27, 2018	Non Executive - Independent Director	5	5	Nil
Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	5	3	10,000
Mr. Rajat Mohan Nag	April 27, 2018	Non Executive - Independent Director	5	4	Nil
Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	5	4	Nil
Mr. Vineet Chandra Rai	April 27, 2018	Promoter Nominee Director	5	3	Nil

(c) Risk Management Committee

Risk Management Committee has been constituted under Regulation 21 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 along with the RBI Master Direction. The Committee has overall responsibility to the identification, evaluation and mitigation of strategic, operational, and external environment risks; for monitoring and approving the risk policies and associated actionable. The Committee has been also responsible for reviewing and approving risk disclosure statements for dissemination

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Mr. Rajat Mohan Nag	April 27, 2018	Non Executive - Independent Director	4	4	Nil
Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	4	3	10,000
Ms. Matangi Gowrishankar	April 27, 2018	Non Executive - Independent Director	4	4	Nil
Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	4	3	Nil
Mr. Wilhelmus Marthinus Maria Van Der Beek	April 27, 2018	Non Executive - Nominee Director	4	Nil	Nil

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Note 50(A): Additional disclosures pursuant to the RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation (contd)

(d) Stakeholders Relationship Committee

Stakeholder's Relationship Committee has been constituted under Section 178 of the Companies Act 2013 and under Regulation 20 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee has been responsible for redressal of grievances of interest of investors, shareholders, debenture holders and other security holders including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends and performing such other functions as may be delegated by the Board.

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Ms. Matangi Gowrishankar	April 27, 2018	Non Executive - Independent Director	1	1	Nil
Mr. Anurag Agrawal	April 27, 2018	Promoter Nominee Director	1	1	Nil
Mr. Manoj Kumar N Nambiar	April 27, 2018	Executive - Managing Director	1	1	Nil

(e) Corporate Social Responsibility Committee

Corporate Social Responsibility Committee has been constituted under Section 135 of the Companies Act 2013. Primary objective of the Committee has been assisting the Board in fulfilling its corporate social responsibility. The Committee has overall responsibility for identifying the areas of CSR activities and implementing and monitoring the CSR Policy also recommends the amount of expenditure to be incurred on the identified CSR activities.

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Mr. Sumantra Banerjee	April 27, 2018	Non Executive - Independent Director	2	1	10,000
Mr. Anurag Agrawal	April 27, 2018	Promoter Nominee Director	2	2	Nil
Mr. Manoj Kumar N Nambiar	April 27, 2018	Executive Director - Managing Director	2	2	Nil
Mr. Wilhelmus Marthinus Maria Van Der Beek	April 27, 2018	Non Executive - Nominee Director	2	Nil	Nil

(f) Share Transfer and Securities Allotment Committee

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

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Mr. Manoj Kumar N Nambiar	February 16, 2018	Executive - Managing Director	5	4	Nil
Mr. Anurag Agrawal	February 16, 2018	Promoter Nominee Director	5	5	Nil
Mr. Vineet Chandra Rai	February 16, 2018	Promoter Nominee Director	5	4	Nil
Mr. Piyush Goenka	February 16, 2018	Non-Executive - Nominee Director	5	5	Nil

(g) 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.

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
			Held	Attended	
Mr. Sumantra Banerjee	February 16, 2018	Non Executive - Independent Director	2	1	10,000
Mr. Rajat Mohan Nag (*)	November 10, 2022	Non Executive - Independent Director	2	1	Nil
Mr. Piyush Goenka	February 16, 2018	Non-Executive - Nominee Director	2	1	Nil
Mr. Manoj Kumar N Nambiar	February 16, 2018	Executive - Managing Director	2	2	Nil
Mr. Arvind Murarka	February 16, 2018	Chief Information Officer	2	2	Nil

(*) Mr. Rajat Mohan Nag is a member of the Committee w.e.f. November 10, 2022.

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Note 50(A): Additional disclosures pursuant to the RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation (contd)

3) General Body Meetings

Details of the date, place and special resolutions passed at the General Body Meetings are mentioned below

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and place	Special Resolutions passed
1	Annual General Meeting	August 11, 2022 Through video Conferencing/ other audio visual means	1. Increase in borrowing power of the Company; 2. Creation of charge and to provide security; 3. To Issue non-convertible debentures; 4. Payment of commission to the Independent Directors; 5. Amendment in the 'AROHAN EMPLOYEE STOCK OPTION PLAN 2010' ("ESOP 2010"/ "PLAN"); 6. Amendment in the "AROHAN EMPLOYEE STOCK OPTION PLAN 2018' ("ESOP 2018"/ "PLAN"); 7. Amendment in the "AROHAN EMPLOYEE STOCK OPTION PLAN 2021' ("ESOP 2021"/ "PLAN") and 8. Issue of Shares with respect to Arohan Employee Stock Option Plan 2021.
2	Extra Ordinary General Meeting	September 26, 2022 Through video Conferencing/ other audio visual means	No Special Resolutions Passed In This EGM.
3	Extra Ordinary General Meeting	November 18, 2022 Through video Conferencing/ other audio visual means	To issue cumulative compulsorily convertible preference shares on a preferential basis through private placement.
4	Extra Ordinary General Meeting	November 26, 2022 Through video Conferencing/ other audio visual means	No Special Resolutions Passed in this Extra Ordinary General Meeting (EGM)
5	Extra Ordinary General Meeting	December 12, 2022 Through video Conferencing/ other audio visual means	1. Adoption of new/ revised Articles Of Association of the Company in order to align the same with respect to the change in the Amended and Restated Shareholding agreement; 2. To issue cumulative compulsorily convertible preference shares on a preferential basis through private placement.
6	Extra Ordinary General Meeting	March 15, 2023 Through video Conferencing/ other audio visual means	1. Reappointment of Mr. Dinesh Kumar Mittal as Chairman and Independent Director; 2. Adoption of new/ revised Articles Of Association of the Company in order to align the same with respect to the change in the Amended and restated Shareholding agreement
7	Extra Ordinary General Meeting	March 29, 2023 Through video Conferencing/ other audio visual means	1. Reclassification of Authorised Share Capital & Consequent Amendment to the Capital clause in the Memorandum of Association of the Company; 2.To issue Cumulative Compulsorily convertible preference shares on a preferencial basis trhough private placement.

4) Details of non-compliance with requirements of Companies Act, 2013 including with respect to compliance with accounting and secretarial standards: Nil

5) Details of penalties and strictures

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the activities of the Company except a penalty of an amount of ₹0.16 lakhs has been paid to Reserve Bank of India towards late submission fees of FC_TRS under Foreign Exchange Management Act, 1999.

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Note 50(A): Additional disclosures pursuant to the RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation (contd)

(b) There are no modified opinion expressed by the auditors.

(c) There are no items of income and expenditure of exceptional nature.

(d) Breach of financial covenant:

(i) Debt securities

Lender	Sanction date	Description of financial covenants	Limit required	Actual
Japanese ASEAN Women Empowerment Fund	December 2, 2020	(PAR 30 + restructure loan + net write-off of 12 months)/ Gross loan portfolio (refer note 1)	less than 10.00%	16.09%
		(PAR 90 + restructure loans - provision)/ Tier 1 capital (refer note 2)	less than 10.00%	21.69%
Blue Orchard Microfinance Fund	May 31, 2022	(PAR 30 + non-covid restructure loan + net write-off of 12 months)/ Gross loan portfolio (refer note ence 3)	less than 15.00%	15.55%
		(PAR 90 + non-covid restructure loans - total provision)/ Tier I capital (refer note 4)	less than 10.00%	13.79%
CDC Group	December 19, 2020	(PAR 90 + restructure loans)/ Gross loan portfolio (refer note 5)	less than 5.00%	9.57%
Indian Bank	July 8, 2020	Operatinal self sufficiency ratio (refer note 6)	greater than 110.00%	108.99%
Northern Arc Capital Limited	July 27, 2018	PAR 90 percentage (refer note 7)	less than 2.00%	2.71%

(ii) Borrowings (other than debt securities) and Subordinated liabilities

Particulars	Sanction date	Description of financial covenants	Limit required	Actual
Borrowings (other than debt securities)	March 31, 2022	(PAR 90 + non-covid restructure loans + net write-off of 12 months)/ Gross loan portfolio (refer note 8)	less than 5.00%	14.31%
	February 7, 2022	(PAR 90 + non-covid restructure loans + net write-off of 12 months)/ Gross loan portfolio (refer note 8)	less than 5.00%	14.31%
	March 21, 2022	(PAR 30 + restructure loans)/ Gross loan portfolio	less than 5.00%	9.80%
		(PAR 90 + restructure loans)/ Gross loan portfolio (refer note 5)	less than 3.00%	9.57%
Subordinated liabilities	March 30, 2021	(PAR 90 + restructure loans)/ Gross loan portfolio (refer note 5)	less than 5.00%	9.57%

Note:

(1) Portfolio overdue for more than 30 days, restructured loans (including restructuring under RBI resolution framework dated August 06, 2020 & May 05, 2021) and net write off for last 12 months has been considered as numerator and closing gross loan portfolio as on March 31, 2023 as denominator.

(2) Gross loan portfolio overdue for more than 90 days, restructured loans (including restructuring under RBI resolution framework dated August 06, 2020 & May 05, 2021) which is reduced by NPA provision on owned portfolio has been considered as numerator and Tier 1 capital as denominator.

(3) Portfolio overdue for more than 30 days, non covid restructured loans (including restructuring under RBI resolution framework dated August 06, 2020 & May 05, 2021) and net write-off for last 12 months has been considered as numerator and closing gross loan portfolio as on March 31, 2023 as denominator.

(4) Aggregate of gross loan portfolio overdue for more than 90 days and non-covid restructured loans, reduced by NPA provision on owned portfolio has been considered as numerator and Tier I capital considered as denominator.

(5) AUM overdue for more than 90 days and restructured loans has been considered as numerator whereas gross loan portfolio as on March 31, 2023 is considered as denominator.

(6) Total revenue has been considered as numerator and total expenses for the year ended March 31, 2023 as denominator.

(7) Gross loan portfolio overdue for more than 90 days as a percentage of gross loan portfolio as on March 31, 2023

(8) Aggregate of gross loan portfolio overdue for more than 90 days, non-covid restructure loans and net write-off of 12 months considered in neumerator and gross loan portfolio as on March 31, 2023 as denominator

(9) Gross loan portfolio represents assets under management (AUM)

(e) Divergence in asset classification and provisioning

There has been no instance of additional provisioning requirement assessed by Reserve Bank of India (RBI) exceeding 5% of the reported profit before tax and impairment loss on financial instruments, neither there has been any instance of additional gross NPAs identified by RBI exceeding 5% of the reported gross NPAs for the pervious financial year.

Note 50(B): Additional disclosures pursuant to the RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 dated April 19, 2022.

Loans to Directors, senior officers and relatives of Directors	Current year	Previous year
Directors and their relatives	Nil	Nil
Entities associated with directors and their relatives	Nil	Nil
Senior Officers and their relatives	Nil	Nil

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(All amounts in ₹ lakhs unless otherwise stated)

Note 51: Asset Liability Management

Maturity pattern of assets and liability as on March 31, 2023

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits (with banks)	12,616.74	18,506.46	24,450.05	2,540.26	468.62	5,119.42	9,554.01	17,363.70	1,251.17	-	91,870.43
Advances (Micro Finance Portfolio)	8,543.53	13,669.64	11,960.94	27,232.06	26,591.30	78,489.74	1,43,978.36	1,62,447.29	1,077.05	-	4,73,989.91
Advances (Other than Micro Finance)	118.93	190.28	166.50	383.09	375.81	954.76	1,365.02	606.89	70.76	-	4,232.04
Investments	-	-	-	-	-	-	-	-	-	7,877.00	7,877.00
Borrowings	1,631.27	1,120.95	26,379.71	18,180.89	27,912.66	60,894.74	1,22,051.41	1,58,751.09	36,426.21	-	4,53,348.93
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of assets and liability as on March 31, 2022

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits (with banks)	15,237.25	14,303.98	54,845.51	3,130.30	3,064.14	1,074.92	6,547.27	20,477.92	2,251.12	-	1,20,932.41
Advances (Micro Finance Portfolio)	3,359.41	9,474.11	15,054.56	20,954.45	23,260.03	71,954.37	1,24,702.50	87,266.37	5,508.85	-	3,61,534.65
Advances (Other than Micro Finance)	109.86	309.83	492.33	855.55	872.58	2,180.38	3,494.66	1,162.32	7.77	-	9,485.28
Investments	-	-	-	-	-	-	-	-	-	5.00	5.00
Borrowings	16,215.04	1,461.59	23,676.07	27,066.78	23,623.61	64,801.91	1,02,527.87	1,14,091.65	18,300.00	20,961.62	4,12,726.14
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Notes:
1. The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.
2. Advances and borrowings are adjusted for moratorium.
3. The Company is capable of meeting its liabilities existing as on March 2023 as and when they fall due within the period of one year from March 31, 2023.

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Note 52: Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 have been given below:

(i) Funding concentration based on significant counterparty on borrowings	As at 31 March 2023	As at 31 March 2022
Number of significant counterparties	23	23
Amount of borrowed funds from significant counterparties	4,16,377.37	3,86,210.60
Percentage of total deposits	Not applicable	Not applicable
Percentage of total liabilities	88.97%	91.83%

Notes:

i) 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.

ii) 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) - The Company does not accept deposit hence not applicable.

(iii) Top ten borrowings	As at 31 March 2023	As at 31 March 2022
Amount of borrowed funds from top ten significant counterparties (*)	3,10,553.84	2,86,996.37
% of total borrowings (#)	68.60%	69.66%

Note:

(*) Accrued interest on borrowings have not been considered in above calculation.

(#) Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines which includes securitisation transactions.

(iv) Funding concentration based on significant instrument/ product

Name of the instrument/ product	As at 31 March 2023		As at 31 March 2022	
	Amount (**)	Percentage of total liabilities	Amount (**)	Percentage of total liabilities
Debt securities	29,120.00	6.22%	27,560.00	7.00%
Borrowings (other than debt securities)	3,81,080.96	81.43%	3,40,950.99	81.00%
Subordinated liabilities	42,500.00	9.08%	43,500.00	10.00%

Note:

(i) 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.

(ii) Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

(**) Figures are based on gross borrowing outstanding and does not includes accrued interest and other Ind AS adjustments.

(V) Stock ratios in percentage	As at 31 March 2023	As at 31 March 2022
1. Commercial papers as a percentage of total liabilities	Not Applicable	Not Applicable
2. Commercial papers as a percentage of total assets	Not Applicable	Not Applicable
3. Commercial papers as a percentage of public fund	Not Applicable	Not Applicable
4. Non-convertible debentures (original maturity of less than one year) as a percentage of total liabilities	Nil	Nil
5. Non-convertible debentures (original maturity of less than one year) as a percentage of total assets	Nil	Nil
6. Non-convertible debentures (original maturity of less than one year) as a percentage of public fund	Nil	Nil
7. Other short-term liabilities as a percentage of total liabilities	57.79%	62.82%
8. Other short-term liabilities as a percentage of total assets	44.94%	50.52%
9. Other short-term liabilities as a percentage of public fund	59.66%	64.01%

(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.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

Note 53: Disclosures of liquidity coverage ratio (LCR)
For financial year: 2022-2023

Sl No.	Particulars	As on 30 June 2022		As on 30 September 2022		As on 31 December 2022		As on 31 March 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	High quality liquid assets (HQLA)								
(i)	Cash balance	111.94	111.94	136.20	136.20	59.93	59.93	36.05	36.05
(ii)	Cash on bank	3,654.64	3,654.64	3,559.95	3,559.95	3,515.34	3,515.34	1,548.67	1,549.67
(iii)	Un-encumbered demand deposits with scheduled commercial bank	53,925.35	53,925.35	33,477.41	33,477.41	29,287.74	29,287.74	59,323.94	59,323.94
	Total High Quality Liquid Assets (HQLA)	57,691.93	57,691.93	37,173.56	37,173.56	32,863.01	32,863.01	60,909.66	60,909.66
	Cash Outflows:								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	27,427.31	31,541.41	22,662.03	26,061.33	33,939.18	39,030.06	29,131.93	33,501.72
6	Other contractual funding obligations	1,856.47	2,134.94	5,082.79	5,845.21	5,524.93	6,353.67	7,116.54	8,184.02
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total cash outflows**	29,283.78	33,676.35	27,744.82	31,906.54	39,464.11	45,383.73	36,248.47	41,685.74
	Cash Inflows:								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	27,571.48	20,678.61	30,508.57	22,882.18	32,702.06	24,526.55	34,649.82	25,987.37
11	Other cash inflows	398.09	298.57	2,652.17	1,989.13	1,038.30	778.73	1,354.53	1,015.90
12	**Total cash inflows**	27,969.57	20,977.18	33,161.74	24,871.31	33,740.36	25,305.28	36,004.35	27,003.27
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**Total High Quality Liquid Assets (HQLA)**		57,691.93		37,173.56		32,863.01		60,909.66
14	**Total net outflows**		12,699.17		7,976.63		20,078.45		14,682.47
15	**Liquidity coverage ratio (%)**		454%		466%		164%		415%

For financial year: 2021-2022

Sl No.	Particulars	As on 30 June 2021		As on 30 September 2021		As on 31 December 2021		As on 31 March 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	High quality liquid assets (HQLA)								
(i)	Cash balance	148.66	148.66	151.87	151.87	132.75	132.75	55.57	55.57
(ii)	Cash on bank	8,292.69	8,292.69	4,690.98	4,690.98	9,346.74	9,346.74	9,747.32	9,747.32
(iii)	Un-encumbered demand deposits with scheduled commercial bank	1,12,782.06	1,12,782.06	69,897.02	69,897.02	19,376.62	19,376.62	85,561.04	85,561.04
	Total High Quality Liquid Assets (HQLA)	1,21,223.41	1,21,223.41	74,739.87	74,739.87	28,856.11	28,856.11	95,363.93	95,363.93
	Cash Outflows:								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	35,005.20	40,255.98	34,741.52	39,952.75	44,288.56	50,931.84	41,342.06	47,543.37
6	Other contractual funding obligations	1,699.85	1,954.83	3,207.24	3,688.33	3,207.12	3,688.19	1,122.00	1,290.30
7	Other contingent funding obligations	1,050.00	1,207.50	-	-	-	-	-	-
8	**Total cash outflows**	37,755.05	43,418.31	37,948.76	43,641.08	47,495.68	54,620.03	42,464.06	48,833.67
	Cash Inflows:								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	28,382.87	21,287.15	19,898.80	14,924.10	24,690.67	18,518.00	28,800.09	21,600.07
11	Other cash inflows	1,163.77	872.82	188.72	141.54	213.63	160.22	249.63	187.22
12	**Total cash inflows**	29,546.64	22,159.97	20,087.52	15,065.64	24,904.30	18,678.22	29,049.72	21,787.29
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**Total High Quality Liquid Assets (HQLA)**		1,21,223.41		74,739.87		28,856.11		95,363.93
14	**Total net outflows**		21,258.34		28,575.44		35,841.81		27,046.38
15	**Liquidity coverage ratio (%)**		570%		262%		80%		353%

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Note 54: Foreign Currency Disclosure

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Earnings in foreign currency		
Miscellaneous income (Sale of accumulated carbon credit)	6.19	12.74
	6.19	12.74
(b) Expenditure in foreign currency		
Repairs and maintenance	2.98	-
Legal and professional expenses	50.66	2.58
	53.64	2.58

Note 55: Disclosure in respect of Corporate Social Responsibility under section 135 of the Act and Rules thereon

A CSR committee has been formed by the Company as prescribed under section 135, CSR expenses have been incurred throughout the period on the activities as specified in schedule VII of the Act.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Gross amount required to be spent during the year	21.83	68.67
(b) Amount of expenditure incurred during the year	21.83	68.67
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall (*)	-	-
(f) Nature of CSR activities (**)	-	-
(g) Details of related party transactions	7.16	40.93
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately		
At the beginning of the year	9.88	35.09
Fresh provision made during the year	1.50	5.45
Payment made during the year	5.45	30.66
At the closing of the year	5.93	9.88

(*) work was not yet completed as a results the payments were on hold.

(**) CSR activities includes environmental and social initiatives. In environmental initiatives there are certain projects like disaster relief, COVID-19 relief, safe drinking water & sanitisation and water conservation whereas social initiatives includes activities as women empowerment & education, livelihood trainings, menstrual hygiene and health and well being.

Note 56: Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India. Further, the Company is operating in India which is considered as a single geographical segment.

Note 57: Lease related disclosures

(a) Company as a lessee

In the Statement of Profit and Loss for the current and previous year, operating lease expenses which were recognised as rental expenses is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. De-recognition of rental expenses and recognition of depreciation and finance costs has positively impacted EBIDTA by ₹ 216.85 lakhs (March 31, 2022 : ₹243.20 lakhs) and negatively impacted the PBT by ₹11.82 lakhs (March 31, 2022 : ₹0.49 lakhs).

(b) The table below describes the nature of Company's leasing activities by type of right-of-assets recognised on balance sheet:

As on March 31, 2023

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	10	8 months to 35 months	24 months	10	-	-
Furniture	3	75 months	75 months	3	-	-

As on March 31, 2022

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	8	2 months to 71 months	26 months	8	-	-
Furniture	3	87 months	87 months	3	-	-

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Note 57: Lease related disclosures (contd)

(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 2023	Year ended 31 March 2022
Short-term leases	1,286.03	1,110.51

(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 2023
Lease payments	223.27	177.98	89.61	56.25	56.25	70.31	**673.67**
Less: Finance cost	48.78	31.74	19.33	14.22	9.58	4.69	**128.34**
Net present values	**174.49**	**146.24**	**70.28**	**42.03**	**46.67**	**65.62**	**545.33**

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at 31 March 2022
Lease payments	149.01	124.45	74.76	59.68	59.85	130.00	**597.75**
Less: Finance cost	42.71	31.91	23.93	19.20	14.74	14.44	**146.93**
Net present values	**106.30**	**92.54**	**50.83**	**40.48**	**45.11**	**115.56**	**450.82**

(e) Total cash outflow for leases for the year ended March 31, 2023 was ₹216.86 lakhs (March 31, 2022: ₹234.22 lakhs).

(f) The Company has leases for office building and furnitures. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

(g) As per Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised was 11%.

Note 58: Contingent liabilities and commitments

Particulars	As at 31 March 2023	As at 31 March 2022
(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.	16.57	13.47
(b) Sanctioned loan undisbursed	-	1,975.00
(c) Capital commitment for purchase/ development of tangible and intangible asset (net of advances).	78.08	86.96

Note 59: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021:

A. Title deeds of Immovable Property
The Company does not own any immovable property in the form of land and building

B. Loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties
The Company has not granted any loans to promoters, directors, KMPs and the related parties

C. Details of Benami Property held
There have been no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

D. Borrowings from banks or financial institutions on the basis of security of current assets
The Company has availed borrowings from banks or financial institutions on the basis of security of current assets and the returns or statements of current assets filed by the Company with banks or financial institutions as at March 31, 2023, are in agreement with the books of accounts.

E. Wilful Defaulter
The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

F. Relationship with Struck off Companies
The Company has not entered into any transactions with the companies struck off under section 248 of the Act or section 560 of the Companies Act, 1956.

G. Registration of charges or satisfaction with Registrar of Companies (ROC)
There are no charges or satisfaction yet to be registered with ROC beyond the statutory period as at March 31, 2023 except the following where no dues certificate has not been received from the lenders and pending for charge satisfaction

Lenders	Charge ID	Sanction Date	Amount	Closure Date
Indian Bank	100432193	18-Sep-20	7,500	24-Mar-22
Indian Bank	100432195	18-Sep-20	2,500	03-May-22
Punjab National Bank	100269477	16-Mar-19	2,500	31-Jul-22
SIDBI	100315230	23-Oct-19	20,000	10-Feb-23

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(All amounts in ₹ lakhs unless otherwise stated)

Note 59: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021 (cont'd):

H. Compliance with number of layers of companies

The Company has no subsidiaries or investments in other companies, accordingly compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, are not applicable.

I. Ratios

Particulars	As at 31 March 2023	As at 31 March 2022	Percentage change in ratio	Explanation
(a) Debt equity [2] [refer note 42]	3.39	4.03	(16%)	Due to fresh equity infusion during the financial year in the form of compulsorily convertible preference shares (CCPS)
(b) Return on equity ratio [3]	5.99%	6.15%	(2%)	
(c) Net profit ratio [4]	8.41%	6.62%	27%	
(d) Return on capital employed [5]	5.99%	6.15%	(2%)	
(e) Current ratio [1]		Not applicable	-	
(f) Debt service coverage ratio [1]		Not applicable	-	
(g) Inventory turnover ratio [1]		Not applicable	-	
(h) Trade receivables turnover ratio [1]		Not applicable	-	
(i) Trade payables turnover ratio [1]		Not applicable	-	
(j) Net capital turnover ratio [1]		Not applicable	-	
(k) Return on investment [1]		Not applicable	-	

Notes:

(1) The Company is a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, hence these ratios are not applicable

(2) Debt - equity ratio = (debt securities + borrowings-other than debt securities + subordinated liabilities) / net worth, where net worth is aggregate of equity share capital and other equity.

(3) Return on equity ratio = profit after tax / average net worth

(4) Net profit ratio = profit before tax/ total revenue from operations

(5) Return on capital employed = profit after tax / average networth

J. Compliance with approved Scheme(s) of Arrangements

There are no Scheme of Arrangements approved by the Competent Authority in terms of section 230 to 237 of the Act.

K. Utilisation of borrowed funds and share premium

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

L. Undisclosed income

There are no transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments

M. Corporate Social Responsibility (CSR)

Refer note 55

N. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

Note 60: The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.
The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 61: Previous year ended figures have been regrouped/ rearranged wherever necessary, to conform with the current year.

This is the summary of significant accounting policies and other explanatory information referred in our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No 118580

MSKA & ASSOCIATES
MUMBAI
Chartered Accountants

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors of
Arohan Financial Services Limited

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

Vineet Chandra Rai
Director
(DIN: 00606290)
Place : Kolkata

Anirudh Singh G Thakur
Company Secretary
Place: Kolkata
Date: 12 May 2023

Milind R Nare
Chief Financial Officer
Place: Kolkata