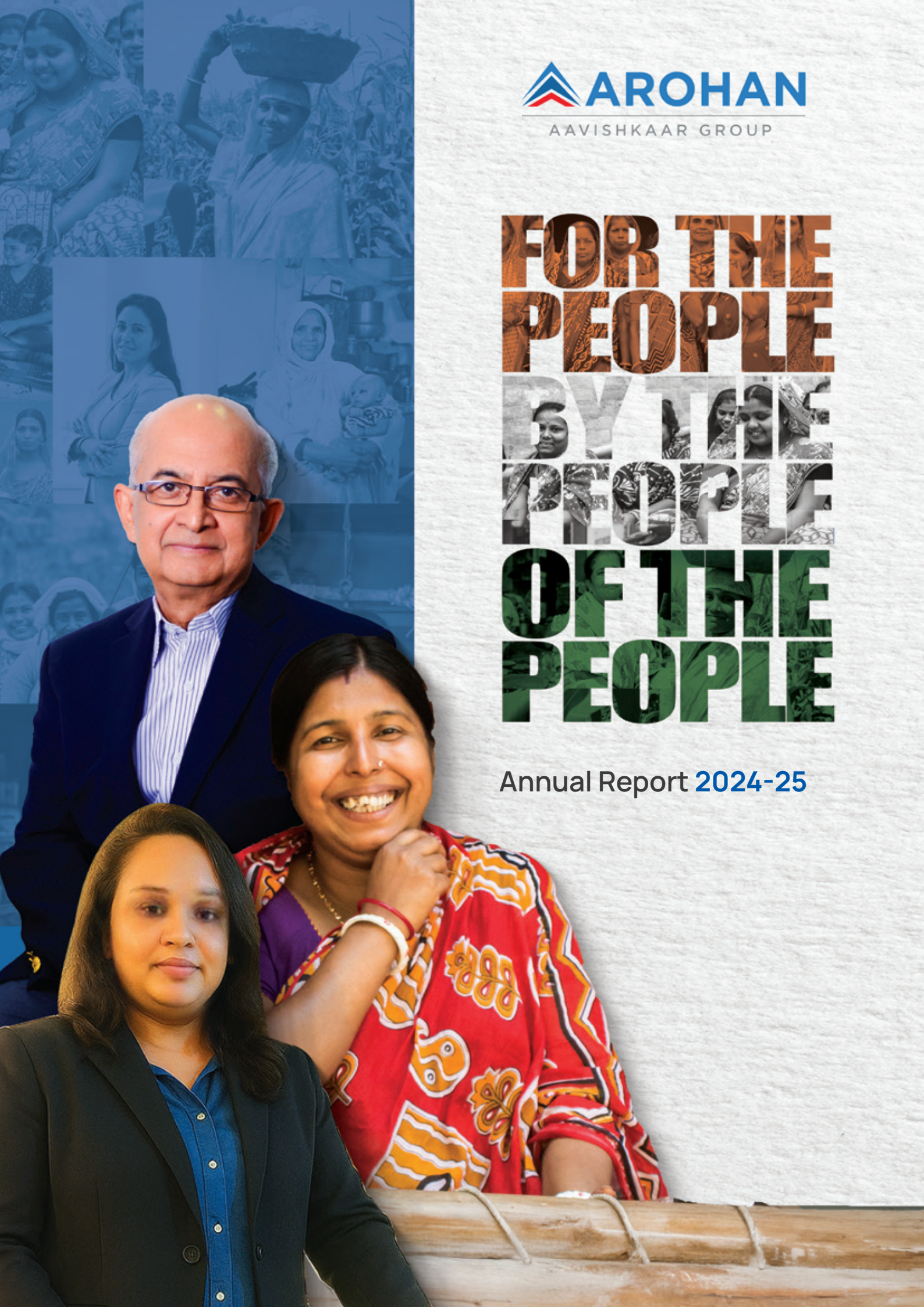


**FOR THE  
PEOPLE  
BY THE  
PEOPLE  
OF THE  
PEOPLE**

Annual Report **2024-25**







# FOR THE PEOPLE, BY THE PEOPLE, OF THE PEOPLE

At Arohan Financial Services Limited, as part of the Aavishkaar Group, we believe that every success, every milestone achieved, is a reflection of the collective strength of our diverse stakeholders – our customers, employees, investors, regulators, and the broader industry. Our Annual Report this year reflects our ethos of **“For the People, By the People, Of the People”** encapsulating the spirit of collaboration and shared growth that defines our approach.

Throughout FY 24-25, we have remained committed to enhancing every aspect of our business, from adopting cutting-edge technology to refining processes and policies, all with one goal in mind: to make doing business with us as seamless and efficient as possible. Our investments in state-of-the-art technology and continuous process improvements are designed to optimize our services, ensuring that our valued customers receive the best possible experience. Each change we make is for their ease and convenience, underpinned by our steadfast commitment to excellence and customer satisfaction.

**Together,  
we move forward,**  
shaping a future that  
benefits all those we serve.





# Maximising Value for Every Stakeholder

At Arohan, sustainable value creation is not just about financial success; it reflects a deep, holistic commitment to all stakeholders and the environment. At the core of this commitment are our four pillars: **customers, employees, shareholders, and the environment**.

## Customers

Arohan is dedicated to recognising, anticipating, and addressing the evolving needs of its customers, constantly striving to offer innovative solutions and best-in-class service. By building enduring relationships founded on trust and integrity, we aim to enhance customer satisfaction and loyalty, which drives mutual growth and long-term prosperity.

Our commitment to excellence has been reaffirmed through multiple accolades. We have been awarded the highest-rated MFI 1 grade by CARE Edge Analytics & Advisory (CareEdge Advisory), based on the March 2025 grading.

This prestigious recognition, based on the TOSS framework of Transparency, Operational Setup, Scale of Operations, and Sustainability, demonstrates our commitment to operational excellence. Additionally, in 2024, Arohan received the coveted GOLD Standard in Client Protection Principles under the Cerise+SPTF Methodology, an honour signifying that we meet the highest standards in client protection, with an outstanding 99.1% indicator compliance in our inaugural attempt.



## Employees

At Arohan, our employees are our greatest asset. Our people practices are designed to nurture a culture of inclusivity, respect, and professional growth, enabling every individual to reach their full potential. Through investments in training, career development, and a supportive work environment, we empower our employees to contribute to collective success and fulfilment.

Our employee-centric approach has earned Arohan recognition as one of India's top employers. In FY 2025, we were ranked **35<sup>th</sup> among India's Top 100 Best Companies to Work For 2024 by the Great Place to Work® Institute and named the Best Workplace in the Microfinance Industry for 2024**. Additionally, we ranked among the **Top 25 Best Workplaces in BFSI** and received accolades for being among India's Best Workplaces for Women and Millennials.



## Shareholders

Arohan is steadfast in its commitment to generating sustainable returns and maximising value for its shareholders. Through transparency, accountability, and prudent risk management, we ensure the long-term success of the company while upholding the highest standards of corporate governance.



In FY 2025, Arohan retained its credit ratings of 'A- (Stable)' by CARE and 'A (Stable)' by ICRA, even after facing a temporary Cease & Desist order from the Reserve Bank of India in October 2024, which was subsequently revoked in January 2025.

This highlights our strong financial stability and resilience, further cementing Arohan's position among the elite microfinance institutions in the country. These ratings assure our stakeholders of our commitment to robust financial health and our ability to serve customers better.



## Environment

As a responsible corporate entity, Arohan recognises the vital connection between our business practices and environmental sustainability. We are committed to minimising our carbon footprint while empowering the communities we serve. Through responsible sourcing, energy-efficient measures, and eco-friendly practices, Arohan actively promotes environmental stewardship.



In FY 2025, we organised several community-focused initiatives, including Health Camps, Eye Check-up Camps, Newborn Hearing Screening Camps, and Financial Literacy, all aimed at improving the well-being and knowledge of the communities we operate in. These efforts underscore our commitment to creating a positive and lasting impact on both society and the environment.

Through our unwavering focus on these four pillars, Arohan ensures that we create sustainable, long-term value for every stakeholder, advancing our mission of inclusive growth and responsible business practices.







# Key Performance Indicators

## SOLVENCY & LIQUIDITY



### NETWORTH

**INR 2,025 Cr**



### FUNDS DRAWN

**INR 2889 Cr**



### CAPITAL ADEQUACY RATIO

**34.09%**



### CASH AND CASH EQUIVALENT (including Bank Balance)

**INR 673 Cr**

## EFFICIENCY RATIOS



CARE A- (Stable Outlook)  
ICRA A (Stable Outlook)



### OPEX

**8.00%**



FEE INCOME (as a % age of total income):

**6%**

## AROHAN PRIVILEGE DIGITAL LENDING

### NUMBER OF CUSTOMERS

**29,481**

### PORTFOLIO

**INR 103 Cr**

## IMPACT NUMBERS

### STATES:

**18**

### DISTRICTS:

**323**

### CUSTOMER STRENGTH:

**21,39,098**



### GROSS LOAN PORTFOLIO:

**INR**

**6,003 Cr**



### DISBURSEMENT:

**INR**

**4,636 Cr**



## Branch

### NO. OF BRANCHES:

**1102**



### RURAL BRANCH PERCENTAGE:

**64%**



### SEMI URBAN BRANCH PERCENTAGE:

**16%**



## Employees

### NO. OF EMPLOYEES

**10,252**



### FIELD EMPLOYEE PERCENTAGE

**92.48%**



## Borrower's Demography



RURAL

**72%**



SEMI URBAN

**11%**



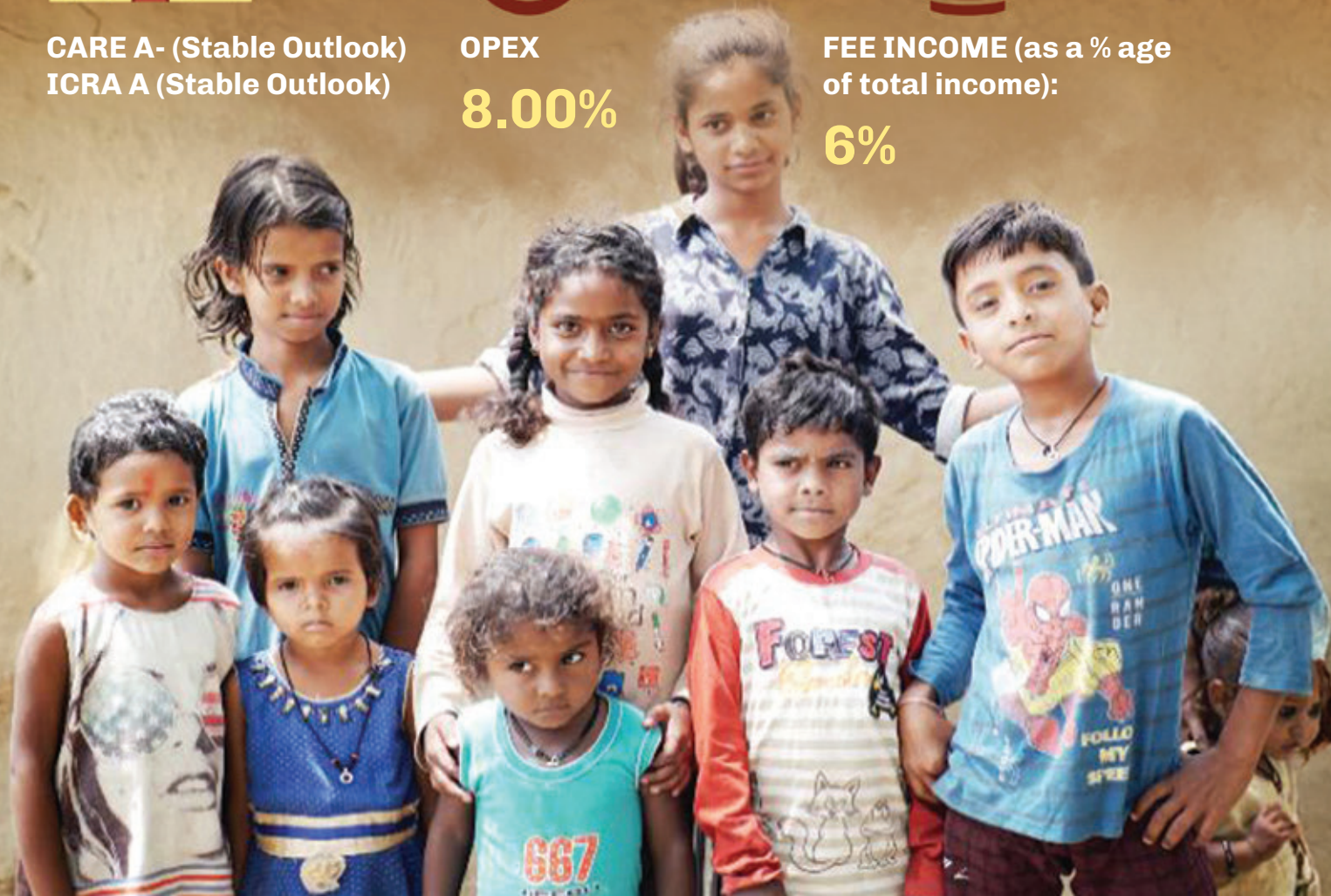
URBAN

**17%**



WOMEN

**99.02%**







# Key Highlights

## AWARDS & RECOGNITIONS

- Arohan Financial Services Limited Recognised among **India's Best Workplaces™ in BFSI 2024: Top 25**



- Arohan Financial Services Limited Ranked **35<sup>th</sup> among India's Best Companies to Work For, 2024**



Arohan Financial Services Limited Recognised among **India's Best Workplaces for Millennials 2024: Top 50 (Large)**

- Arohan Financial Services Limited wins the **Coaching Culture Circle Awards 2024-25**



Arohan Financial Services Limited Recognised among **India's Best Workplaces for Women 2024**

- Arohan recognized with the prestigious **Social Impact Certificate at the Impact Summit 2024, in Kenya**



- Arohan wins **SKOCH Order of Merit Awards 2024** for Implementation of its Credit Scoring Module



- Arohan Financial Services Limited recognised among the **Top 50 India's Best Workplaces™ Building a Culture of Innovation by All 2025, Large category**



- Arohan wins **SKOCH Order-of-Merit Semi Finals Awards 2025** for its High Potential Development and Leadership Development Programme



- Arohan received **SKOCH Awards for High Potential Development and Leadership Development Programme**



## RATINGS & GRADINGS

- Arohan received the coveted **GOLD Standard in Client Protection Principles** under the Cerise+SPTF Methodology



- Arohan awarded a top-notch MFI 1 grade, by CAREEDGE



- Arohan's Code of Conduct Assessment (COCA) receives the top-notch **C1 grading** from CAREEDGE



- Arohan receives the **Certificate of Registration for Quality Management System: ISO 9001:2015 by BSI**



- Arohan retained its credit ratings of 'A-' by CARE and 'A (Stable)' by ICRA



## EVENTS

- Mr. Manoj Kumar Nambiar elected as the Chairperson to the MFIN Governing Board



- Arohan goes live with **SOCIAL** - a communication platform for all employees



Arohan Website is now available in **10 Indian languages**



- Arohan records a milestone **Aadhar-enabled eKYC driven underwriting**



- Arohan successfully initiates **Solarisation of branches!**



Arohan on-boards **AI-enabled location intelligence platform**, further optimizing operational efficiency



- Arohan receives **INR 30.91 Cr as CAT III - Row 2 payout** from Assam Government under Microfinance Incentive & Relief Scheme



## EXPANSION

- Arohan started operations in Tamil Nadu with the opening of a **Regional Office in Trichy**
- Over **127 new branches** opened in FY 24-25





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# Chairman's Address



**Dinesh Kumar Mittal**  
Chairman  
Board of Directors

## Dear Stakeholders,

It gives me great pleasure to welcome you to the Annual Report of Arohan Financial Services for the financial year 2024-25. As we reflect on the past year, I would like to begin by expressing my gratitude for your continued support and belief in Arohan. Your trust has been the cornerstone of our journey, especially as we navigated a dynamic and evolving fiscal.

The global economy in FY25 presented a mixed picture given the geo political situation. While several developed economies grappled with inflationary pressures, tightening monetary conditions, and geopolitical uncertainties, emerging markets showed resilience. Despite the challenges, the global financial ecosystem remained largely stable, supported by prudent policy decisions and a focus on inclusive growth. However, it is evident that the world is transitioning through a phase where adaptability, innovation, and social responsibility are more important than ever.

In this global context, India has stood out as a beacon of growth and optimism. The country continued to chart a robust economic path, with

GDP growth for Q4 FY 2025 estimated at around 7.4%, driven by strong domestic consumption, digital innovation, and infrastructure investments. India's macroeconomic stability, coupled with visionary governance, has fortified its position as one of the most promising major economies globally.

The Government's mission of *Viksit Bharat@2047* continues to inspire institutions across sectors. This vision of transforming India into a developed nation by its centenary of independence emphasizes inclusive development, sustainability, and economic empowerment for all – goals that align closely with our own at Arohan.

The Reserve Bank of India's latest Financial Stability Report and the Financial Inclusion Index both reflect encouraging progress in deepening credit penetration and expanding financial access across the country. This momentum, particularly in underserved and unbanked regions, is vital. It is here that institutions like Arohan have a pivotal role to play.

Microfinance remains a powerful instrument of

economic transformation. At Arohan, we believe in the transformative power of small, responsible credit delivered with care and purpose. Through our offerings, we have empowered millions of underserved women and families with the financial tools to uplift their livelihoods, achieve stability, and pursue their dreams. In FY 2025, Arohan expanded its reach while maintaining our strong commitment to asset quality, customer protection, and risk management. Our approach to microfinance is not just about access to capital – it is about creating a relationship of trust, responsibility, and long-term impact.

We were hit by an unfortunate Cease & Desist order served on us by the RBI in October 2024, but the rigorous interaction with them across levels helped us clarify the key points specific to the business, and the Company. I am happy that Arohan was the second fastest out of the Cease & Desist order in just 2.5 months. I am happy to state that in a deregulated environment; the Board has self-imposed a cap of 12% margin on cost of funds on microfinance loan pricing – a first and unique in the sector.

Arohan's unique positioning in the sector is built upon our steadfast focus on customer-centricity, responsible lending, and technology-led operational excellence. But beyond financial metrics, what truly sets us apart is our deep-rooted culture of integrity and strong corporate governance. We are proud of the robust frameworks we have established to ensure transparency, compliance, and ethical conduct at all levels of the organisation. These foundations not only build stakeholder confidence but also ensure that we remain resilient and adaptive in a changing environment.

This year, we also witnessed key changes in our Board. We welcomed new members to the Board – Mr. Kummamuri Narasimha Murthy as the new Head of Audit Committee, Mr. Ulhas Sharad Deshpande as the new Head of Nomination and Remuneration Committee and Mr. Jose Joseph Kattoor as the new Head of Risk Management Committee, bringing with them a wealth of experience and insight to further strengthen our Board. We are certain that the diverse expertise and fresh perspectives of the new members will help steer Arohan into its

next phase of growth. At the same time, we bade farewell to esteemed colleagues, Mr. Rajat Nag who stepped down upon completion of his second term as Independent Director overseeing Audit & Risk Committee, Ms. Matangi Gowrishankar who stepped down as Independent Director overseeing Nomination & Remuneration Committee and Mr. Sumantra Banerjee having contributed immensely to the institution's journey. On behalf of the Board and the entire Arohan family, I extend my heartfelt gratitude to them for their service and stewardship.

As we move forward, I would like to take this opportunity to thank our investors, regulators, lenders, customers, and employees. Your continued confidence and commitment have enabled us to sustain and grow our mission in times of both challenge and opportunity.

To my fellow Board members and the management team – thank you for your unwavering dedication and strategic foresight. Together, we are not just building a financial institution; we are nurturing a movement that empowers lives and strengthens communities.

In the coming years, Arohan will continue to evolve – innovating responsibly, scaling sustainably, and staying true to the purpose that defines us. We remain committed to making a meaningful difference in the lives we touch, in line with the broader aspirations of a *Viksit Bharat*.

Thank you once again for your enduring support.

**Dinesh Kumar Mittal**  
Chairman  
Board of Directors





# Vice Chairman's Address



**Vineet Chandra Rai**  
*Vice Chairman, Arohan Financial Services Limited*  
*Founder, Aavishkaar Group*

## Dear Shareholders,

We find ourselves navigating a world that is increasingly defined by Volatility, Uncertainty, Complexity, and Ambiguity (VUCA). It is a landscape shaped by rapidly evolving global dynamics—where each day presents new challenges that test the very foundations of institutions and societies. The past year has been particularly tumultuous. Geopolitical conflicts have intensified across continents, with wars threatening to spill over borders and destabilise entire regions.

Simultaneously, the escalating impact of climate change is no longer a distant concern but a lived reality. Extreme weather events, floods, droughts, and forest fires are occurring with alarming frequency, displacing communities and disrupting livelihoods. These crises are not isolated—they are deeply interconnected, with ripple effects felt across supply chains, markets, and economies worldwide.

In this backdrop, Arohan Financial Services has

had to confront its own share of challenges. FY 2025 was a year that brought the abstract notion of global volatility into very tangible focus for us. We were tested—not only in terms of commercial performance, but in our core values, our institutional integrity, and our ability to stay true to our mission under pressure.

Throughout this period, we faced intense regulatory scrutiny and navigated complex operational hurdles. These challenges demanded from us not just technical resilience, but also a deep reservoir of moral courage, conviction, and clarity of thought. We had to consistently lean on our ethical compass, making difficult decisions that balanced regulatory expectations with the long-term interests of our customers and stakeholders.

Amidst this turbulence, our vision—to serve the underserved and bring meaningful financial inclusion to the last mile—remained our North Star. We doubled down on listening to our

customers, understanding their anxieties, and adapting our services to meet their needs. It is this closeness to the ground that enabled us to respond with empathy, flexibility, and speed, even as larger external forces seemed overwhelming.

From our earliest days, Arohan has been built on a foundation of robust corporate governance, transparency, and deep concern for the well-being of our customers. These are not just guiding principles—they are operational imperatives that shape every decision we take. This year, they were our armor. In the face of scrutiny and skepticism, we responded with integrity. In the face of adversity, we stood firm in our commitment to do what is right—never allowing the pressure of the moment to cloud our long-term vision.

I would like to express our sincere gratitude to the Reserve Bank of India, whose oversight and guidance during this difficult time were invaluable. We also acknowledge, with deep appreciation, the continued trust of our 2.1 mn borrowers—a remarkable 40% of whom are served exclusively by Arohan. This enduring relationship is a powerful testament to the trust our customers place in us.

To our shareholders, we are thankful for your steady support and belief in our long-term mission. To our Chairperson and Independent Directors, your wisdom, encouragement, and strategic counsel were vital in keeping us grounded in reality and focused on the future. Your leadership helped us not only weather the storm but emerge from it with greater clarity and confidence.

Despite the challenges, we concluded FY 2025 with strong financial performance, underpinned by a healthy capital adequacy ratio and prudent risk management. These fundamentals position us well for the journey ahead, as we continue to scale our impact while maintaining a sharp focus on sustainability, compliance, and customer well-being. We take great pride in the resilience of our people—over 10,000 dedicated employees—who worked tirelessly to support our customers and communities. And we remain inspired by the spirit of our borrowers, whose determination and hope remind us every day why Arohan exists.

As we look to the future, we do so with quiet

confidence. We are prepared not only to navigate the risks ahead, but to seize the opportunities that will emerge in their wake. We reaffirm our commitment to building an organisation that is resilient, responsible, and relentlessly focused on creating meaningful, lasting impact.

Thank you for your continued trust and partnership.

Warm Regards,

**Vineet Chandra Rai**  
**Vice Chairman, Arohan Financial Services Limited**  
**Founder, Aavishkaar Group**





# Managing Director's Address



**Manoj Kumar  
Narayan Nambiar**  
Managing Director

## Greetings,

I am delighted to connect with all of you through the Annual report FY 2025 of Arohan Financial Services Limited, as we enter the 20<sup>th</sup> year of our operations having started the microfinance business in April, 2006.

As of March 2025, Arohan operates through 1102 branches in 17 states with a workforce of over 10,200 employees serving 2.1 mn end borrowers with a credit portfolio outstanding of over INR 6,000 Cr. In a very difficult year, we have been one of the few entities in the Top 10 NBFC MFIs to report a profit with best-in-class GNPA at 2.85% and an NNPA of just 0.53%.

India's microfinance sector, which plays a vital role in promoting financial inclusion and currently serves nearly 80 mn borrowers, is facing a complex mix of long-standing and emerging challenges. Issues such as KYC verification—particularly the reliance on Voter ID following the 2017 Supreme Court restriction on Aadhaar—have raised concerns around data accuracy and borrower duplication. Inconsistencies in credit bureau data updates, ranging from daily

to monthly, affect lending decisions in a sector where real-time information is crucial. High employee attrition post-pandemic, often exceeding 40%, has impacted borrower relationships and portfolio quality. At the borrower level, there's a shift toward over-borrowing, driven by demand for larger loans irrespective of repayment capacity, while some institutions are compounding the risk through irresponsible over-lending with relaxed underwriting and faceless fintech lending. Governance lapses in certain entities—such as inadequate board oversight on growth, pricing, policies and management incentives—have further undermined stakeholder trust.

There is also a prevalent misconception about interest rates, where a 24% reducing balance rate is misinterpreted as interest burden of Rs 24 for a loan of Rs 100 for a year when it is actually just Rs 13.47! In the absence of formal credit, the borrowers have to depend on informal lenders charging up to 240% - 10 times the average formal rate. Adding to the strain are external disruptions like inflation, wage

stagnation, and climate shocks, fin-influencers or aggregators along with rising incidents of financial vandalism—populist loan waiver campaign promises that disrupt repayment culture and fuel wide spread defaults. Together, these challenges call for urgent, systemic intervention to preserve the sector's integrity and unleash its full potential.

To overcome the structural and operational challenges facing India's microfinance sector—and to enable it to become a pillar of Viksit Bharat—the following ten actionables are strongly recommended:

**1. Reliable and Authenticated KYC:** The foundation of responsible lending is knowing your customer. In the wake of the Supreme Court's Aadhaar ruling (2017), most MFIs have moved to Voter ID—which lacks uniqueness as of today. The government should help reinstate e-KYC via Aadhaar for regulated financial entities or mandate the use of C-KYC to ensure a unified, tamper-proof system. This will reduce duplication, fraud, and improve authentic KYC checks.

**2. Real-Time Credit Bureau Reporting:** Given the unsecured nature of microfinance loans, credit underwriting must rely on up-to-the-minute borrower data. The RBI should mandate daily credit bureau updates from all lenders on the microfinance portfolio, along with the integration of KYC-linked deduplication to prevent multiple simultaneous borrowings. This is crucial for risk mitigation and portfolio quality.

**3. Sustainable and Transparent Pricing:** Delivering doorstep, unsecured loans to remote communities involves real costs. A healthy microfinance ecosystem needs to attract long-term capital, which requires the potential for ~ 15%+ equity returns. The sector to double its outreach to make formal credit available widely will need an estimated over \$4 bn in fresh equity investment. This will also help the entities to leverage through debt from the banking sector and/or the capital markets to grow. The industry also needs to shift to risk-based pricing—a real necessity for differentiation and reward for credit discipline.

**4. Legal Protection Against Financial Vandalism:** The proposed Ban on Unlawful Lending Activities (BULA) Bill from GoI is a welcome move to curb

predatory & unregulated lending. But an equally important requirement is an Anti-Financial Vandalism (AFV) Bill, aimed at deterring individuals or groups who disrupt legitimate repayment through misinformation or populist promises of potential loan waivers. This will deter opportunistic interference and protect credit behaviour with institutional lending frameworks.

**5. Climate Risk Protection for Borrowers:** As climate shocks intensify, the livelihoods of microfinance borrowers—especially in agriculture and informal sectors—are increasingly vulnerable. The sector needs a climate-linked borrower protection product that covers interest costs during short-term repayment deferrals due to natural disasters, complementing existing credit life insurance schemes.

**6. Workforce Development with Accountability:** Microfinance can generate large-scale rural employment. A national program for certified financial inclusion professionals can prepare youth for roles across lending, insurance, pensions, and investments. Simultaneously, a sector-wide employee bureau must track misconduct, ensuring that fraud or negligence does not go unchecked across institutions as all this leads to higher credit costs.

**7. Strengthening Corporate Governance:** Lending to financially vulnerable populations is a responsibility-heavy activity, and boards must demonstrate active oversight. Institutions must adopt strong governance practices around growth strategy, provisioning norms, pricing models, and executive compensation & incentives, aligning them with long-term sustainability and regulatory expectations.

**8. Reforming Collections and Recovery Frameworks:** Collection is integral to lending. The sector must transition toward digital, cashless collections to reduce costs and increase efficiency. For recovery, enforcement mechanisms—within the RBI's Code of Conduct—should be allowed. Credit bureau reporting, Lok Adalats, co applicant's and cross check of credit discipline for government benefit programs can instil a significant seriousness on repayment discipline. Not paying after taking a loan should not be an option – very critical to build





a deep and robust credit market. Having said this, a distressed borrower programme is also required to address genuine stress possible in this segment

**9. Empowered and Accountable SROs:** RBI-recognised Self-Regulatory Organisations (SROs) should be empowered to enforce stricter operational norms beyond regulatory minimums. These include caps on number of lenders per borrower, overall indebtedness, no lending to 30+ DPD borrowers, and borrower education standards. In cases where lenders violate norms, SROs must have the authority to intervene, suspend collections, or recommend penalties.

**10. Financial Literacy as a National Mission:** Households earning under INR 3 Lakh annually require targeted, structured financial education. While MFIs often provide this during loan onboarding, broader & ongoing efforts from RBI, NABARD, state governments, and the Ministry of Finance are needed to build a culture of responsible borrowing and credit awareness across India's base-of-the-pyramid population

I was honoured to be the Chairman of the Governing board at Micro Finance Industry

on the broad RBI norms of Household Income Assessment and Fixed Obligations to Income ratio. MFIN Guard Rails 1.0 essentially prescribes what good underwriting entities like us had put in place: cap on number of lenders to a borrower, an indebtedness ceiling, no additional credit to a delinquent borrower amongst others. We tightened the Guard Rails further in January and then again in April 2025. The tracking from the credit bureau data and then escalation from the management to the board and finally to the RBI ensures seriousness and adherence. I am happy to inform you that Arohan has consistently been in the Top 3 on adherence with less than 2/3% deviations from the norms.

For a company which prides itself on a high level of governance and transparency, the RBI Cease & Desist order served on us late October 2024 was a shock across levels – company, board, employees and the external world including the lenders and investors. Clearly our growth in NIM's since FY 2023, the outstanding & profits in FY 2024 v/s the previous year stood out and was picked up. We engaged with RBI at all levels and with the interactions, data submitted and clarifications given had the second fastest exit



**Mr. Manoj Kumar Nambiar appointed as the Chairman of the Governing board at MFIN**

Network (MFIN), our industry Self Regulatory Organisation (SRO) for the year 2024-25. This is my third stint on the board and feel humbled by the support and confidence reposed by the members and fellow directors. Building consensus on the need to do, we moved ahead and launched the MFIN Guard Rails 1.0 in early July 2024 building

of our Cease & Desist in just 2.5 months. It was a difficult period especially for our employees & borrowers, but a learning experience which will keep us in good stead in the future.

Arohan has always pushed the envelope to be ahead of the sector on new initiatives: operating on a Core Banking System (CBS), our own scoring



model "Nirnay", digital lending with a privilege experience "Arohan Privilege" and "Sahbhaagi" – the loyalty programme to name a few. Last year we did a pilot on "Sarathi", the first Balance Transfer product in the microfinance space. The learnings are now being incorporated into the final launch to gain market share across the geographies in which we operate.

The various departments in the Company lead by Business played a key role last year – our control & quality functions: Risk, Credit & Internal Audit kept vigil alerting the management while Information Technology worked to ensure continuous development & also launched e-KYC with Aadhaar as a key initiative. Accounts & Treasury did well to manage liquidity while reducing landed cost of debt and worked with a statutory auditor change. HR, Administration & Training focused on improving the employee retention and bring in higher efficiencies.

Our foresight in building management bandwidth kept us in good stead – as we reassigned Shailesh Kumar as Chief Business Officer, Amit Sugandhi as Head of Information Technology and welcomed Deblina Bhattacharjee as our new Head of Human Resources, Administration & Training. We also streamlined the Micro Enterprise Loan & the Arohan Privilege verticals with the regular field structure to leverage on the entire field force.

Last year we were ranked 35<sup>th</sup> all India across all sectors in the Great Places to Work listings apart from Best place for Women and Millennials; we also won the coveted SKOCH Award for our "High Potential and Leadership Development" programme; SKOCH Order-of-Merit for our scoring

model Nirnay and also got recognised by CRIF HighMark for Data Excellence.

Our key priorities for the FY 2026 would be to optimise our operating expense ratio by a judicious mix of growth and right sizing; work on improving productivity and efficiency and look at secondary exits for our long-standing investors.

I wish to thank the Government of India for its focus on Financial Inclusion, the state governments for their understanding, our regulator RBI for its progressive policies, our esteemed board for its guidance, our promoter group for their belief in the business, our employees for their hard work on the ground, our lenders for their continuous support, our investors for their strong confidence in us, the sector SRO MFIN for its untiring efforts and last but certainly not the least, the millions of end borrowers who have given us the privilege to serve them.

I have no doubt that Microfinance can and will play a key role at the BoP – in our journey to Viksit Bharat by 2047.

Jai Hind,

**Manoj Kumar Narayan Nambiar**  
Managing Director





# Corporate Information

## BOARD OF DIRECTORS

<b>Mr. Dinesh Kumar Mittal</b> Chairman of the Board & Independent Director	<b>Mr. Vineet Chandra Rai</b> Vice Chairman & Promoter Nominee Director	<b>Mr. Nitish Chawla</b> Nominee Director
<b>Mr. John Arunkumar Diaz</b> Independent Director	<b>Mr. Anurag Agrawal</b> Promoter Nominee Director	<b>Ms. Karina Isabel Alva Alfaro</b> Nominee Director
<b>Mr. Ulhas Sharadkumar Deshpande</b> Independent Director	<b>Mr. Wilhelmus Marthinus Maria Van Der Beek</b> Nominee Director	<b>Ms. Rupa Rajul Vora</b> Nominee Director
<b>Mr. Jose Joseph Kattoor*</b> Independent Director	<b>Mr. Stephen Dongwon Lee</b> Nominee Director	<b>Mr. Manoj Kumar Narayan Nambiar</b> Managing Director
<b>Mr. Narasimha Kummamuri Murthy*</b> Independent Director	<b>Mr. Sri Radha Ramana Saripalli*</b> Nominee Director	

### Note:

- \* Mr. Jose Joseph Kattoor was appointed as an Additional Director under category Non-Executive Independent Director w.e.f September 28, 2024 and was regularised by the shareholders at the Extra-Ordinary General Meeting held on October 21, 2024.
- \* Mr. Narasimha Kummamuri Murthy was appointed as an Additional Director under category Non-Executive Independent Director w.e.f February 12, 2025 and thereafter was regularised by the shareholders at the Extra-Ordinary General Meeting held on April 22, 2025.
- \* Mr. Sri Radha Ramana Saripalli was appointed as a Nominee Director on the Board of Directors of the Company with effect from May 23, 2025.

## MANAGEMENT REPRESENTATIVES

<b>Mr. Manoj Kumar Narayan Nambiar</b> Managing Director	<b>Ms. Deblina Bhattacharjee</b> Head of HR, Training & Development and Administration	<b>Mr. Manish Kumar</b> Deputy Business Head
<b>Mr. Milind Nare</b> Chief Financial Officer	<b>Ms. Sharoni Pal</b> Head of Credit & Process Control	<b>Mr. Aman Arora</b> Deputy Business Head
<b>Mr. Shailesh Kumar</b> Chief Business Officer	<b>Mr. Amit Sugandhi</b> Head of Information Technology	<b>Mr. Pradip Kumar Nath</b> Head of Microfinance Audit
<b>Mr. Anirudh Singh G. Thakur</b> Company Secretary & Chief Compliance Officer	<b>Mr. Ketan Agrawal</b> Head of Accounts	<b>Mr. Debarshi Chaudhuri</b> Assistant Vice President, Accounts & Taxation
<b>Mr. Ranjan Das</b> Chief Risk Officer	<b>Mr. Vinod Pandey</b> Head of Central Operations	
<b>Mr. Abin Mukhopadhyay</b> Head of Internal Audit	<b>Mr. Joyanta Bakali</b> Deputy Business Head	



## REGISTERED AND CORPORATE OFFICE

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



## SECRETARIAL AUDITOR

**S Basu & Associates**  
Company Secretaries  
Registration No: S2017WB456500  
Alapan Apartment, 3rd Floor,  
10/6/2 Raja Rammohan Roy Road,  
Kolkata -700008, West Bengal, India



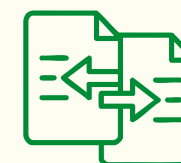
## STATUTORY AUDITOR

**B S R & Co. LLP**  
**Chartered Accountants**  
(Registration No-101248W/W-100022)  
14th Floor, Central B Wing and North C Wing,  
Nesco IT Park 4, Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai - 400063



## CORPORATE IDENTIFICATION NUMBER

U74140WB1991PLC053189



## REGISTRAR AND TRANSFER AGENT

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





# What Drives Us?

## Our Mission, Vision and Values

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



### MISSION

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



### VISION

To impact over

**20 million  
lives by 2030.**

To be among the Top 3 MFI players, serving nearly 5 mn households and being a preferred place to work for our employees.

## CORE VALUES (ETHICS)

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

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

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

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

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

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





# Our Business Verticals

## Credit Solutions for Every Business Need

As the economic landscape rapidly evolves, Arohan is committed to identifying and seizing opportunities to better serve our customers and protect their interest at all cost. By enhancing our processes and operations through a sustainable lending model and business diversification, we are ensuring that we meet the varying credit needs of our customers. Guided by a clear roadmap, structured around four key business verticals, Arohan is advancing toward its Vision 2030.

**Our goal is to positively impact the lives of 20 mn individuals**

by creating innovative credit solutions that meet the diverse needs of our customers.



### Tailored Organic Credit Solutions

At the core of Arohan's business, is our commitment to providing accessible credit to individuals at the bottom half of the socio-economic pyramid. Through our joint liability group model, we offer a range of financial services, including loans from INR 25,000 to INR 1,00,000, designed to foster the socio-economic growth of our customers. Our solutions are tailored to empower individuals and improve their quality of life, helping them achieve their goals.



### MFI Alliances for Broader Access

Arohan takes pride in offering a range of solutions to meet the diverse needs of microfinance customers through our MFI Alliances vertical. This includes strategic partnerships to source and collect credit for smaller microfinance entities, as well as term loan services up to INR 30 Cr. By diversifying our approach, we ensure that our customers – whether they are small-scale microfinance entities or individuals – can access the right credit solutions at the right time.



### ArohanPrivilege: Empowering through Digital Lending

Our ArohanPrivilege platform offers a seamless digital loan experience, designed specifically for our valued customers. With this pioneering platform, individuals can easily apply for and receive loans from the comfort of their homes, with funds transferred to their accounts in minutes. This solution not only enhances service excellence but also empowers our customer service teams to focus on identifying and serving new customers who are ready to benefit from Arohan's financial solutions.



### Supporting Micro Enterprises with Flexible Loans

MSMEs are vital to India's economy, and Arohan is dedicated to providing tailored credit solutions to meet the specific needs of micro enterprises. With our Micro Enterprise Loan Programme, we offer loans ranging from INR 75,000 to INR 2 Lakhs, ensuring that small businesses have access to the working capital they need to grow and thrive. By understanding the unique challenges of these enterprises, we provide flexible and personalised solutions to help them succeed.





# Comprehensive Product Offerings for Every Needs

Arohan is dedicated to continuously enhancing its products and processes to ensure they meet the evolving needs of our customers while fully aligning with regulatory standards. At the core of our approach is the protection of our customers' interests, ensuring they are at the epicenter of everything we do. Arohan empowers its growing customer base with a broad range of financial solutions designed to provide flexibility, security, and financial growth. From income-generating loans to versatile household product financing options, our credit solutions are designed to support various aspects of our customers' lives.

In addition to our core credit offerings, we provide non-credit products, including comprehensive Life and Non-Life Insurance Covers, through strategic partnerships with leading Indian insurers. This ensures that our customers have access to essential protection, adding value to their financial well-being. Moreover, we build partnerships with various brands and business partners to facilitate access to our customers an assortment of lifestyle enhancement products, including but not limited to mobile phones, refrigerators, pressure cookers, televisions, mixer grinders, induction cooktops and energy-efficient bulbs, among others.

In line with our commitment to fostering financial inclusion and safeguarding the interests of underserved communities, Arohan supports the microfinance ecosystem by providing term loans to small Microfinance Institutions (MFIs). This enables them to expand their reach and serve more customers in need. Furthermore, we empower micro-enterprises with flexible working capital solutions, ranging from INR 75,000 to INR 2,00,000, to fuel their growth and success.



At Arohan, we are driven by the belief that financial services should not only meet regulatory standards but also prioritise the well-being of our customers. We aim to be a catalyst for positive change, offering holistic financial solutions that empower individuals and enterprises alike, while ensuring that their financial interests remain protected.

## CORE PRODUCTS

NAME	CUSTOMER PROFILE	LOAN SIZE	LOAN TENURE
Saral	Catering to women residing in low income areas, generally involved in trade & services.	INR 25,000 – 1,00,000	24 - 30 months
Micro Enterprise Loans	Loans to address the working capital needs of small businesses operating out of authorised market places or clusters of shops organised under a trader's association. Includes predominantly male customers.	INR 75,000 – 2,00,000	18 - 36 months

## SECONDARY PRODUCTS

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

## OTHER PRODUCTS

PRODUCT CATEGORY	NAME OF LOAN/PRODUCT	MAXIMUM AMOUNT OF LOAN / CREDIT LIMIT / INSURANCE COVERAGE	TERM (MONTHS/WEEK)
Insurance (offered through tie-ups with certain Indian insurance companies)	Term Life Insurance	Coverage is equal to loan amount disbursed to customer	Loan Term
	Hospicash	INR 1,000/ INR 1,500 per day for normal hospitalisation up to 30 days and INR 2,000/ INR 3,000 per day for ICU hospitalisation up to 20 days in a year  Riders include Personal Accident benefit of upto INR 1 Lakh / INR 2 Lakh for permanent full and permanent partial disability, Convalescence benefit of INR 2,000 / INR 3,000 and Telemedicine cover for 5 family members	24 months
	Shopkeeper Insurance	Sum Insured: (Stock – INR 1,25,000/ INR 1,50,000; Content – INR 1,25,000; Burglary – INR 2,50,000/INR 2,75,000)	24 months
	Suraksha Kavach(Mediclaim)	Sum Insured – INR 50,000, Daily benefit INR 500 daily benefit per day hospitalisation with maximum limit up to 10 days in a year for Borrower & Co-Borrower (floater), Personal accident benefit INR 1 Lakh	24 months
	Personal Accident Insurance	Sum insured INR 1,00,000/ INR 2,00,000	24 months
Loans to Small MFIs	Term Loans	INR 30 Cr.	12 - 36 months

## DIFFERENTIATOR SERVICE

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





# ESG Focus

Growth through the lens of Sustainability

INPUT	BUSINESS FLOW	OUTPUT	SDG LINKAGE
<p><b>Robust Financial Strength</b></p> <p>Arohan continues to maintain a strong and profitable financial position, with a Capital Adequacy Ratio of 34.09%. This enables us to secure debt at favorable rates, allowing us to pass on the benefits of lower interest costs to our customers. Our well-capitalized balance sheet also empowers us to invest in ongoing process improvements and optimize our operational structure, ensuring that the benefits are felt all the way through to the end customer.</p> <p><b>Equity:</b> INR 2,025 Cr <b>Debt:</b> INR 4,703 Cr</p>	<p>Identifying the right pool of customers in operational geographies</p> <p>↓</p> <p>Nirnay, proprietary credit scoring model, completely paperless sourcing of loans through e-Signature, completely paperless Document Management System, State-of-the-art Customer App, Apna Arohan for enhanced customer delight and experience.</p> <p>↓</p> <p>Training and Financial Literacy of Customers.</p> <p>↓</p> <p>First-in-the-industry ArohanPrivilege Digital Lending platform, Aadhaar enabled eKYC</p> <p>↓</p> <p>Cashless Loan Disbursals, through a state-of-the-art Loan Management System</p> <p>↓</p> <p>Cashless Collections (various modes of digital payments for customers including AEPS, Credit, Debit Cards, digital wallets, UPI, BBPS, and cash drop points)</p> <p>↓</p> <p>Re-engagement with customers and the communities we serve through credit plus services and social initiatives.</p>	<p><b>a. CAR:</b> 34.09% <b>b. Revenue:</b> INR 1,695 Cr <b>c. PAT:</b> INR 110 Cr</p> <p><b>a. Branch:</b> 1,102 <b>b. Customers:</b> 21,39,098 <b>c. Recognised for our industry-leading Credit Scoring Model, 'Nirnay'</b> <b>d. ISO/IEC 27001:2013 certification by BSI</b> for Arohan's Information Security and Management Systems <b>e. Digitalised, in-house processes:</b> Employee Social Network, e-KYC, Audit Management System, Fraud Management System, Industry first Digital lending, AI-enabled Location Mapping Software for the Debt Receivable Department, Field employee incentive calculator, real time field monitoring platform called Sanjaya</p> <p><b>a. Great Place to Work Certified, Ranked 35th among India's Best Companies to Work For, 2024</b> <b>b. Recognised for its industry-leading High Potential &amp; Leadership Development Programme</b> <b>c. Percentage of field employees:</b> 92.48% <b>d. Women in leadership:</b> 17% <b>e. On-premise, digitalised field recruitment system:</b> SWAGATAM</p> <p><b>a. Percentage of customers who have availed first-time loans in their life cycle:</b> 22.47% <b>b. Percentage of women customers:</b> 99% <b>c. Grading &amp; Rating:</b> GOLD Standard in Client Protection Principle by the MFR Certification Committee, COCA Assessment score of C1, MFI Grading of MF11 by CARE Edge</p> <p><b>a.Total lives impacted through Corporate Social Responsibility initiatives:</b> 8,52,355 (2016-2025) <b>b. Number of Clean Energy Product Distribution (Including Retail Distribution):</b> 77,885</p>	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> <p><b>3 GOOD HEALTH AND WELL-BEING</b> <b>5 GENDER EQUALITY</b> <b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b> <b>10 REDUCED INEQUALITIES</b></p> <p><b>1 NO POVERTY</b> <b>3 GOOD HEALTH AND WELL-BEING</b> <b>4 QUALITY EDUCATION</b> <b>5 GENDER EQUALITY</b> <b>6 CLEAN WATER AND SANITATION</b> <b>7 AFFORDABLE AND CLEAN ENERGY</b> <b>13 CLIMATE ACTION</b></p>





# Nationwide Presence, Strengthening Financial Inclusion

## Serving the Underserved with Unique, Customer-Centric Propositions

Guided by its strategic blueprint to broaden and deepen its reach in economically marginalised regions, Arohan has consistently extended its services to some of the most remote and underserved areas of India. Through award-winning processes and impactful offerings, Arohan continues to play a pivotal role in driving financial inclusion for the bottom-of-the-pyramid segment.

In FY 2025, Arohan expanded its national footprint with the opening of a new Regional Office in Trichy, Tamil Nadu.

As of March 31, 2025, Arohan operates across 18 states - **Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Rajasthan, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal** - solidifying its pan-India presence.

The year also saw the launch of operations in **127 new branches**, bringing the total branch network to 1102. As Arohan embarks on its bold journey to impact 20 mn lives by 2030. It remains deeply committed to strengthening its presence in both new and existing geographies. By delivering tailored financial solutions and a superior customer experience, Arohan continues to empower communities across the nation throughout their lifecycle.







# Board of Director's Profile

## Dinesh Kumar Mittal



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

## Vineet Chandra Rai



Vineet Chandra Rai is a Non-Executive Vice Chairman and Promoter Nominee Director of the Company and has been on the Board since October 24, 2013. He holds a Post Graduate Diploma in Forestry Management from the Indian Institute of Forest Management, Bhopal and is an Honorary Member of XLRI Alumni Association. Vineet Rai is the Promoter of Aavishkaar Group. He was awarded the Outstanding Social Change Agent by TiE Mumbai in January 2020 and Inclusive Finance India Award 2021 for Individual contribution to Financial Inclusion, he also featured on the cover of Forbes India (January 2018 issue). He served on the Social Stock Exchange Advisory Committee of SEBI. He has also served as a commission member at the Global Commission on Business and Sustainable Development and is in the Executive Committee of Indian Venture Capital Association.

## Anurag Agrawal



Anurag Agrawal is a Non-Executive Promoter Nominee Director of the Company. He has been a Director since October 3, 2012. He holds a Bachelor's degree in Business Administration and a Master's degree in Commerce from the

University of Madras, Chennai, and a Post Graduate Diploma in Management from T.A. Pai Management Institute, Manipal. He is currently a Partner at Aavishkaar Capital which is the Impact investing arm of Aavishkaar Group. He has been part of the founding team of Group Company, Intellectap and last served as its CEO. Prior to that, he has worked with ICICI Bank Limited.

## Wilhelmus Marthinus Maria Van Der Beek



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

## Manoj Kumar Narayan Nambiar



Manoj Kumar Narayan Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a Bachelor's degree in Mechanical Engineering from VJTI and a Master's degree in Management Studies from JBIMS, University of Bombay, and has tertiary qualifications in Insurance from the Insurance Institute of India. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA, "Strategy meets Leadership" course from INSEAD, Fontainebleau, France, "Leading for Impact" from IMD Lausanne, Switzerland, and "Enabling Strategic Impact in the Boardroom" at London Business School, London in February 2024. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His previous employers include Modi Xerox India Limited, Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Company for Investment in Trade & Ahli Bank. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, and a director on the board of Intellectap & Aavishkaar, the holding company. He has served on the governing board of MFIN, the

microfinance sector SRO recognised by the RBI for 8 years from 2013 including as its President from July 2015 to June 2016, as Chairman twice from July 2019 to June 2021 & is also the current Chairperson of the Governing Board of MFIN for 2024/25. He also serves on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the Microfinance Incentive & Relief Scheme 2021.

## Stephen Dongwon Lee



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

## Sri Radha Ramana Saripalli



Mr. Sri Radha Ramana Saripalli has been working in Small Industries Development Bank of India (SIDBI) since 1996 in the areas of Credit, Financial Inclusion relating to MSMEs, Microfinance, MFIs, Clusters, Livelihood Enterprises, etc. He is currently a General Manager at SIDBI. Mr. Saripalli has done his Master in Sociology from Andhra University and has completed CAIBB.

## Nitish Chawla



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

## Karina Isabel Alva Alfaro



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

## Rupa Rajul Vora



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

## John Arunkumar Diaz



Mr. John Arunkumar Diaz is a Non-Executive Independent Director of the Company since January 03, 2024. He is a consultant, entrepreneur, mentor and an advisor to a Venture Capital company. He holds a degree in Mathematics and an MBA from XLRI, Jamshedpur. He has worked with Standard Chartered Bank for 28 years in all areas of banking with assignments in India, Europe, the Middle East and the Asia Pacific Region. Thereafter he had a brief stint as Head, Reuters Consulting South Asia before taking up freelance consulting in Banking with assignments in Indonesia, Thailand, Laos, Mauritius and Seychelles among others. More recently, he was MD of Jain Sons Finlease Limited, an NBFC which provides loans to SME and MSME companies with limited or no collateral. He also had some experience as an entrepreneur in the healthcare sector with two ventures in the healthcare delivery space; one a clinic and the other a hospital chain. He is also an active member of TiE-Mumbai (The Indus Entrepreneurs, Mumbai Chapter) and enjoys mentoring new upcoming entrepreneurs whilst also doing some Angel investments. He is on the boards of several companies of which 3 are Regulated Entities.





### **Ulhas Sharadkumar Deshpande**



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

### **Jose Joseph Kattoor**



Mr. Jose Joseph Kattoor is an Independent Director of the Company. He has worked in the Reserve Bank of India (RBI) from January 1991 to June 2023 and retired as an Executive Director. During his tenure as Executive Director of the Reserve Bank of India, he has handled four departments of RBI viz. Enforcement Department, Corporate Strategy Department, Currency Department and Human Resource Department.

### **Narasimha Kummamuri Murthy**



Mr. Narasimha Kummamuri Murthy is an Independent Director of the Company. He has a brilliant Academic record, getting ranks in both CA & ICWA courses, and entered the profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 175 Companies covering more than 50 Industries. He is closely involved with several National Institutions at Board Level, presently on the Boards of various reputed organisations. He has been associated with more than 45 High Level Committees as Chairman / Member both at National & State Level. Currently he is serving on the Board of various companies like Raymond Limited, Raymond Lifestyle Limited, Axis Finance Ltd, Max Financial Services Ltd, etc. Earlier he was associated as Director / Member with various organisations like National Stock Exchange India Ltd., Oil and Natural Gas Corporation Ltd., UTI., IDBI Bank Ltd., UTI Bank Ltd. (Axis Bank), Max Life Insurance

Company Ltd., Max Bupa Health Insurance Ltd., NABARD - Board of Supervision, CARE Ratings Ltd., - External Rating Supervision Committee, etc. His efforts in the furtherance of Costing & Management Accounting Profession in India were recognised by the Institute of Cost Accountants of India, which has honoured him by giving citation in October 2007 and December 2024.

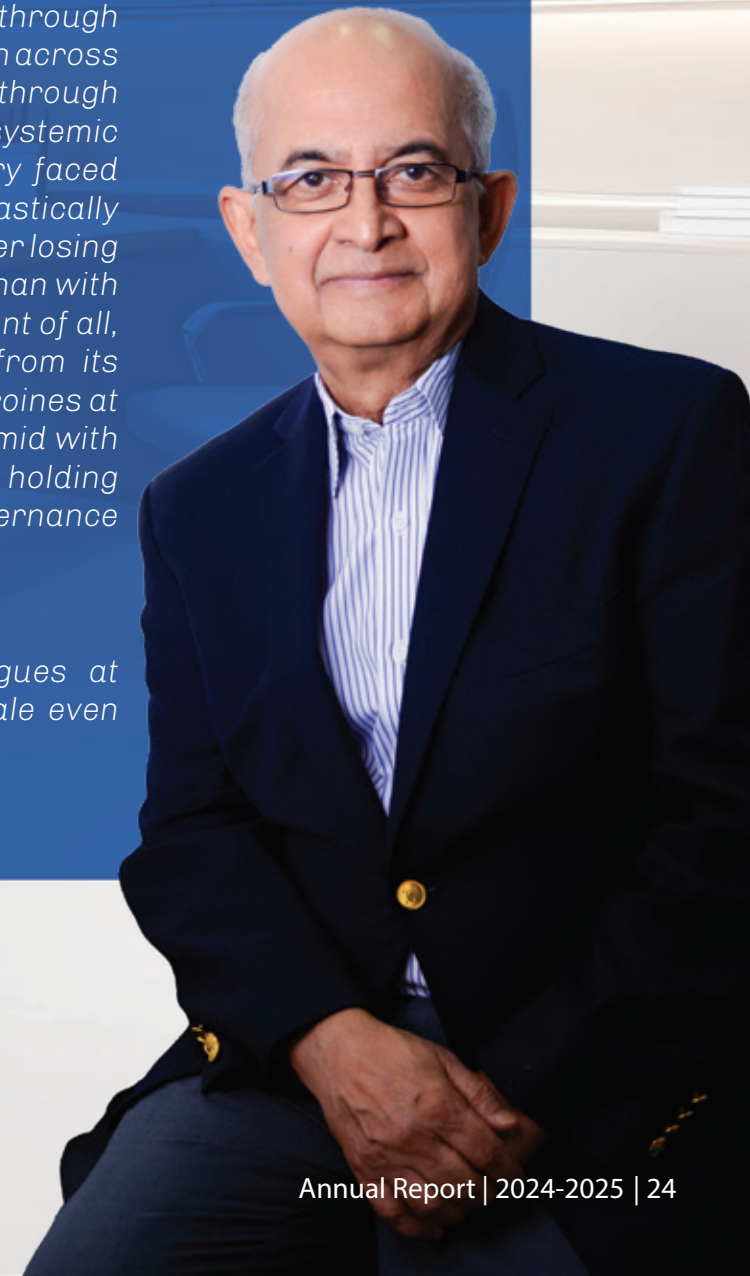
### **Rajat Mohan Nag,** **Ex-Non-Executive Independent Director,** **Arohan Financial Services Limited**

*I was delighted, not to mention greatly honoured when Vineet (Founder & Chairperson, Aavishkaar Group) invited me to join the Arohan family. I think I said 'Yes' before he could even finish his sentence. One of the best "Yeses" I have ever said. What a privilege it has been to be with this extraordinary Team for ten wonderful years — years that flew by far too quickly. Thank you, Arohan.*

*Through all the highs and lows, through reaching out to more and more women across an expanding geographical footprint, through the crippling pandemic, through the systemic challenges the microfinance industry faced and still does, through enthusiastically embracing digital technology but never losing its human touch, I have watched Arohan with great admiration. And, most important of all, I saw that Arohan never strayed from its core mission of serving the brave heroines at the base of the socio-economic pyramid with disciplined compassion while always holding itself to the highest standards of governance and financial integrity.*

*Very well done, Arohan.*

*I wish all my friends and colleagues at Arohan all the very best as you scale even higher hills ahead.*







# Management's Profile

## Manoj Kumar Narayan Nambiar



Manoj Kumar Narayan Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a Bachelor's degree in Mechanical Engineering from VJTI and a Master's degree in Management Studies from JBIMS, University of Bombay, and has tertiary qualifications in Insurance from the Insurance Institute of India. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA, "Strategy meets Leadership" course from INSEAD, Fontainebleau, France, "Leading for Impact" from IMD Lausanne, Switzerland, and "Enabling Strategic Impact in the Boardroom" at London Business School, London in February 2024. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His previous employers include Modi Xerox India Limited, Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Company for Investment in Trade & Ahli Bank. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, and a director on the board of Intellectap & Aavishkaar, the holding company. He has served on the governing board of MFIN, the microfinance sector SRO recognised by the RBI for 8 years from 2013 including as its President from July 2015 to June 2016, as Chairman twice from July 2019 to June 2021 & is also the current Chairperson of the Governing Board of MFIN for 2024/25. He also serves on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the Microfinance Incentive & Relief Scheme 2021.

## Milind Ramchandra Nare



Milind Nare has been serving as the Chief Financial Officer of Arohan since April 28, 2016. He holds a Bachelor's degree in Commerce from the University of Bombay and a Master's degree in Financial Management from Pondicherry University. With over three decades of experience in finance, Mr.

Nare brings deep expertise and strategic insight to the organisation. At Arohan, he leads the finance function and is responsible for financial management, treasury operations, taxation, and regulatory compliance. He also plays a key role in managing relationships with all external stakeholders. Prior to joining Arohan, Mr. Nare held the position of Chief Financial Officer at India Factoring and Finance Solutions Private Limited. His career also includes significant tenures at Global Trade Finance Limited, The Bombay Dyeing & Manufacturing Company Limited, Pam Pharmaceutical & Allied Machinery Company Private Limited, and L&T Capital Limited. In recognition of his contributions to the financial sector, Mr. Nare was honored with the 'Best CFO – BFSI (Large Sized Enterprises)' award for 2020 at the 8th CFO Summit Awards in 2021, organised by the All India Association of Industries.

## Ranjan Das



Ranjan Das is the Chief Risk Officer and has been associated with the Company since July 1, 2017. He holds a Master's degree in Business Management from the University of Calcutta. He has over 29 years of experience in the BFSI sector having worked across the country across various product segments. He is responsible for the overall risk management and control, portfolio risk analytics, credit and product policy approvals, large ticket credit risk underwriting, Enterprise Risk Management, Risk Modelling and Information Security Risk Management of the Company. Prior to joining the Company, he has worked with Poonawalla Fincorp Limited (formerly Magma Fincorp Ltd), Citicorp Finance (India) Limited and Indian Container Leasing Company Limited.

## Anirudh Singh G. Thakur



Anirudh Singh G. Thakur is the Company Secretary and Chief Compliance Officer and has been associated with the Company with effect from October 1, 2017. He holds a Bachelor's Degree in Science (Electronics) and a Bachelor's Degree in Law from Nagpur University. He is an Associate Member of the Institute of Company Secretaries of India and has passed the Limited Insolvency Examination conducted by the Insolvency and Bankruptcy Board of India. He has over 29+ years of experience in corporate law, commercial law, compliance corporate legal and litigation. Prior to joining the Company, he worked as a legal consultant and has also worked with India Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, Intelenet Global Services Limited, Premier Auto Electric Limited and Pix Transmissions Limited in their respective

legal and secretarial departments. He received the 'Governance Professional of the Year' award at the 20<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance, 2020. He has been chosen in the successive year of 2021 and 2022 as Risk and Compliance, and Boards and Governance Innovator respectively, by Diligent Modern Governance 100, a community of exceptional professionals in audit, governance, compliance, ESG and risk.

## Abin Mukhopadhyay



Abin Mukhopadhyay serves as the Head of Internal Audit and Vigilance at the Company, and has been associated with the Company since July 1, 2015. He is a Chartered Accountant and is a member of the Institute of Chartered Accountants of India. Additionally, he is a Chartered Management Accountant, recognised as an associate of the Chartered Institute of Management Accountants. He is also certified as an Information Systems Auditor conferred by the Information Systems Audit and Control Association, a Fraud Examiner by the Association of Certified Fraud Examiners, and is an Associate of the Insurance Institute of India. He has over 24 years of extensive expertise in audit, accounting, and management. In his current role, he is entrusted with providing assurance on internal control frameworks and fostering sound corporate governance practices within the Company. Prior to joining the Company, he held roles at notable organisations including Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited, and Gumasol Rubber-Tec GmbH.

## Shailesh Kumar



Shailesh Kumar is the Chief Business Officer. He has been working with Arohan since April 1, 2018. He holds an Honours in Economics, English and is a '99 batch SBI Probationary Officer. He has more than 26 years of experience of handling the entire life cycle of a lending business. He is responsible for formulating credit policies for all businesses in Arohan, monitoring portfolio quality and keeping the credit committee updated on all portfolio quality related developments. He also guides the MFI Alliances Business of Arohan. Prior to joining the Company,

he was working with Intellectash as a business head after having a long banking career with the top banks in India - SBI and ICICI Bank. He has extensive experience in handling all facets of banking.

## Deblina Bhattacharjee



Deblina Bhattacharjee is the Head of Human Resources, Training & Development, and Administration of the Company. She has completed her MBA from I.C.F.A.I University and certified Enhancing Leadership Effectiveness from the Indian School of Business (ISB), Certified in Design Thinking from IIM Kolkata and a certified Six Sigma Green Belt. She is a seasoned professional with 18 years of rich and diverse experience in Human Resources. She is skilled in Business Partnering, Capability Building, Compensation & Benefit and Organisational Development with experience across the Financial Industry. At Arohan, she is responsible for Employee Experience, Capacitization and Capability Building. Prior to joining the Company, she was associated with renowned organisations such as Randstad and HDFC Life. In her previous role, she was associated with Kotak Life Insurance as Senior Vice President HR, Heading HR for Tied-Agency Channel.

## Sharoni Pal



Sharoni Pal is the Head of Credit and Process Control of the Company. She has completed her Engineering from Manipal Institute of Technology and is an MBA from S. P. Jain Institute of Management and Research, Mumbai. She is a seasoned professional with nearly 30 years of rich and diverse experience in Banking and Financial Services. She is skilled in Process, Controls, and Client Servicing with experience across Micro Finance and Retail Banking. At Arohan, she is responsible for formulating credit policies for all businesses in Arohan, monitoring portfolio quality and enhancing process controls to improve credit underwriting. Prior to joining the Company, she was associated with renowned organisations such as ITC Classic Finance Ltd, Citibank, The Royal Bank of Scotland plc, DBS Bank. In her previous role, she was associated with RBL Finserve Ltd as Head of Operations.





### Ketan Agrawal



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

### Amit Sugandhi



Amit Sugandhi is the Head of IT of the Company. He did his MBA from IIM-Ahmedabad and M. Tech. from Rajiv Gandhi Proudhyogiki Vishwavidyalaya. He is a seasoned professional with over 19 years of experience in Process Improvement, Delivery, Programme Management, Product Management and driving Customer Success. At Arohan, he is responsible for Design and Project Management of meraArohan and apnaArohan suite of mobile applications, management of the Core Banking System, and internal application development. Apart from these, he also oversees IT Infra, BI and Central Hub. Prior to joining the Company, he has worked with renowned organisations like IDFC FIRST Bank, Light Microfinance Pvt. Ltd. and Tata Consultancy Services Ltd.

### Vinod Pandey



Vinod Pandey is Head of Central Operations and has been associated with the Company since August 2015. Vinod has completed his Post Graduate Diploma in Rural Management from XISS, Ranchi, and Advance Diploma in Business Management, ICFAI. He is a seasoned professional with 22 years of diverse experience in Microfinance Industry, Livelihood Development, Rural Marketing & Life Insurance. Prior to joining the Company, he has worked with reputed organisations such as International Development Enterprise (India), Max New York Life, Kotak Life, and L&T Finance.

### Joyanta Bakali



Joyanta Bakali is a Deputy Business Head and currently handles the largest portfolio in Arohan, supervising operations for Zone 2 of Bihar, Zone 3 of Assam, Tripura & Meghalaya, and Zone 8 of Jharkhand and some part of Bengal, Arohan's operational geographies and has been associated with the Company since June 2007. Joyanta holds a Post Graduate Diploma in Business Management from IMT Ghaziabad. He is a microfinance veteran and has over 19 years of working experience in the sector. He is in charge of Circle 1, Arohan's biggest Circle (portfolio, customer base wise).

### Manish Kumar



Manish Kumar is a Deputy Business Head of the Company. He has a Bachelor's degree in Commerce with a specialisation in Accounts from Ranchi University and has completed his Masters in Rural Management from Xavier Institute of Development Action & Studies (XIDAS), RDVV, Jabalpur. He has also completed a Certificate Course on Community-Based Microfinance from Coady International Institute, St. Francis Xavier University, Antigonish, Canada. He is a seasoned professional with over 19 years of experience across Microfinance Operations, Financial Inclusion, Product Financing, Training & Capacity Building, Institutional Development, and Research. At Arohan, he is responsible for managing the business vertical of different states – Uttar Pradesh, Madhya Pradesh & Rajasthan Micro Enterprise Lending. Earlier, in Arohan he was the Zonal Business Head for Bihar & Jharkhand, handling a portfolio of over INR 1360 Cr. Prior to joining the Company, he was associated with renowned organisations such as Unity Small Finance Bank, Janalakshmi Financial Services Ltd, Population Services International (PSI), ACCESS Development Services (Access Assist) and BASIX (BSFL).

### Aman Arora



Aman Arora is a Deputy Business Head of the Company. Aman has completed his Post Graduate Diploma in Rural Marketing from NMIMS, Mumbai. He is a seasoned professional with over 20 years of diverse experience in Strategy, Portfolio Management, GTM, Product Innovation, P&L & Change Management. Prior to joining the Company, he has worked with reputed organisations including RBL Finserv Limited, Hinduja Leyland Finance Ltd, Jana Small Finance Bank, Kotak Mahindra Bank, RBS N.V, Yes Bank and Standard Chartered Bank.

### Pradip Kumar Nath



Pradip Kumar Nath is the Head of Microfinance Audit and has been associated with the Company since May 2019. He is a Chartered Accountant, Certified Internal Auditor (USA), Qualified Information System Auditor (USA) and Lead Auditor of ISO-9001, ISO-27001 and Lead Implementer of ISO-27701. He has over 25 years of experience in the field of Audit and Risk Assurance. Pradip has in-depth knowledge and expertise in Internal Audits, Risk Assurance, Compliance, and Controls in Business Process & Information System. Prior to joining the company, he worked with Bandhan Bank Limited where he was DVP & Head of Micro Banking Audit for more than five years and with Deloitte for over a decade in Audit & Enterprise Risk Services (AERS).

### Debarshi Chaudhuri



Debarshi Chaudhuri is an Assistant Vice President - Accounts & Taxation, and currently handles the financial discipline, internal financial control, taxation and other statutory compliances of the organisation and has been associated with the Company since January 2015. Debarshi is a Chartered Accountant and a qualified Company Secretary. He also holds a Post Graduate Diploma in Management (PGDM) in Finance from Symbiosis, Pune. He has approximately 23 years of post-qualification experiences in Finance, Accounts, Taxation, Audit, MIS, Budgeting, Statutory Compliances, Financial Due Diligence and Merger activities. Prior to joining Arohan, he has worked at SREI Infrastructure Finance Limited, JK Files (India) Limited, Amrit Group, BPL Telecom Ltd, Stadmed Pvt. Ltd, etc.





# Investor's Profile

## PROMOTER



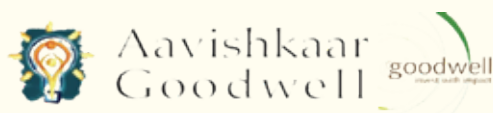
### Aavishkaar Group

Aavishkaar Group is a global pioneer in taking an entrepreneurship-based approach towards development. The Group is focused on developing the impact ecosystem in the continents of Asia and Africa. Aavishkaar Group manages assets in excess of USD 1 bn across Equity and Credit, with ~10,000 employees present across India, Bangladesh and Kenya.

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

Its investments into Arohan Financial Services Limited have been done through Aavishkaar Venture Management Services Pvt Ltd and Intellectual Capital Advisory Services Pvt Ltd.

## INSTITUTIONAL INVESTORS



### Aavishkaar Goodwell India Microfinance Development II Ltd

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



### Tano India Private Equity Fund II

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



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

Maj Invest is a Danish asset management company with about USD 11.4 bn under management, providing services in asset management and private equity. With headquarters in Copenhagen, Denmark, the company employs approximately 130 highly skilled professionals worldwide. Maj Invest was founded more than 18 years ago and is fully owned by management and employees. The financial inclusion business area is one of the several business areas of Maj Invest and operates on Maj Invest's regulated institutional platform with its own dedicated team supported by the legal, finance, and administrative departments. The financial inclusion team of eleven people is based in Copenhagen and in regional offices in Lima, Peru and Mumbai, India. Maj Invest Financial Inclusion Fund II K/S (Fund II), was established in 2015 and has invested in seven companies around the globe.



### TR Capital III Mauritius

TR Capital is a leading secondary private equity investor in the Asia-Pacific region, managing close

to USD 1.5 bn in commitments, and focusing on providing liquidity solutions to owners of private equity assets through single asset and portfolio transactions. The firm invests in innovative leaders in the Technology, Next-Generation Consumer and Healthcare sectors across Asia. TR Capital is an active investor and shareholder and works with its portfolio companies to optimize their business models and capital structures. The firm's sophisticated global investor base includes sovereign funds, pension funds, asset management firms, entrepreneurs, and family offices. TR Capital's professionals are based across 6 offices in Asia: Singapore, Hong Kong, Mumbai, Delhi, Shanghai, and Shenzhen.



### The Michael & Susan Dell Foundation

The Michael & Susan Dell Foundation ([www.dell.org](http://www.dell.org)) builds pathways that change lives for people and communities around the world. Dedicated to creating measurable and sustainable impact, the foundation has invested USD 2.8 bn to accelerate human opportunity globally.



### Teachers Insurance and Annuity Association of America (TIAA)

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

the TIAA Board of Governors. TIAA Board of Governors normally consists of seven members, each of whom serves a seven-year term. The members do not directly supervise TIAA management, but they elect the members of the TIAA Board of Trustees, which does exercise such supervision. They also approve amendments to TIAA's Charter and Bylaws. TIAA Board of Governors meets at least twice a year. TIAA is regulated principally by the New York Department of Financial Services.



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

FMO is the Dutch entrepreneurial development bank. As a leading impact investor, FMO supports sustainable private sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs. FMO believes that a strong private sector leads to economic and social development and has a 50+ year proven track-record in empowering entrepreneurs to make local economies more inclusive, productive resilient and sustainable. FMO focuses on three sectors that have high development impact: Agribusiness, Food & Water, Energy, and Financial Institutions. With a total committed portfolio of over EUR 15.5 bn spanning over 85 countries, FMO is one of the larger bilateral private sector development banks globally.



### Impact Fund Denmark (formerly IFU)

Impact Fund Denmark (formerly IFU) is a Danish impact investor contributing to green, just and inclusive societies as well as supporting the Sustainable Development Goals. It provides risk capital to companies operating in developing countries and emerging markets across Africa, Asia, Latin America and parts of Europe. Investments are made on commercial terms in the form of equity, loans and guarantees. Impact Fund Denmark has co-invested in over 1,300 companies in more than 100 developing countries and emerging markets. Impact Fund Denmark is fund manager for several funds and facilities, including the Danish SDG Investment Fund I & II, being public-private partnerships with Danish pension funds. Capital under management is EUR 2.4 bn.





# OF THE PEOPLE

## Shaping a Safe and Inclusive Microfinance Ecosystem in India

The microfinance industry in India has long stood as a beacon of inclusive growth, working tirelessly to extend formal financial services to millions across underserved and unbanked regions. FY 2025 was marked by a challenging macroeconomic environment - characterised by regional disruptions, rising operational costs, and evolving borrower needs.

Despite these trials, the industry demonstrated remarkable resilience. This strength was not forged in isolation, but through the unwavering commitment and coordination of a robust ecosystem of stakeholders. Self-regulatory organisations (SROs), and the Reserve Bank of India provided clear and consistent guidance, helping institutions navigate regulatory expectations while maintaining the principles of responsible lending. At the same time, investors - both domestic and international - reaffirmed their confidence in the sector by continuing to channel capital toward impactful financial inclusion efforts.

Arohan, aligned with this broader ecosystem, has remained steadfast in its purpose: to provide ethical, sustainable, and borrower-centric financial services.

Guided by the principle of "responsibility with scale," Arohan continues to ensure that each loan disbursed contributes meaningfully to the borrower's progress and financial well-being.

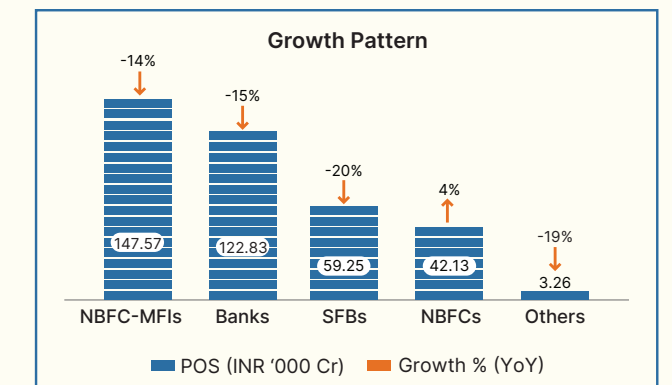
FY 2025 unfolded against a backdrop of a difficult macroeconomic landscape, shaped by regional disruptions, escalating operational expenses, and the shifting financial needs of borrowers. These headwinds tested the very foundations of microfinance institutions, as key profitability indicators come under pressure. Net Interest Margins (NIMs), a core measure of lending profitability, shrank primarily due to a deterioration in asset quality and falling yields. This represents a significant shift from the previous two financial years, during which the sector experienced improved profitability driven by factors such as the Reserve Bank of India's relaxation of the interest rate cap, stronger asset quality, and lower levels of leverage. Despite the challenges, the collaborative spirit of the industry - anchored in trust, shared purpose, and systemic support—has not only enabled the sector to withstand short-term pressures but also strengthened its foundation for long-term growth. While the microfinance sector continues to play a vital role in advancing financial inclusion, FY 2025 brought in a set of emerging challenges. Rising concerns around repayment delays and delinquencies began to impact the financial performance of Non-Banking Financial Companies focused on microfinance. With asset quality under pressure, as per industry estimates credit costs projected to rise to approximately 6%, presenting a key area of concern. These factors may weigh on profitability indicators such as Return on Total Assets (RoTA), while operating costs could inch upward due to slower balance sheet growth and the need for more robust collection efforts.

Despite these headwinds, the sector remains resilient and forward-looking. The focus now shifts to strengthening credit appraisal frameworks and enhancing collection strategies—critical steps to mitigating risks and reinforcing financial stability. With continued collaboration among industry players, investors, and regulators, microfinance institutions are well-positioned to navigate this evolving landscape and sustain their mission of inclusive, responsible lending.

### INDUSTRY OVERVIEW:

As on March 31, 2025, the overall size of the universe in terms of total loan portfolio of INR 6,63,426 Cr. The microfinance universe (MFI universe) has total loan portfolio of INR 3,75,030 Cr. and the total number of active loan accounts were 13.3 Cr with 7.8 Cr unique borrowers. A total of 93 NBFC-MFIs are

the largest provider of micro-credit with a loan amount outstanding of INR 1,47,566 Cr., accounting for 39% to total MFI universe portfolio. 17 Banks hold the second largest share of portfolio in micro-credit with total loan outstanding of INR 1,22,826 Cr., which is 33% of total MFI universe. 10 SFBs have a total loan amount outstanding of INR 59,252 Cr. with total share of 16%. NBFCs account for another 11% and Other MFIs account for 1% of the MFI universe.



### KEY INDUSTRY HIGHLIGHTS OF FY 2025

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

Launched in June 2021, the Assam Microfinance Incentive and Relief Scheme (AMFIRS) represents a landmark initiative by the Government of Assam aimed at strengthening the long-term sustainability of microfinance in the state. The scheme is designed to promote financial discipline, reduce borrower stress, and enhance the economic resilience of low-income and vulnerable households.

A major milestone was achieved in FY 2025 with the successful implementation of *Category 3, Row 2* of the scheme. This rollout marked a significant step forward in the programme's mission to balance financial inclusion with borrower protection and sectoral stability.

#### Self-Regulatory Organisation Updates:

On July 8, 2024, the Microfinance Institutions Network (MFIN), a key self-regulatory organisation (SRO) for the microfinance sector, announced a set of proactive measures aimed at strengthening customer protection and mitigating the risks of over-indebtedness. These reforms, though expected





to moderate disbursement growth during FY 2025 and FY 2026, are critical for ensuring the long-term health and sustainability of the sector.

Central to these efforts is the introduction of comprehensive underwriting guidelines, which have begun to gain traction across industry participants. The key provisions of the MFIN guidelines include:

1. **Lender Cap:** A maximum of **four microfinance lenders per borrower**, aimed at limiting cross-borrowing and reducing borrower stress.
2. **Debt Ceiling and Tenure Norms:** A total microfinance debt cap of **INR 2 Lakh per borrower**.
3. **No Lending to an NPA account:** Restriction on lending to customers with existing Non-Performing Assets (NPAs) above INR 3,000, as specified in the Code of Conduct (CoC).

Further strengthening the regulatory framework, on July 26, 2024, SaDhan—another prominent industry association—unveiled a separate set of sectoral commitments titled the “Seven Sankalps”. These guidelines emphasized responsible lending practices, such as:

- **Prohibiting loans to households whose total microfinance exposure exceeds INR 2 Lakh**, reinforcing the borrower indebtedness cap.
- **Prioritising adherence to the RBI-mandated 50% fixed obligations to income ratio (FOIR)**, ensuring that borrowers are not overburdened with repayment obligations relative to their income.
- **Mandating comprehensive credit assessments at the household level**, to gain a clearer understanding of borrowers’ financial situations.
- **Introducing caps on processing fees for microfinance loans**, promoting cost transparency and borrower protection.

Subsequently, MFIN proposed further tightening of these norms. Effective April 2025, it further:

- **Reduced the maximum number of microfinance lenders allowed per borrower from four to three.**
- **Expanded the INR 2 Lakh indebtedness cap to include unsecured retail loans**, bringing a broader range of credit products under regulatory scrutiny to better assess and control borrowers’ overall debt burdens.

These regulatory enhancements underscore the sector’s unified commitment to responsible lending and the financial well-being of borrowers. By reinforcing the principles of self-regulation, they aim to preserve financial discipline, strengthen customer trust, and promote sectoral stability. These measures are a vital part of the broader, industry-wide effort to foster sustainable lending practices—minimising borrower distress while ensuring the long-term financial health and inclusion of low-income households.

### AROHAN – FY 2025: YEAR IN A SNAPSHOT

FY 2025 was a year of significant learning, transformation, and resilience for Arohan. The company successfully navigated several challenges while achieving meaningful progress on multiple strategic fronts.

One of the major events of the year was the imposition of a Cease & Desist (C&D) order by the RBI, related to our pricing, new director approvals, and renewal loan processes. This was a critical period of reflection, dialogue, and mutual learning with our regulator. We are proud to share that Arohan secured the second-fastest revocation of such an order in the industry—a testament to our proactive compliance and transparent engagement. Today, Arohan stands strong with:

- The **second-lowest MFI pricing** in the sector,
- A **non-net-off renewal loan policy**, and
- **All board directors fully approved by the RBI.**

This experience underlines a broader shift in the operating environment—one that demands introspection, agility, and continuous evolution. As a sector, and as an organisation, we must adapt. Arohan is already taking decisive steps, as seen in the leadership transitions across Business, IT, and HR functions—two of which were seamlessly managed through internal talent realignment, reflecting the strength of our leadership bench.

With a **pan-India presence** spanning **1,000+ branches, 18 states, 21 Lakh borrowers, 30+ partnerships, ~50 lenders, multiple product lines**, and **over 10,000 employees**, the scale and complexity of our operations call for deliberate recalibration and future-ready strategies.

Despite the headwinds, Arohan has delivered several **noteworthy accomplishments** during the year, including:

### Matangi Gowrishankar, *Ex-Non-Executive Independent Director, Arohan Financial Services Limited*

*What first attracted me to Arohan was their mission, values and complete commitment to their customers - the underserved in India. What made me stay on the Board for 7+ years was the continued and unwavering commitment to integrity and to do the right thing for all our stakeholders.*

*Arohan has been the pioneer in many areas of the business, often shaping the policies and processes adopted by MFIN. Both Manoj Nambiar and Vineet Rai have demonstrated excellent leadership to keep the organisation honest at all times. The value of transparency is evident in all our dealings.*

*I learnt a great deal from my colleague members of the Board who brought deep and varied expertise to the table. I looked forward to attending each board meeting in person and for the high-quality interaction with both board members and the management team. Discussions were free flowing and focused on making the company better.*

*Arohan holds a very special place in my heart because it is an organisation that makes a positive difference in the lives of people - always looking for ways to make things better.*

*I wish the organisation every success.*







- Launch of **SOCIAL**, our internal employee communication platform,
- Recognition as **35<sup>th</sup> among India's Top 100 Best Companies to Work For 2024** by the Great Place to Work® Institute,
- Introduction of **e-KYC via Aadhaar** for faster onboarding,
- **ISO 9001:2015 certification** from BSI for quality excellence,
- A **multilingual website and IVR system** in over eight languages,
- Receipt of the **Coaching Culture Award**,
- **SKOCH Order-of-Merit** for our proprietary **Credit Scoring Model – Nirnay**, and
- **SKOCH Awards** for our **High Potential & Leadership Development Programme**
- Recognised at the prestigious **CRIF Data Excellence Awards 2025** for 'Data Excellence'.

Other key highlights include the **solarisation of our branches**, mainstreaming of our **MEL (Micro Enterprise Loan)** and **ArohanPrivilege Businesses**, and the revival of our operations in the North Eastern geography of India.

As we step into the new fiscal year, the message is clear: the environment is evolving, and so must we. We remain committed to our mission, values, and the communities we serve—with resilience, innovation, and purpose.

## MICROFINANCE SECTOR

### Opportunities:

India's microfinance sector is poised for strong, sustained growth, with the market projected to touch INR 6.68 Lakh Cr by 2033, clocking a CAGR of 7.3%. Backed by robust policy support, targeted rural development schemes, and expanding financial product offerings, the sector presents multiple high-potential opportunities. Flagship initiatives like PMJDY, MUDRA, the SHG-Bank Linkage Programme, and MSME-focused Budget measures continue to drive demand, particularly in underserved geographies.

The recent RBI CRR cut by 100 bps over four equal tranches will help the NBFC-MFIs with an opportunity to borrow funds at a reduced cost.

This move is expected to ease liquidity pressures and lower the overall cost of borrowing for the microfinance companies. In addition, the RBI's relaxation of the qualifying asset ratio to 60:40 will enable NBFC-MFIs to broaden their product offerings. This adjustment allows them greater flexibility in diversifying their portfolios, which can be crucial for business growth and sustainability in the long term.

The sector's inclusion under priority sector lending ensures access to low-cost capital, creating a stable funding environment for MFIs. On the digital front, adoption of AI, UPI integrations, and digital lending platforms is accelerating operational efficiency and widening service delivery, with mobile-based transactions now playing a pivotal role. MFIs are also diversifying beyond traditional microcredit, venturing into micro-enterprise loans, MSME financing, insurance, pensions, and remittances broadening revenue streams while deepening financial inclusion.

With the sector contributing 2–3% to India's GVA and supporting 1.3 Cr jobs, the economic footprint is both significant and expanding. At the same time, existing structural challenges open avenues for reform. Strengthening borrower verification through Aadhaar-based e-KYC or a unified CKYC system, mandating real-time credit bureau reporting, and investing in certified financial inclusion training for MFI staff can enhance credit quality, data reliability, and customer trust. Improving governance through transparent pricing, board-level oversight, and risk-based underwriting can further attract institutional capital.

There is also a clear case for advancing financial literacy through national awareness campaigns to reduce dependence on informal credit channels. Finally, scaling borrower protection through climate-resilient financial products and stronger legal safeguards against predatory lending can build long-term sectoral resilience. With the right mix of regulatory reform, digital innovation, and capacity-building, India's microfinance industry is well-positioned to deliver both inclusive growth and investor value over the next decade.

### Threats

India's microfinance sector, which services close to 80 mn borrowers, remains a cornerstone

## Sachin Seth

### Chairman, CRIF High Mark

*Credit data has played a pivotal role in reshaping the lending ecosystem and enabling credit growth in India. The availability of reliable, fresh, and accurate data has become critical in wake of digitization of processes across customer engagement, acquisition, portfolio management, collections, risk management and foundational to models underlying decision making.*

*The quality of credit data has a direct bearing on customer service, and in this regard, we truly appreciate the measures taken by your organisation in contributing to data quality. We are glad to recognise the exemplary performance of Arohan Financial Service Limited and honour you with "CRIF Data Excellence Awards, 2024" in the category of Promising - Data Quality Improvement - Micro Finance Institutions.*

*We are honoured to recognise your achievements and remarkable contribution in delivering high standards of data quality. Your expertise and commitment to excellence have contributed significantly to data integrity, ensuring reliable insights and informed decision making for the lending ecosystem.*

*We look forward to you achieving many such milestones.*







of financial inclusion, but the industry is facing a growing set of structural, operational, and regulatory challenges that could hinder its growth trajectory. One of the most persistent issues is the weakness in KYC compliance. Since the 2017 Supreme Court ruling that restricted Aadhaar's use, MFIs have increasingly relied on Voter ID for onboarding, leading to data inaccuracies, borrower duplication, and gaps in verification. Compounding this, credit bureau updates vary from daily to monthly across institutions, weakening real-time credit assessment and increasing the risk of over-lending.

Operational risks are also mounting. Post-COVID, the industry has seen attrition rates spike, often crossing 40%, eroding borrower relationships and weakening repayment discipline. Meanwhile, aggressive loan disbursals by some MFIs, driven by demand for larger ticket sizes, have led to over-borrowing, especially in regions where underwriting standards are diluted or fintech lending lacks sufficient face-to-face due diligence. Governance lapses, such as poor board oversight on pricing, growth strategy, and incentive policies, have further dented institutional credibility. A major knowledge gap persists around reducing-balance interest rates, leading borrowers to misunderstand effective interest burdens. While borrowers may perceive a 24% rate as INR 24 interest per INR 100, the actual burden is closer to INR 13.47, yet such misperceptions, coupled with informal lenders charging up to 240%, continue to distort credit behaviour.

Macroeconomic and external pressures are adding to the sector's headwinds. Rising inflation, stagnant rural wages, extreme weather events, and loan waiver rhetoric, often amplified by "influencers" on social media, are disrupting repayment norms and fuelling delinquencies. Asset quality deterioration has become a critical concern. This has led to a ~14% YoY contraction in loan portfolios, in loan portfolios, as lenders tighten risk controls.

Profitability is also under pressure. Net Interest Margins (NIMs) have come under strain due to falling yields and elevated credit costs. As a result, AUM has degrown sharply in FY25, down by ~14% as compared to the previous year. Regulatory tightening by the SROs is adding further stress. The imposition of Indebtedness Cap of INR 2 Lakh per borrower, a limit of three lenders per client, and the exclusion of fintech-issued default loss guarantees are expected

to drive up rejection rates and slow disbursal momentum.

Operational challenges remain stubborn. High compliance burdens, rising tech investments, and difficult field conditions are pushing up costs. Over-leveraging, weak borrower profiling, and geographic stress, particularly in states like Bihar, Tamil Nadu, Uttar Pradesh, and Odisha, are amplifying repayment risks. Despite microfinance's priority sector status, smaller MFIs continue to struggle with high cost of funds, as the benefits of policy rate cuts fail to transmit evenly across the ecosystem.

### **AROHAN'S WAY FORWARD – FY 2026**

As Arohan moves into FY 2026, it does so with renewed purpose and a clear strategic vision, anchored in its commitment to delivering ethical, borrower-centric, and sustainable financial services to underserved communities across India. In a sector shaped by shifting customer expectations and evolving regulatory norms, Arohan remains steadfast in its core mission: ensuring that every loan extended is not just a financial transaction, but a meaningful step toward empowerment and inclusion.

Guided by the principle of "responsibility with scale," Arohan is focused on deepening its outreach while preserving the highest standards of credit quality, customer protection, and operational transparency. By continuously tailoring its offerings to the dynamic needs of low-income households, the company reaffirms its role as a responsible lender committed to long-term financial resilience and upliftment.

Looking ahead, Arohan will continue to bridge the financial divide by enhancing access to affordable credit and essential financial services – with a focus on innovation keeping in mind the changing dynamics in the economically marginalised population segment. Our product offerings across Saral, Micro Enterprise Loan and Arohan Privilege on the Organic side and the Term Loans/Direct Assignments, and Sourcing & Collection we do on the MFI Alliances side help us address a wide segment in the geographies we operate in. Innovations like Sahbhaagi - the first MFI loyalty programme, Sarathi - the first MFI Balance Transfer product, Nirnay - the first Credit Scoring model in the MFI space moving to a risk-based pricing, Aadhaar based e-KYC are good examples. With a strong emphasis on creating value for all stakeholders, the organisation is poised for sustained growth through a blend of organic expansion, strategic partnerships, and

digital innovation.

With a solid financial foundation and a robust operational infrastructure spanning 1,100+ branches, Arohan is strategically positioned to accelerate its growth journey. In FY 2026, the company is focused on:

- **Crossing 2.1 mn customers, with targeted growth in Southern India,**
- **Enhancing its product portfolio and customer value propositions,**
- **Recalibrating pricing strategies to reinforce affordability and fairness,**
- **Improving efficiency & productivity at all levels,**
- **Look for alliances and partnerships which will help us grow faster,**
- **Accelerating the adoption of digital financial inclusion platforms, and**
- **Deepening its commitment to employee development and customer trust.**

Arohan has set a bold goal to surpass INR 8,000 Cr in Assets Under Management (AUM) in the near term, aligning with its longer-term ambition of positively impacting 20 million lives by the year 2030.





# FOR THE PEOPLE

## Advancing Inclusive Growth

At Arohan, our purpose is rooted in financial inclusion—with a clear focus on the people we serve. We are committed to deeply understanding our customers' needs and crafting solutions that enable their growth, improve their access to financial services, and empower their journey toward meaningful progress.

Through a combination of organic and inorganic business strategies, along with innovative, customer-centric service delivery, we strive to make our offerings easily accessible across diverse geographies and communities. Our approach prioritises transparency, quality, and trust at every step of the customer lifecycle.

Beyond financial services, we are dedicated to strengthening the communities our customers represent—supporting environmental responsibility and expanding our social outreach to create lasting, positive change. At Arohan, we don't just offer financial products—we foster opportunity, resilience, and inclusive growth for all.

In FY 2025, Arohan navigated a challenging external environment to achieve key milestones in its journey toward inclusive growth. Despite headwinds—including an intense summer, prolonged national elections, high employee attrition, KYC-related issues, and market-wide concerns around over-borrowing and over-lending—Arohan remained steadfast in its commitment to responsible growth.

This resilience was underpinned by our disciplined adherence to prudent lending norms, the strength of our Recovery team, and the effectiveness of our 'Quality Trio'—Internal Audit, Risk Management, and Credit Underwriting.

The mainstreaming of our flagship offerings - **Arohan Privilege** and **Micro Enterprise Loan** - further enhanced both customer access and operational sustainability.

These strategic efforts have positioned Arohan strongly in alignment with its Vision Statement and its long-standing mission of financial inclusion. As of March 31, 2025, Arohan closed the fiscal year with an outstanding portfolio of INR 6,003 Cr, serving over 2.1mn borrowers across 1,102 branches in 18 states, supported by a dedicated workforce of 10,252 employees.

In a rapidly evolving global landscape, Arohan continues to place the customer at the center, ensuring ease of access to credit, upholding service quality, and embracing scalable opportunities for a more inclusive financial future.

### INNOVATIVE PRODUCT LINES DRIVING SUSTAINABLE GROWTH

Arohan has consistently evolved its product offerings to meet the changing needs of its customers—through strategic digitalization, a deep commitment to enriching customer experience, and a focused approach to extending customer relationships over the long term.

#### Flagship Loan Products

**Saral Suite of Products:** At the core of Arohan's portfolio lies the Saral suite of products, designed with purpose and precision to support women from low-income communities engaged in trade and services. Anchored in the Joint Liability Group (JLG) model, Saral provides access to credit through small groups of three to five women, fostering mutual accountability and collective economic empowerment.

In recognition of the evolving financial journeys of its customers, Arohan introduced Saral Repeat—a high-value offering tailored for repeat borrowers with strong repayment track records. This product allows eligible customers to access higher ticket loans of up to INR 1,00,000, enabling business expansion and sustained financial independence.

The Saral product family—which includes Saral New-to-Credit, Saral Use-to-Credit, and Saral Repeat—caters to diverse borrower profiles with loan sizes ranging from INR 25,000 to INR 1,00,000. With repayment tenures typically between 24 to 30 months, the product line emphasizes flexibility and customer-centricity.

This evolution of the Saral suite reflects Arohan's broader commitment to financial inclusion with responsibility, supported by robust digital platforms, data-driven insights, and a long-term view of the customer lifecycle. By enhancing product design and delivery, Arohan continues to drive sustainable impact—empowering underserved communities, strengthening financial resilience, and building lasting relationships.

**Micro-Enterprise Loan:** Micro and small enterprises form the backbone of the Indian economy, driving employment, local trade, and inclusive development. Recognising the critical role they play, Arohan launched its **Micro-Enterprise Loan (MEL)** programme in FY 2023, supported by a dedicated credit team and a tailored underwriting framework designed specifically for this segment.



In FY 2025, the **mainstreaming of the MEL product line** has been instrumental in enhancing operational efficiency, making the product accessible to the entire sourcing team of Arohan. With streamlined processes, data-driven credit assessment, and technology-led delivery, Arohan has significantly improved turnaround times and credit quality across this vertical.

More importantly, the MEL programme has opened access to higher-ticket loans—ranging from INR 75,000 to INR 2 Lakhs—for entrepreneurs with demonstrated creditworthiness and strong business potential. By offering financing that aligns with individual business needs, the product empowers micro-entrepreneurs to expand operations, invest in growth, and improve their long-term financial standing.





Arohan stands out as the first NBFC-MFI to introduce a dedicated credit team for this segment, underscoring its commitment to innovation and customer-centricity. The service is currently operational across more than 370 branches, with over 11,000 customers onboarded in the past 12 months alone. With plans for further expansion underway, Arohan continues to lead the way in serving the evolving needs of micro-entrepreneurs across regions.

**Arohan Privilege Digital Lending:** In its unwavering pursuit of innovation and customer-centric excellence, Arohan achieved a landmark milestone in FY 2023 with the launch of ArohanPrivilege - a pioneering digital lending platform designed specifically for microfinance customers. This industry-first offering redefines financial inclusion by putting the power of choice, convenience, and control directly into the hands of our customers.

**ArohanPrivilege** is not just a product - it's a transformative experience. Built on the vision of empowering customers across geographies where Arohan's flagship product Saral is active,



the platform enables eligible borrowers to apply for and repay microfinance loans digitally, at their convenience and on their terms. By the close of FY 2025, 29,464 customers had already embraced this new era of lending, with a managed portfolio of INR 102.53 Cr - clear evidence of the trust and impact this initiative has fostered. This digital-first approach is tailored for financially disciplined customers who have consistently demonstrated timely repayments. It serves as a fast-track, hassle-free alternative to traditional lending models, offering a range of customer-first benefits: **Instant access to funds** - loans disbursed within minutes of approval. **An intuitive, user-friendly interface** that simplifies the borrowing experience.

- **Total convenience** - no more time lost to group meetings or branch visits.
- **Freedom from wage loss**, as customers can apply from the comfort of their home.

- **Flexible loan amounts and repayment terms** that fit their unique needs.
- **Personalised repayment schedules**, designed around their cash flow.

With loan amounts ranging from **INR. 5,000 to INR. 75,000**, ArohanPrivilege is designed to meet diverse financial needs across rural and semi-urban India. The service is currently available in **Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Uttar Pradesh, Uttarakhand, and West Bengal.**

As Arohan continues its journey toward its Vision of impacting 20 mn lives by 2030, ArohanPrivilege stands as a bold step forward in delivering digital empowerment, financial dignity, and customer delight at scale.

### Secondary Loan Products

Over the years, Arohan's Secondary Loan Products vertical has evolved into a powerful platform for deepening connections with customers and their families. At the heart of this evolution is a focused Cross Sell strategy—designed not only to broaden customer access to diverse financial inclusion products but also to strengthen long-term credit relationships and overall customer engagement.

In FY 2025, the vertical witnessed significant growth through an expanded network of partnerships, curated to address the varied needs of its customer base. This included a wider portfolio of offerings—from Life and Non Life Insurance to Utility Products and Consumer Durables—underscoring Arohan's unwavering commitment to comprehensive and inclusive financial solutions.

**Cross Sell Business Model:** Arohan's Cross Sell business model is built on the foundation of deepening customer engagement while enhancing their quality of life. By expanding access to relevant products and services, the model not only supports the customer's financial well-being but also diversifies Arohan's operational risk and unlocks new revenue streams for us—playing a vital role in Arohan's long-term sustainability and growth.

At the core of this strategy is ApnaBazaar, Arohan's innovative platform that integrates Cross Sell seamlessly into regular customer interactions. Leveraging scheduled customer meetings, the

platform becomes a conduit for introducing both new and existing products—boosting financial literacy, product awareness, and customer trust.

Over time, Arohan has cultivated meaningful relationships with its customers and their families, extending the impact of financial inclusion to address their evolving needs, including access to economic safety and aspirational utility products. This holistic approach reflects Arohan's commitment to community empowerment and building enduring value that goes beyond traditional financial services.



### Financial Products

Arohan's approach to financial products reflects a blend of operational efficiency and a deep commitment to customer well-being. The insurance onboarding process is fully digital and paperless,

ensuring a seamless experience. Upon enrollment, each customer receives a Certificate of Insurance (CoI) directly from the insurer via SMS, featuring a compressed URL for easy and instant access.

In times of need, Arohan stands firmly beside its customers' families. While the insurance partner manages the claim settlement, Arohan plays a

proactive role in facilitating the process—ensuring swift and accurate information transfer to minimize delays and enhance the overall experience. The use of advanced IT systems in raising insurance claims significantly reduces turnaround time (TAT) and mitigates the risk of data loss.



These streamlined processes, coupled with Arohan's hands-on support, underscore its commitment to protecting the financial security of its customers—even during life's most difficult moments.

Arohan is a registered Corporate Agent (Composite) with the Insurance Regulatory and Development Authority of India (IRDAI), reaffirming its dedication to offering reliable insurance solutions and a robust support system as part of its broader financial inclusion mission.

**Arohan's suite of financial Cross Sell products include:**

- **Financial Safety Net Products** - Arohan's Financial Safety Net Products are designed to bring households into the broader fold of financial inclusion by offering essential protection against life's uncertainties. These products serve as a critical layer of security for customers and their families, helping them build resilience in the face of unforeseen challenges. Currently, this category includes a range of life and health insurance offerings, developed in partnership with trusted insurance providers. These policies are issued and underwritten by the respective insurers with whom Arohan has established formal tie-ups, ensuring credibility, compliance, and customer trust. By facilitating access to these insurance solutions, Arohan empowers its customers by safeguarding their own financial well-being and future—forming a key pillar of its inclusive, customer-centric approach.

□ **Group Term Life Insurance:** With insurance coverage equal to the loan amount of the customer, in the unfortunate event of the death of the policyholder, the insurance allows the nominee to obtain a sum insured under the policy minus the amount outstanding under the loan agreement at the time of death of insured. This ensures that the nominee is not burdened with the fulfilment of the outstanding loan amount. To safeguard the customer's family in such an unfortunate event, it is a useful product for Arohan's borrowers and their co-borrowers, if they choose to get enrolled to this insurance.

□ **Health Insurance:** Under Health Insurance options, Arohan's borrowers and co-borrowers are offered Hospicash and Medclaim Insurance. **Hospicash Policy:** Customers opting for Hospicash policy are entitled to receive a daily wage benefit, in the form of compensation against wage loss for each completed period of 24 hours of hospitalisation at any registered hospital due to sickness. The daily benefit for ICU hospitalisation is double that for the non-ICU hospitalisation. Additionally, there is a convalescence benefit for a continuous stay of 10 days or more and a tele-medicine coverage for upto 6





members of customer and in the event of accidental death or permanent disability due to personal accident, the customer's nominee receives an additional amount. For some variants, in the event of diagnosis of critical illness, the person receives an additional amount.

**Mediclaim Policy (Suraksha Kavach):** Customers opting for Mediclaim Insurance product are on-boarded to a family floater policy for hospitalisation related costs, with a fixed coverage. Additionally, there is a daily wage compensation benefit (Hospicash rider) and Personal Accident cover for Borrower and Co-Borrower.

- **Utility Products and Services** - Arohan's commitment to customer empowerment extends well beyond traditional financial solutions. Through its Utility Products and Services vertical, Arohan enables customers to fulfill their aspirational needs by providing access to a curated range of branded goods and services—available through both upfront cash payments and flexible financing options.

These offerings are thoughtfully selected to enhance the quality of life and livelihood of customers and their families. From essential home and kitchen appliances to cutting-edge electronics, reliable consumer durables, and even bicycles, each product is chosen for its ability to deliver tangible value and convenience in everyday life.

To ensure efficient delivery and a seamless customer experience, Arohan has developed multiple sourcing and distribution models in collaboration with third-party vendors. These models are designed to adapt to the unique needs of different customer segments and geographies:

- **Stockist Model:** In this model, a designated agent from the business partner (the "Stockist") is responsible for handing over the product directly to the customer at the point of demand generation.
- **Last-Mile Delivery Model:** Large consumer durables and small appliances are delivered directly to the customer's doorstep at no additional cost, ensuring convenience and ease of access.

### Strategic Outlook

In recent years, Arohan has made significant strides in enhancing the functionality and reach of its ApnaBazaar platform—positioning it as a cornerstone of its customer engagement and cross-sell strategy. Key advancements in FY 2025 included - allowing the Branch head to enable the loan officer to re-source an order in case of errors, limiting the ability to death-tag to only Customers with Credit Linked Insurance policy, digitalising the Life Insurance Claim Process and enabling a smoother Surrendering process for Life Insurance – all leading to an improved platform usage experience for the employee and the customer.

In order to further streamline operations in FY 2025, we revised the Insurance sourcing process, developed the process of Acknowledgment of Claim document submission at Branch and fine-tuned the Stockist Delivery Model, leading to enhanced consistency, efficiency, and the overall improved user experience for both customers and employees.

Driven by a customer-first approach, Arohan introduced several innovative products and product variations in FY 2025. These include revision of the Hospicash offering to include Telemedicine as a rider and re-introduction of utility products in Zone 6 under the Last Mile Delivery Model, this time via Gajam India.

Geographical expansion has also played a pivotal role in Arohan's growth strategy. With its entry into South Indian states like Karnataka and Tamil Nadu, and Gujarat in the West, the company extended its insurance offerings in the South and introduced both eBazaar and insurance products in Gujarat - broadening access and choice for customers in these new regions.

Arohan has also implemented critical process enhancements to reinforce responsible selling and improve customer experience. Insurance and other cash products are now sourced only post-loan disbursement, while financing for any utility product is initiated only after the first EMI is paid—discouraging forced selling and promoting sustainable customer engagement. Additionally, ongoing improvements in service delivery, grievance handling, claim settlement support, and customer interaction continue to drive higher satisfaction and retention rates.

Looking ahead, Arohan is actively exploring post-disbursement insurance offerings, aimed at increasing customer lifetime value and reinforcing its commitment to a seamless, value-rich journey for every customer. With the launch of higher ticket size loans under the MicroEnterprise Loan segment, we are looking forward to exploring options for our Customer to protect their goods at their shop locations via Shopkeeper Insurance and re-introducing a strong safety net to Saral segment customers in the form of Mediclaim Insurance – which would protect them against financial shock in case they become sick or are injured. eKYC based validation is being explored as well, with which we can expect reduced a much more seamless journey for the customer.

Arohan is also focused on scaling its Cross Sell business by onboarding a broader customer base and diversifying its product and service offerings. This strategic expansion is designed to improve operational efficiency while offering customers more choices that align with their evolving needs.

In line with its commitment to sustainability, Arohan has initiated the solarisation of its branches,



taking meaningful steps toward reducing its carbon footprint. By investing in renewable energy, Arohan not only enhances operational sustainability but also contributes to a cleaner, greener future.

### PROCESS CONTROL - STRENGTHENING CUSTOMER- CENTRIC GOVERNANCE AND OPERATIONAL EXCELLENCE

In alignment with our commitment to a customer-centric approach, the Process Control vertical, established in FY 2025, serves as a vital bridge between Business and the Quality functions, namely Internal Audit, Risk Management, and Credit Underwriting. This unit is dedicated to ensuring that customers consistently receive services and information in a fair, transparent, and efficient manner.

The core objective of this newly formed vertical is to track gaps identified by the Quality trio, and to work collaboratively with Business units to ensure

timely and effective resolution. By doing so, the team plays a key role in strengthening operational controls and addressing process loopholes that may impact customer experience or service quality. In addition to monitoring and following up on Audit and Risk observations, the Process Control team is responsible for overseeing critical branch-level controls such as daily cash reconciliations and ensuring swift, appropriate action in cases involving staff misconduct or fraud.

With a continuous focus on improving service delivery, the team proactively identifies opportunities for process improvement that enhance both control and efficiency. In partnership with the training team, it facilitates capacity building at branches—ultimately driving operational excellence and reinforcing customer trust through improved branch ratings.

### STRENGTHENING CREDITWORTHINESS THROUGH CUSTOMER-CENTRIC DEBT RECOVERY

In FY 2025, Arohan reinforced its strategic and empathetic approach to managing overdue accounts through its **Debt Receivable Department**, focusing not just on recovery, but on **providing stressed customers with the necessary support and guidance to help them repay, thereby providing them with the opportunity to rebuild their creditworthiness.**

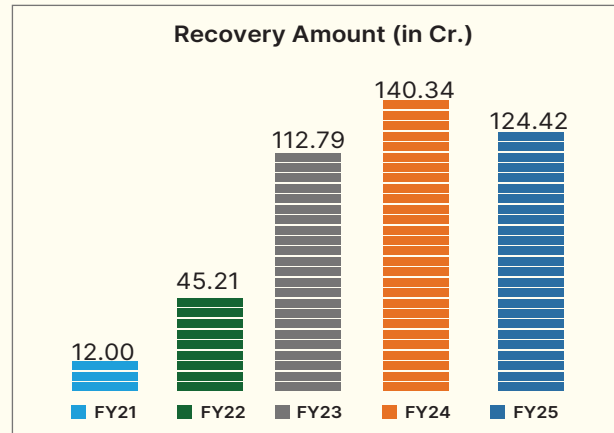
With a structured and scalable framework—comprising 2 Divisional Receivable Managers (DRMs), 2 Deputy Divisional Receivable Managers (DDRMs), over 70 Cluster Receivable Managers (CRMs), a Central Strategy Team, and more than 900 dedicated Receivable Executives (REs) on the ground—Arohan has built a robust mechanism for customer engagement and recovery.

This customer-focused approach led to the successful recovery of **INR 124.42 Cr** in FY 2025, including a significant **INR 63 Cr** from written-off accounts, demonstrating the effectiveness of combining operational strength with compassionate outreach. Many of these recoveries reflect instances where customers, with the right support, were able to resume repayments and work towards restoring their financial standing.





This marks the third consecutive year since the department's inception in FY 2023 that Arohan has surpassed **INR 100 Cr** in annual recoveries—an achievement that not only highlights operational excellence but also reinforces Arohan's ongoing commitment to **financial inclusion, customer rehabilitation, and sustainable credit growth**.



#### Customer Engagement and Recovery Strategies: A Balanced Approach to Support and Resolution

To achieve meaningful recovery outcomes while supporting customers in financial stress, Arohan implemented a set of broad, customer-centric strategies in FY 2025. These initiatives are designed not only to drive recoveries but also to **rebuild customer trust and creditworthiness** through proactive engagement, education, and structured resolution mechanisms.

#### Field Strategy: Personalised Outreach and Education

- **Customer Household Visits and Promise to Pay (PTP):** Arohan's team of Receivable Executives (REs) plays a crucial role in directly engaging with customers through household visits. Their efforts focus on establishing rapport, educating customers about the importance of maintaining a strong credit history, and encouraging timely repayments. When immediate payment is not feasible, REs work with customers to secure **Promise to Pay (PTP)** commitments, ensuring clarity and mutual accountability.
- **Data-Driven Engagement with Recovery Scorecards:** To prioritise and personalise outreach, Arohan has developed **customer-level Recovery Scorecards**. These are informed by each customer's collection history, payment patterns, current delinquency status, and performance metrics—both with Arohan (on-us) and externally (off-us). These insights enable targeted, effective follow-ups tailored to individual circumstances.

#### Legal Strategy: Structured Escalation with Fair Warning

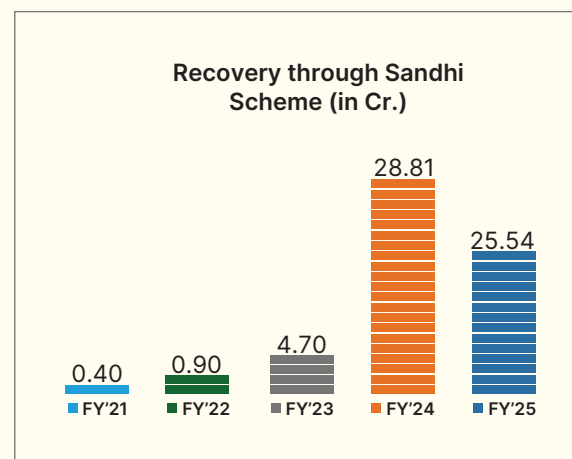
- **Soft Reminders and Legal Notices:** As part of a phased approach, **Soft Reminder Letters** are issued to encourage repayment and serve as an early intervention tool. If customers remain unresponsive, **formal Legal Notices** are issued through empaneled Advocates, emphasizing the seriousness of the obligation while still offering opportunities for resolution.
- **Alternative Dispute Resolution via Lok Adalats:** Arohan has also actively leveraged settlement opportunities through **Special Lok Adalats** and **National Lok Adalats**, providing customers with a fair and legal platform to settle dues. These initiatives not only expedite resolution but also offer customers a dignified path to restore their credit standing.

Through these **legal interventions**, Arohan recovered over **INR 28 Cr** in FY 2025—**1.4x higher** than the previous fiscal year—demonstrating the effectiveness of a balanced strategy that emphasizes both firmness and fairness.

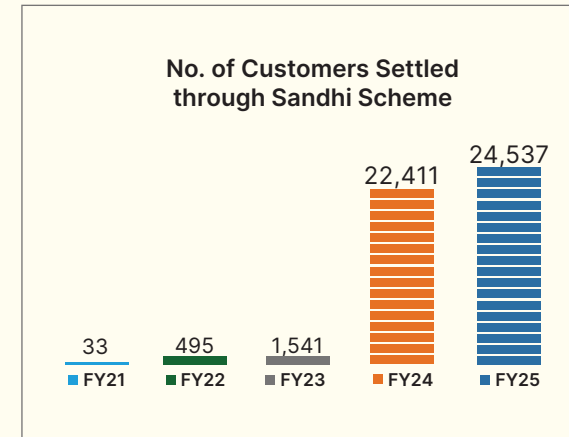
#### Other Key Recovery Initiatives:

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

**Recovery through Sandhi stood at INR 60 Cr as on March 31, 2025** compared to INR 34.81 Cr as on March 31, 2024, INR 6 Cr as on March 31, 2023, and INR 1.30 Cr as on March 31, 2022.



**Approximately 24,000+ customers were settled through this scheme in FY 2025**, compared to 22,000+ in FY 2024, 1500+ in FY 2023 and 495 in FY 2022.



- **Conversational Voice Bot:** In FY 2025, Arohan continued to use generative AI-driven conversational voice calls by "Arohi", the Company's first Bot Employee, to gauge customers' intentions regarding repayment or settlement of their overdue accounts. By following up on recorded Promise-To-Pay (PTP) dates, Arohan has ensured more targeted recovery efforts in a shorter timeframe. This approach has yielded significant results, with more than INR 5 Cr recovered with 72% of this recovery attributed to customers who were either not paying or had made only negligible payments previously. This underscores the effectiveness of leveraging advanced technology to engage with customers and drive positive outcomes in debt recovery efforts.
- **Dista, AI-based Field-Force Management Software:** Arohan continued leveraging the 'Dista' app—an AI-based field force management tool—to streamline the daily operations of its Recovery Executives. The platform enables efficient tracking of customer interactions, facilitates seamless follow-ups, and improves accessibility to harder-to-reach customers. In FY 2025, Dista was further enhanced based on frontline feedback, with new features introduced to support central recovery strategies, including in-app nudges that guide field teams toward priority actions. These upgrades significantly boosted the effectiveness of recovery efforts by expanding field coverage and increasing the likelihood of repayment from targeted customer segments.

#### MFI ALLIANCES – DRIVING SCALABLE GROWTH THROUGH STRATEGIC PARTNERSHIPS

Arohan continues to distinguish itself among NBFC-MFIs through its innovative alliance-based model, designed to expand access to credit and support the growth of the microfinance sector. Through this vertical, Arohan extends term loans ranging from INR 2 Cr to INR 30 Cr to smaller MFIs, enabling them to build and scale their microfinance portfolios.

What truly sets Arohan apart is its pioneering of exclusive Sourcing & Collection (S&C) arrangements. Under this model, partner MFIs establish dedicated branches to source and manage microfinance loans on Arohan's behalf. These loans are booked under Arohan's name and governed by its underwriting standards, ensuring quality and consistency. In return, partner institutions receive a share of the interest collections, creating a mutually beneficial, capital-light model that fosters portfolio expansion without direct capital investment.

This approach enables Arohan to extend credit into remote and underserved regions, supporting grassroots financial institutions with access to funding, technology, and operational know-how. By offering tailored consulting and training support, Arohan helps strengthen its partners' capabilities while reinforcing its own outreach and service delivery.

Arohan's inorganic business model further enhances its reach by leveraging non-qualifying assets through Term Loan partnerships, while enriching its qualifying book via S&C relationships. In addition, Direct Assignment agreements have been used to increase geographical diversification and maintain a high-quality loan book.

In FY 2025, Arohan expanded this ecosystem by onboarding 13 new MFI partners, improving liquidity for sellers through Direct Assignments and extending its footprint into new markets. This strategy reflects Arohan's commitment to financial inclusion, operational innovation, and sustainable growth, positioning it as a leader in collaborative microfinance.

#### CUSTOMER FIRST: DRIVING CUSTOMER TRUST THROUGH RESPONSIVE GRIEVANCE REDRESSAL AND DATA-DRIVEN INSIGHTS

At Arohan, putting customers at the heart of everything we do is not just a principle—it's a core





part of our identity. We continuously monitor and analyze evolving customer needs and behaviors, using these insights to adapt our processes, products, and services. This dynamic, responsive approach reflects our unwavering commitment to customer centricity and forms the foundation of our long-term strategy for inclusive and sustainable growth.

Our dedication to protecting and empowering customers has earned Arohan the prestigious Gold Certification for the Client Protection Principles (CPP)—a global benchmark for responsible financial practices. We proudly met 99.1% of the indicators established by CERISE & SPTF, an achievement that highlights our strong alignment with international standards.

In the words of the awarding committee:

*"The GOLD level is the highest level of achievement and signifies that the certified institution meets the most rigorous standards of client protection found in the Universal Standards for Social Performance Management."*

This recognition reaffirms our mission to deliver financial services that are transparent, respectful, and truly empowering, while continuing to build trust with the communities we serve.

### Empowering Customers Through Actionable Insights and Seamless Resolution

At Arohan, customer empowerment begins with listening, understanding, and responding effectively. The Customer Insights function serves as the nerve center for capturing customer feedback and driving satisfaction through swift, insight-led interventions.

Leveraging advanced cloud-based Customer Relationship Management (CRM) technology, this function ensures efficient routing and resolution of customer queries within defined timelines—contributing to a more responsive and satisfying customer experience. Acting as the custodian of Arohan's Grievance Redressal Mechanism, it operates in full compliance with the frameworks laid out by the Microfinance Institutions Network (MFIN), the Reserve Bank of India (RBI), and other regulatory bodies.

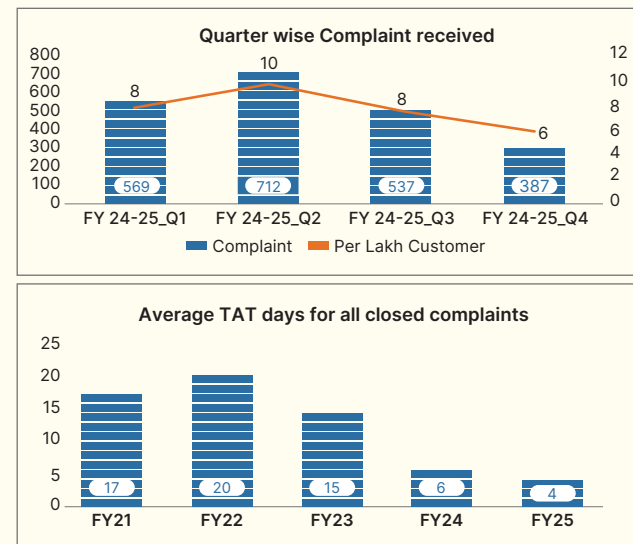
Beyond query resolution, the team actively monitors trends and feedback to derive actionable insights that inform process improvements and customer-centric innovations. With a sharp focus on Customer Experience (CX), Arohan is not just solving problems—it's building stronger relationships, deeper trust, and long-term loyalty.

### Streamlined Grievance Redressal for Faster, More Accountable Resolutions

Arohan has significantly strengthened its Customer Grievance Redressal Mechanism with the introduction of a Directly Responsible Individual (DRI) for every grievance received. This structured accountability has driven tangible results—reducing the average Turnaround Time (TAT) from 6 working days in FY 2024 to just 4 working days in FY 2025, ensuring customer concerns are resolved swiftly and effectively.

To further reinforce responsiveness, Arohan has implemented a tiered escalation framework with Level 1 and Level 2 escalation paths. If a grievance remains unresolved within the defined timeline by the assigned DRI, it is automatically escalated to ensure priority handling and resolution—leaving no issue unaddressed.

This streamlined, technology-enabled approach reflects Arohan's deep commitment to customer centricity, where every concern is treated with urgency, transparency, and care. By embedding accountability at every step, Arohan continues to deliver on its promise of exceptional service and trust-driven relationships.



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

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

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

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

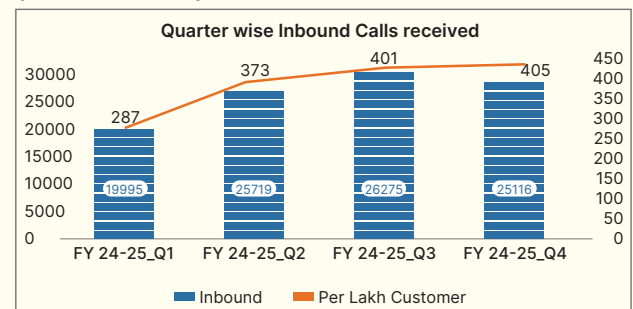
### Inbound Process – The Frontline of Arohan's Customer-Centric Service

At the heart of Arohan's **Customer Grievance Redressal Mechanism** lies a well-structured and responsive **Inbound Process**, designed to ensure that every customer concern is addressed with **urgency, empathy, and efficiency**.

Arohan goes beyond standard service expectations by offering **multilingual Customer Care**, enabling seamless communication for customers across diverse regions. In FY 2025, the company further strengthened this offering by upgrading its **call center IVR system to support 8 Indian languages**, enhancing accessibility for customers and providing better support for field officers in their daily operations.

When a customer raises a complaint or query, it is first addressed by either the **Customer Service Representative** or the **Branch Head**. If the matter remains unresolved, customers can escalate their concern through the **toll-free number 1800 103 2375**, where it is directed to the **Customer Care Helpdesk**. From there, a **structured escalation matrix** is automatically activated, ensuring the issue is efficiently routed through defined levels of resolution, up to the **Nodal Officer** if necessary.

An **integrated, workflow-based routing system** supports this process, enabling systematic tracking, timely follow-ups, and comprehensive resolution of each case. This proactive and tech-enabled approach reflects Arohan's unwavering commitment to **transparency, accountability, and customer satisfaction**, reinforcing the trust placed in us by our valued clientele.

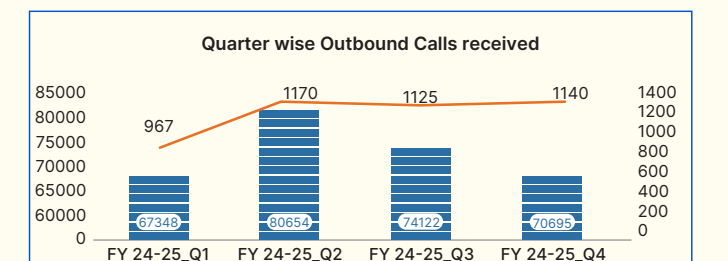


### Outbound Process – Deepening Customer Understanding and Driving Proactive Engagement

Through its robust **Outbound Process**, Arohan's **Customer Insights vertical** plays a vital role in actively engaging with customers to understand their evolving needs—while maintaining the highest standards of **customer centricity, integrity, and responsiveness**. Surveys are conducted with **precision and purpose**, spanning key areas such as **loan sourcing experience, customer satisfaction, overdue accounts, dropout analysis, and targeted surveys** are deployed to capture deeper insights into customer preferences, enabling more tailored and relevant service delivery.

Arohan also uses this channel to support customers facing repayment challenges. When an EMI is missed, the team reaches out to **establish a 'Promise to Pay' (P2P) date**, providing a structured yet empathetic touchpoint. This not only empowers customers to stay on track with their commitments but also allows the **field team to follow up effectively**, enhancing overall collection efficiency.

Together, these outbound initiatives reflect Arohan's commitment to **exceptional customer experiences, data-informed decision-making, and operational excellence**—driving both customer trust and business performance in FY 2025.



### Integrated WhatsApp Chatbot – Enhancing Customer Experience Through Smart, Seamless Support

As part of its commitment to continuous innovation in customer service, Arohan has integrated the **WhatsApp Business platform** into its **inbound support ecosystem**, further elevating the customer experience through convenient, real-time communication. **cross-selling potential**. In addition, **need-based**

The **WhatsApp Chatbot service** enables the efficient handling of a high volume of customer queries simultaneously, significantly **reducing response times** and enhancing overall **customer satisfaction**. With its intuitive interface and 24/7 availability, the chatbot ensures that customers can access support **anytime, from anywhere**, in a language they understand.





Beyond query resolution, the platform is leveraged to send **personalized reminders, alerts, updates, and notifications**, allowing Arohan to **proactively engage with customers** and keep them informed at every step of their journey. This not only strengthens communication but also reinforces Arohan's commitment to a **frictionless, customer-first experience**.

By embracing digital tools like WhatsApp, Arohan continues to build a **smart, scalable, and customer-centric service model**—empowering customers and optimizing operational effectiveness.

### RATINGS & GRADINGS – REINFORCING OUR COMMITMENT TO EXCELLENCE AND RESPONSIBLE GROWTH

The following rating and grading achievements reaffirm Arohan's continued focus on building a **sustainable, scalable, and socially responsible business model**, strengthening its position as one of India's leading microfinance institutions.

**CARE MFI 1 Grading:** Arohan retains the highest-rated MFI 1 grading from CARE Ratings for the eighth consecutive year in its assessment held in FY 24-25. The grading is assigned on an 8-point scale with MFI 1 being the highest, enabling Arohan to retain its position among the choicest MFIs in India.

**Code of Conduct Assessment (COCA):** Arohan retains the highest-rated C1 grading for the eighth consecutive year. The top notch grading has been awarded to Arohan by CARE Advisory Research and Training Limited (CareEdge Advisory). The score of 93% have been earned on indicators concerning Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal, and Data Sharing.

**Social Rating – ALINUS SPI5:** In FY 2025, Arohan received an **Alpha Social Rating** with a **Positive Outlook** from M-CRIL, based on an assessment conducted using the **ALINUS SPI5 tool methodology**—a globally recognised standard for social performance management. With a score of **85% on a 7-point scale**, the report cited Arohan's "**strong social commitment, very good systems, and clear evidence of alignment with its social mission and values.**" This marks Arohan's **first social rating under the ALINUS SPI5 framework**, with the rating valid for two years, reinforcing the company's dedication to achieving its social impact goals alongside financial growth.

### QUALITY-FIRST APPROACH TO SAFEGUARD CUSTOMER INTERESTS AND ENSURE OPERATIONAL EXCELLENCE

At Arohan, quality is not just a benchmark—it is a **commitment to protecting and empowering our customers**. Central to this philosophy is a robust framework anchored in the **quality trinity of Credit Underwriting, Risk Management, and Internal Audit**. These three pillars act as critical safeguards, ensuring that every operational decision and product offering aligns with the highest standards of integrity, transparency, and customer welfare.

In an industry marked by dynamic challenges, Arohan's unwavering focus on **rigorous quality controls** ensures that business growth does not come at the cost of **customer trust or portfolio stability**. This structured approach—integrated across diversified products and delivery models—helps maintain the **financial health and sustainability of portfolios**, ultimately benefiting the very individuals the Company aims to serve. By creating a **secure and compliant operating environment**, Arohan reinforces its commitment to **fair practices, responsible finance**, and the long-term success of its customers.

### CREDIT UNDERWRITING

Arohan's Credit Team is committed to minimizing credit risk while ensuring sound decision-making in loan origination. To achieve this, the team has implemented a comprehensive **three-layered Credit Underwriting Process**, which includes:

#### 1. Credit Rule Engine Embedded in the Loan Origination System (LOS)

Arohan's Credit Committee serves as the ultimate custodian of credit policies, developed through extensive deliberations with key stakeholders. Policies are guided by RBI Master Directions on Microfinance, SRO guidelines, MFIN guidelines, industry practices, and market-specific portfolio quality. For each product, the Credit Committee determines the credit instruments and benchmarks, which are then published as Credit Circulars. These circulars serve as the primary guidelines for sourcing staff at the field level. The credit rules are embedded directly into the LOS, where system validations ensure faster, unbiased decision-making and seamless process execution.

### Pratima Jana, Hingalganj, West Bengal

*"When I started, I had only dreams—but no money to grow. My first loan of INR 20,000 from Arohan changed everything for me. With their support, I built a business that now serves over 250 customers, and my income has increased from INR 7,000 to INR 30,000 per month. I'm proud to be seen as an established woman in my village today. Arohan didn't just give me money—they gave me confidence, respect, and a new identity. My family now dreams bigger, and I feel proud to be the reason for that. I'm not just growing a business—I'm shaping a better future for all of us."*

Pratima Jana is a resident of Mamudpur village in Hingalganj, North 24 Parganas, West Bengal. She belongs to a nuclear family and has studied up to Class VIII. Her husband works as a daily labourer, and together they support their family through her small business.

Despite having the drive to grow, Pratima lacked access to financial resources. She needed capital to scale her grocery business, reach more customers, and improve her family's livelihood. Until 2016, she had never taken a formal loan and was unsure of how to approach financial institutions.

In October 2016, Pratima took her first micro loan of INR 20,000 from Arohan. It was a leap of faith - her first experience with structured credit. Arohan provided not only the loan but continuous support, helping her understand financial planning, savings, and business development.

Since joining Arohan, Pratima's business has flourished. From serving just 60-70 customers, her business grew to cater to over 250. Her monthly income rose from INR 7,000 to INR 30,000 per month. She took another loan—this time for INR 95,000—adding a Xerox and a Lamination machine to her shop, fuelling even more growth.

Pratima's success has transformed how her community sees her. She is now seen as a role model and established entrepreneur in her village. She's not only helped her own family but has become a symbol of what rural women can achieve with the right support. Her involvement in the ArohanPrivilege program has saved her valuable time, giving her more focus to plan and expand.

Pratima's journey illustrates the power of microfinance in empowering rural women. Through Arohan's timely support and her own perseverance, she has built not just a business, but a legacy of resilience and hope.







## 2. Field-Level Credit Appraisal

Acknowledging the inherent challenges in verifying income and savings of microfinance borrowers, Arohan emphasizes **physical verification** conducted by Sourcing Customer Service Representatives (CSRs) and **cross-verification** by Branch Heads (BHs). This includes on-site visits to the borrowers' residences or workplaces, where detailed demographic, economic, and credit behavior data is collected. The information gathered forms the foundation of the **Household Income Assessment** and the calculation of the **Fixed Obligation to Income Ratio**, both of which are integral to the microfinance loan decision-making process as per the RBI Master Direction on Microfinance, 2022. To ensure consistency and accuracy, CSRs and BHs undergo continuous **training and refresher sessions** focused on effective **Customer Due Diligence (CDD)** and **Personal Discussions (PD)**.

## 3. Quality Checking of KYCs and Borrower Credentials

The cornerstone of any successful loan appraisal is establishing the borrower's identity. The process begins with **e-validation of KYC documents**, which helps confirm key details such as residential address, Credit Bureau reports, and bank account information. When all these data points align, the chances of incorrect borrower selection are minimized. Due to the critical nature of this step, the process is **centrally managed**, independent of business influence, ensuring unbiased judgments.

Through this **three-layered approach**—combining automated rule-based checks, field-level verification, and stringent KYC validations—Arohan strives to optimize credit risk management. This reduces the cost of credit while maintaining the highest standards of **customer protection and financial inclusion**.

### Inorganic Credit

The Inorganic Credit function at Arohan operates within a structured and well-defined credit appraisal process, adhering to the Inorganic Credit Policy, which is approved by the Credit Committee. These policies establish comprehensive appraisal standards, encompassing both quantitative and qualitative metrics, and provide clear guidelines for various

financial products such as Term Loans, Direct Assignments, and Sourcing & Collection. In collaboration with underwriting, field, and relationship teams, the Inorganic Credit Team ensures effective implementation of these policies under the direct oversight of the Credit Committee.

The evaluation of borrower risk is conducted through a comprehensive analysis, considering the following key factors:

- **Industry Risks and Prospects:** An assessment of the overall risks and growth potential within the borrower's industry.
- **Financial Position:** A thorough review of the borrower's financial health, including an analysis of financial statements, historical performance, flexibility in raising capital, asset-liability mismatches, and capital adequacy after stress testing.
- **Geo-Concentration:** Examination of the geographical concentration of the borrower's operations to gauge exposure to regional risks.
- **Delinquency and Portfolio Quality:** Monitoring of **PAR (Portfolio at Risk)** movements and a quality evaluation using key delinquency metrics.
- **Collection Efficiency:** Tracking of collection efficiency, validated with supporting bank statements.
- **Market Position and Efficiency:** An analysis of the borrower's market standing and operational efficiency.
- **Management Quality:** An in-depth evaluation of the borrower's management team, including their track record, payment history, and overall financial standing.
- **Rating Rationale:** A detailed justification of the borrower's assigned rating.
- **Cash Flow Analysis:** A thorough review of cash flow, traced from bank statements, to assess liquidity and repayment capacity.
- **Industry Comparison:** Benchmarking the borrower's performance against industry peers for relative competitiveness.

For **Direct Assignments** (portfolio purchases), the Inorganic Credit Team strictly adheres to **RBI-approved policies**, ensuring compliance and risk mitigation. The team also actively monitors the portfolio quality of **Micro Enterprise Loans** and **MFI Alliances**, providing regular updates to both management and the Board on key developments and any relevant changes.

## RISK MANAGEMENT

Over the years the Risk Management function has evolved at Arohan in line with Regulatory mandates and stakeholder expectations. Risk management oversight is therefore, spread across all functions in the Company, in the light of the changing business and economic environment, especially in the microfinance segment in the year FY 2025. The Business & Risk strategies that were deployed not only ensured that Arohan remained well-prepared for facing and mitigating challenges throughout the financial year, but also reported a portfolio quality which is amongst the lowest across peers in the MFI segment.

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

The financial year of FY 2025 has been challenging for the microfinance sector. Aggressive growth by certain quarters in the microfinance sector has had an impact on the microfinance Industry's portfolio quality trends. This was in the backdrop of a sluggish rural economy, geo-politics and other socio-political headwinds. Regulatory action by Reserve Bank of India also had a bearing on the sector outlook. With lending institutions slowing on advances to the sector liquidity remained tight impacting growth and money supply to the microfinance customers. The overall microfinance Industry shrunk for the first time since the Covid years.

Arohan worked closely with our SRO, MFIN, prior to the release of Guardrail 1.0 in the second half of the financial year which recommended capping of number of lenders & indebtedness across all microfinance customers. With Guardrail 2.0 becoming effective in Q1 of FY 2026, the sector is expected slow down on growth further, a painful but essential correction required for the microfinance Industry.

Reduction of Pricing in Q4 has also been one of the major headwinds faced by Arohan post the cease & desist order of October 2024. However, Arohan's is well capitalised with a CRAR of ~34% to address these medium-term challenges.

## Risk Analytics & Practices

Arohan continued the strengthening its incisive Risk Analytics, enhancing capabilities using various statistical tools, large data processing software, and visual analytic tools such as Python, R, and Tableau. This reinforces the position of Arohan's risk management unit to provide sector-leading, critical, rationale-driven business intelligence inputs to the management and the stakeholders. Such inputs and insights enhance the Company's strategic planning capabilities and provide key actionable for the Management.

Arohan has acquired the license of a machine learning based modelling platform, Knowledge Studio, which strengthens Arohan's existing in-house capabilities & deep domain knowledge of statistical modelling, predictive & forecasting expertise. These meticulously acquired skillsets & expertise has been widely appreciated & commended by various stakeholders including investors & regulators.

### • Credit Risk Management

Arohan's proprietary microfinance specific acquisition scorecard 'NIRNAY', has been upgraded with the renewal & data refresh through "NIRNAY 2.0". Modelling NIRNAY along with Arohan's expertise in forecasting science ensured that Arohan was able to fully satisfy various auditor's & most importantly RBI's risk pricing audits & scrutiny throughout the year with zero comments or observations.

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

### • Operational Risk Management

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





normal risk environment throughout FY 2025.

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

- **Enterprise Risk Management**

Arohan has been proactively working on the microfinance sector-specific ERM structure for a while now. That foresight started bearing fruits in FY 2025, with the Reserve Bank of India actively encouraging systemically important NBFCs, during their regular audits and in their specifically curated CRO Workshop, for the deployment of Enterprise Risk Management (ERM) systems. ERM is a globally well-established framework for effectively optimising Risk vis-à-vis Return, and providing accurate and insightful visibility on all inherent risks inherent during the functioning of an organisation. As a mandate for the Risk unit, Arohan initiated the implementation of the Enterprise Risk Management (ERM) project using the COSO framework. Christened SANDESH, the project has made significant progress with the platform that was completely developed in-house. The platform is already operational with the respective Risk Owners approving the risk registers along with their controls and thresholds. Arohan is again the first in the sector for the development of ERM in true letter and spirit.

#### **Business Continuity Policy (BCP)**

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

#### **Appointment & Reporting of CISO**

In FY 2024, Reserve Bank of India through its circular titled Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices had directed for detailed compliance across Information technology practise & control and cyber security preparedness, cyber crisis management & mitigation plans. In line with one of the key directives in the said circular is the definition & scope of the

role of a Chief Information Security Officer (CISO) with reporting lines to the Chief Risk Officer. In compliance to the said circular, a General Manager cadre officer has been appointed as a CISO in Arohan with effect from April 1, 2024 to bring in the desired focus & actionable regarding information technology and cyber security risk management. An independent vCISO consulting team has been appointed under the oversight of the CISO to ensure better Information Security preparedness at Arohan.

#### **INTERNAL AUDIT MANAGEMENT**

At Arohan, the Internal Audit function plays a vital role in protecting the interests of our customers by ensuring transparency, accountability, and sound governance across all operations. Through its independent assessment of internal controls, risk management practices, and governance systems, the Internal Audit team helps uphold the integrity and reliability of the organisation. This disciplined and systematic approach not only enhances operational efficiency but also strengthens the trust customers place in Arohan. Reporting directly to the Audit Committee of the Board, the Internal Audit department operates with complete independence. The Audit Committee regularly evaluates the department's structure, audit plan, and staffing to ensure a thorough and unbiased review process—ultimately reinforcing Arohan's commitment to safeguarding customer trust and confidence.

#### **Strategic Role and Compliance**

Arohan's Internal Audit function acts as a strategic partner to management, providing valuable insights that reinforce internal controls, ensure compliance, and enhance risk management and governance practices. By aligning with the Reserve Bank of India's (RBI) Risk-Based Supervision (RBS) framework—particularly the guidelines outlined in the RBI's circular dated February 3, 2021, on "Risk-Based Internal Audit (RBIA)" for large non-deposit-taking NBFCs—Arohan strengthens its internal defenses and reinforces its accountability. In addition, the function complies with the governance requirements under the Companies Act, 2013, and adheres to the Standards and Guidelines prescribed by the Institute of Chartered Accountants of India (ICAI). These efforts not only support regulatory compliance but also fortify customer confidence by promoting transparency, resilience, and long-term organisational integrity.

#### **Professional Expertise and Diversity**

Arohan's Internal Audit team is built on a foundation

of deep expertise and multidisciplinary skill sets, ensuring high-quality, insightful assessments across all operational areas. The team includes:

- 2 Chartered Accountants (CA)
- 2 Certified Information System Auditors (CISA)
- 1 Certified Internal Auditor (CIA)
- 10+ MBAs working across both headquarters and field operations
- 2 Lead Auditors certified in ISO 9001:2015 and ISO 27001

This robust mix of qualifications enables the team to address complex audit challenges with both technical precision and strategic perspective.

Beyond technical excellence, Arohan champions diversity and inclusion within the each critical functions. Currently, seven women professionals contribute to the Internal Audit team, with ongoing efforts to further enhance women representation. This commitment reflects a broader vision of fostering gender equity in a field where women leaders remain underrepresented, and reinforces Arohan's dedication to building a balanced and forward-thinking audit environment.

#### **Quality Certification**

Arohan's unwavering commitment to quality and operational excellence is reflected in its achievement of multiple ISO 9001:2015 certifications. In FY 2020, the Internal Audit function received ISO 9001:2015 certification from the British Standards Institution (BSI), recognizing its strong adherence to internationally accepted quality management standards in audit practices. This certification was reaffirmed in February 2023, following a comprehensive surveillance audit, extending its validity for another three years and reinforcing Arohan's dedication to continuous improvement in audit quality.

Building on this foundation, in FY 2025, Arohan achieved another significant milestone by securing the Certificate of Registration for Quality Management System: ISO 9001:2015—this time for the entire organisation. This recognition confirms that Arohan has implemented a robust, process-driven working system aligned with globally recognised Quality Management System (QMS) standards. It reflects the Company's steadfast focus on delivering consistent, high-quality services, maintaining clearly defined processes, and striving to enhance customer

satisfaction while driving overall business performance.

#### **Infrastructure and Technological Integration**

In the microfinance sector, effective internal auditing requires a strategic balance of on-ground operational insight and audit expertise. Arohan has built a strong Internal Audit infrastructure, supported by a dedicated team of approximately 200 skilled auditors deployed across its operational regions. These professionals are selected through a rigorous screening process and continuously upskilled through targeted training and development programs, ensuring they remain adept in evaluating diverse and dynamic business environments.

In FY 2025, Arohan's Internal Audit function achieved significant operational scale, successfully auditing over 1,000 branches on a quarterly basis. This extensive coverage included all key business verticals—Microfinance, Micro Enterprise Loans, Arohan Privilege Digital Lending, and Business Correspondence (BC). Notably, audit coverage for Microfinance and BC branches maintained 100% compliance throughout the year, underscoring Arohan's commitment to risk mitigation and service integrity.

To drive efficiency and ensure accountability, the department leverages a real-time, web-based Audit Management System (AMS), developed in collaboration with the in-house IT team. The AMS facilitates systematic documentation, real-time monitoring, and prompt resolution of audit findings. In 2023, Arohan strengthened its governance framework with the rollout of a comprehensive Fraud Management System (FMS), designed to enhance fraud tracking, documentation, and control across all stakeholder touchpoints. Together, these systems support a culture of transparency, accountability, and continuous improvement—ultimately safeguarding customer interests and reinforcing operational resilience.

#### **Data Analytics Integration**

The **Data Analytics team** within the Internal Audit function enhances audit effectiveness by providing **exception reports, MIS, and analytical inputs** for field audit verification and management insights. These insights empower management with valuable leads to strengthen internal controls.





## Methodology and Reporting

Arohan follows a **three-pronged audit approach**, ensuring a comprehensive review of business functions:

1. **Field Processes:** Covers verification, collection, and disbursement processes.
2. **Back-End Activities:** Focuses on screening deviations in documentation and administrative processes.
3. **Customer Contact:** Cross-checks systems and processes that influence customer interaction and behavior.

Each branch is audited quarterly and assigned an **audit grading** based on observations and scores. Branches undergo either **regular or snap audits** on a half-yearly basis. Snap audits target high-risk areas with shorter turnaround times, ensuring rapid detection of critical issues. Support functions, including **Compliance, HR, IT, Finance, and Central Operations etc.**, are audited at least **twice a year**. Formal audit reports are submitted to the **Audit Committee quarterly** to ensure consistent oversight.

## Vigilance Function

In FY 2021, Arohan established its Vigilance Department, led by a seasoned ex-serviceman with vast expertise in investigative and security operations. This department is dedicated to conducting thorough investigations into major fraud cases and plays a crucial role in liaising with local Government Agencies, ensuring that the necessary support is obtained when required.

The Vigilance Department works closely with Arohan's Internal Audit team, which remains instrumental in upholding governance excellence, ensuring operational resilience, and driving sustainable business growth. Together, these functions serve as the cornerstone of Arohan's commitment to integrity, security, and long-term success.

## EMPOWERING CUSTOMERS THROUGH ADVANCED IT-DRIVEN LENDING SOLUTIONS

At Arohan, we are redefining customer experience through a robust, future-ready IT landscape. By leveraging cutting-edge, data-driven technologies and agile development practices, we are able to respond to customer credit needs in real time—often delivering tailored solutions within minutes. Our ongoing investment in pioneering IT initiatives ensures a seamless customer journey, from application to disbursement, delivering greater speed, accuracy, and service excellence at every step.

Arohan sets itself apart in the financial inclusion space through a future-ready, technology-first approach that places customer service and efficiency at its core. By continuously enhancing its IT infrastructure and embracing pioneering digital initiatives, Arohan has built a robust, agile ecosystem that empowers faster, more personalised, and seamless service delivery. These strategic investments in technology not only streamline operations but also enable smarter decision-making and deeper customer engagement.

## Embracing a Commitment to Data Excellence

At Arohan, data excellence is at the heart of our technology-driven strategy to deliver superior customer service and maximize operational efficiency. By harnessing cutting-edge technologies, we ensure that data is not only securely managed but also optimised to streamline processes and drive smarter, faster decision-making. Throughout FY 2025, we remained focused on evolving our digital infrastructure and automating key business processes—initiatives designed to boost efficiency, reduce operational costs, and ultimately serve our customers better.

Our commitment to safeguarding data integrity and system reliability is underscored by the prestigious ISO/IEC 27001:2013 certification awarded by the British Standards Institution (BSI). This globally recognised certification reflects our rigorous adherence to international standards for information security and management across all critical functions—including Human Resources, Finance, Risk, IT, and Compliance. It reinforces Arohan's unwavering dedication to information security and operational excellence, building trust and transparency at every level of customer engagement.

## Digitally-Driven Operational Workflows for Enhanced Customer Service

At the heart of Arohan's mission to meet the credit needs of nearly 2.1 mn customers lies a deeply digital operational backbone designed to maximise efficiency, agility, and customer impact. Our robust IT infrastructure powers a high-volume Loan Management System, handling over 300,000 transactions daily and capturing more than 300 data points per customer—ensuring personalised, data-rich engagement at every touchpoint.

To fuel intelligent decision-making, Arohan has established a state-of-the-art Data Warehouse. In collaboration with CRIF, this customisable scoring engine optimises lending decisions, , In

for business intelligence and analytics. The resulting dynamic dashboards and actionable insights empower both field teams and leadership with real-time visibility, enabling faster, more informed strategies and operational responsiveness.

Arohan's mobile-first approach ensures our teams stay seamlessly connected to customers in all conditions. All field staff are equipped with mobile or tablet devices, and our flexible BYOD (Bring Your Own Device) policy further enhances accessibility and productivity on the go.

Our forward-thinking investments in cloud-based technologies and digital tools have transformed our operational workflows—creating an ecosystem that is scalable, secure, and fully optimized for the future. Key platforms and innovations include:

- **Profile (FIS Core Banking System):** As the first NBFC-MFI in India to adopt Profile, Arohan has revolutionised backend operations, enabling unmatched transaction volume handling and superior service reliability.
- **MeraArohan:** A comprehensive digital suite that supports both core and non-core functions—from loan origination to recoveries, internal audit, cross-sell marketplace, field monitoring, and document management—digitally unifying the organisation under one cohesive platform.
- **ApnaArohan:** Our customer-facing app provides quick loan disbursements (under 10 minutes for *ArohanPrivilege* users), multilingual support, real-time loan status, eligibility checks, insurance info, grievance redressal, and direct communication with field officers. It enhances customer autonomy and experience across all serviced geographies.
- **Prismatic by CRIF High Mark:** Used for data-driven area selection, this advanced analytics tool informs strategic expansion into new regions.
- **BoardPAC:** A comprehensive corporate governance software that manages all board-related activities in a paperless, transparent, and timely manner. This has led to reduced usage of and dependence on physical documents, ultimately increasing security and reducing turn-around time as well as costs.
- **Nirnay (Credit Scoring with StrategyOne):** In collaboration with CRIF, this customisable scoring engine optimises lending decisions, improves risk control, and ensures consistent customer experiences across segments.

FY 2025 Arohan was recognised with the SKOCH Order of Merit Award for Implementation of its Credit Scoring Module.

- **Arohan Social:** Launched in FY 2025, Arohan Social is an enterprise-wide communication platform designed to connect employees across every level of the organisation. By breaking down linguistic and geographic barriers, the app fosters seamless collaboration and real-time communication, ensuring that all employees, from field staff to senior management, are aligned and informed. With features like real-time translation and mobile access, it enhances productivity, boosts employee engagement, and promotes a culture of transparency and inclusivity.
- **HRMS Upgraded to Adrenalin MAX 2.0:** Arohan has implemented Adrenalin MAX 2.0, an advanced Human Resource Management System featuring enhanced functionality, strengthened security, and an intuitive user interface—streamlining HR workflows and delivering a more efficient and seamless experience for employees.

Through these digital innovations, Arohan continues to elevate its operational excellence and customer service delivery—ensuring that every interaction is faster, smarter, and more impactful.

## Seamless Digitization of Customer Lifecycle Management

Arohan's strategic integration of cutting-edge digital solutions ensures the company is not only prepared for the future but also drives exceptional operational efficiency. This digital transformation empowers advanced data analytics, enabling targeted customer profiling, personalised product offerings, and risk-based pricing—all of which enhance customer satisfaction and deepen engagement.

The company's loan lifecycle management leverages technology across every stage—from branch area selection to loan origination, data validation, quality assurance, and repayment monitoring. This seamless digitization ensures speed, accuracy, and compliance at every touchpoint.

- **Data-Driven Expansion:** Arohan uses CRIF High Mark analytics to assess key business factors like portfolio quality and market competition, guiding strategic territory expansion.
- **Streamlined Loan Origination:** Through the *meraArohan* platform, the loan origination process is automated, with real-time credit checks, loan eligibility calculations, and seamless KYC document uploads. Group Recognition Tests further ensure accurate onboarding before loan approval.





- **Rigorous Quality Assurance:** All customer files and digital documents undergo stringent quality checks at Arohan's Central Hub to ensure data accuracy and regulatory compliance.
- **Bank Account Authentication:** Post-approval, a penny-drop test verifies the customer's active bank account status, enhancing security and trust.
- **Simplified Onboarding:** KYC authentication is streamlined via an e-signature facility, with geo-tagging and liveness image checks ensuring a legally compliant and auditable trail, reducing time and optimizing cost-efficiency.
- **Loan Utilization Monitoring:** Field employees conduct post-disbursement Loan Utilization Checks via the *meraArohan* app to ensure funds are used appropriately.
- **Integrated Core Banking:** Arohan's *Profile* system, a robust Core Banking platform from FIS, powers end-to-end loan management, supporting real-time transaction tracking and operational scalability.
- **Real-Time Repayment Monitoring:** Repayments are tracked in real time through *meraArohan*, while digital repayment options such as UPI, AEPS, Credit/Debit Cards, digital wallets, and cash drop points offer customers multiple convenient methods to repay their loans.
- **Seamless EMI Management:** UPI and E-NACH mandates enable hassle-free and automated EMI collections.

Furthering Arohan's digital journey, the company has embraced a cloud-based Customer Relationship Management (CRM) system, ensuring smooth operations even during disruptions like lockdowns. The system automates query routing to language-proficient employees, accelerating response times and enhancing the overall customer experience.

#### Launch of Aadhaar-Enabled eKYC

In FY 2025, Arohan achieved a significant milestone with the successful launch of Aadhaar-enabled eKYC for underwriting. As one of the first NBFC-MFIs to implement this technology, Arohan set a new industry benchmark with its first successful loan disbursal in Bangalore.

The introduction of Aadhaar-enabled eKYC has not only boosted operational efficiency but also reinforced Arohan's commitment to financial inclusion and

customer-centricity. This transformative solution is helping us reach underserved communities, ensuring they have access to essential financial services in a fast, secure, and compliant manner.

Currently, this solution is being rolled out in phases across various geographies, allowing Arohan to expand its digital footprint and provide timely financial support to a wider customer base.

#### Key Benefits of eKYC:

- **Fast and Paperless:** Streamlines the customer onboarding process, eliminating the need for physical documentation and *reducing turnaround time*.
- **Secure:** Utilizes *Aadhaar-based biometric and OTP authentication* to ensure robust data security and fraud prevention.
- **Regulated and Compliant:** *Fully compliant with regulatory requirements*, ensuring adherence to legal and industry standards.

By adopting Aadhaar-enabled eKYC, Arohan is enhancing its ability to deliver faster, more efficient services, ultimately improving customer satisfaction and driving broader financial inclusion.

#### Promoting Ethical and Sustainable Technology Practices

At Arohan, we are deeply committed to the responsible and ethical use of technology, ensuring that our digital engagement aligns with the highest standards of safety, respect, and environmental responsibility. We take proactive measures to ensure the environmentally-friendly recycling and disposal of our end-of-life IT assets. In adherence to guidelines set by the Pollution Control Board for e-waste management, Arohan guarantees that retired technology is disposed of responsibly, minimising environmental impact.

Looking ahead, Arohan is poised to make significant investments in Artificial Intelligence (AI) tools as part of our ongoing digital transformation. This strategic move is designed to elevate customer experiences, drive personalisation, and optimise operational efficiency through innovative technology.

#### Madligere Renuka, Haranappali, Karnataka

*"Thanks to Arohan, I was able to take a step toward building a better future for my family. With the loan of INR 59,000, I purchased a cow and started a small dairy business alongside our farming. The ArohanPrivilege platform made the loan process fast and simple—it took just about an hour and a half from document upload to receiving the money. Now, with the support of my husband, our business brings in a monthly profit of INR 20,000 to INR 30,000. I feel confident and hopeful. Our family now dreams bigger, and we know we have a trusted partner in Arohan to help us grow."*

Madligere Renuka is a determined woman from Haranappali, Karnataka. Originally from Madligere, she leads a quiet but hardworking life with her husband and two children—a son and a daughter. Having studied up to Class XII with a background in farming, Renuka balances the responsibilities of a homemaker while managing their land where they grow vegetables, corn, and ragi. Alongside, she nurtures a dream—one rooted in dairy farming.

Renuka and her husband had the skills and motivation to start a dairy business but lacked the financial means to purchase livestock. They had previously taken a loan from Dharmasthala Sangha, but needed further capital to grow.

Encouraged by positive feedback from neighbors, Renuka approached Arohan and became a customer in 2024. Having maintained a good credit history, Renuka received an individual loan of INR 59,000 through ArohanPrivilege, to purchase a cow. The loan application and disbursement process, supported by ArohanPrivilege, was smooth and efficient—completed in just 1 hour and 30 minutes.

The loan helped Renuka and her husband successfully grow their dairy business. They now earn a monthly profit ranging between INR 20,000 to INR 30,000, which has strengthened their household income and added stability to their lives. Renuka feels more confident and positive about her role in the family and community. Though she describes her status in society simply as "good," the business has laid a strong foundation for their future goals.

Renuka's journey reflects the real impact microfinance can have in empowering rural women entrepreneurs. With minimal resources and the right support, she turned an idea into income and a dream into a goal. Arohan's role has been vital—not just in financing, but in fuelling confidence, independence, and long-term vision.







Arohan has consistently been at the forefront of digital innovation within the microfinance sector. Our mobile-first approach, cloud-based CRM system, seamless cashless transactions, data analytics capabilities, e-signature integration, and facial recognition technologies are just a few examples of how we're leveraging technology to enhance both customer service and operational efficiency. By combining these digital solutions with our commitment to sustainable practices, Arohan is paving the way for a future-ready organisation, ready to lead the microfinance industry into a more efficient and ethical future.

## AROHAN'S DIVERSIFIED LIQUIDITY STRATEGY: ENABLING OPERATIONAL EFFICIENCY AND CUSTOMER WELL-BEING

In FY 2025, Arohan adopted a proactive and diversified liquidity strategy to navigate industry headwinds and support customer-centric growth. Despite sector-wide challenges, Arohan ensured efficiency in operations and timely customer support. Investments in government securities and improved portfolio quality further enhanced confidence. As securitisation gains industry traction, Arohan remains committed to efficient liquidity management and inclusive financial services for underserved communities.

Financial year 2025 has been a significant year for Arohan with total asset and gross portfolio at INR 6,886 Cr and INR 6,003 Cr respectively.

### Arohan closed the year with the following key financial results:

- Total Revenue stands at INR 1,695 Cr.
- Pre-Provisions Profit before Taxes stands at INR 536 Cr shows strong business model fundamentals.
- Improved retained earnings along with increased Equity Capital base have resulted in healthy CRAR at 34.09%
- Net worth stood at INR 2,025 Cr.

Arohan continued its growth trajectory in FY 2025,

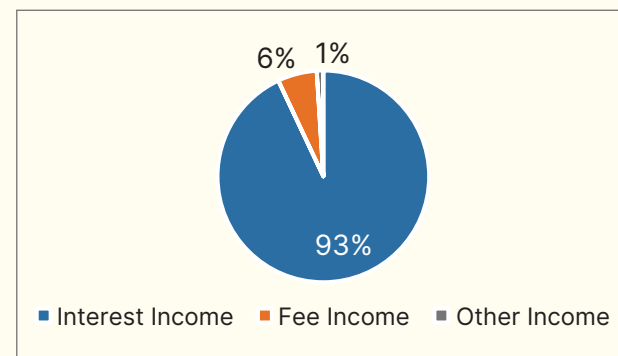
expanding its branch network from 975 in FY 2024 to 1,102 in FY 2024-25. The Company's workforce also grew by 10%, with employee strength (excluding apprentices) rising from 9,333 to 10,252 during the same period. Throughout the year, Arohan maintained a strong liquidity position to ensure seamless operations and customer service. As of March 2025, total borrowings stood at approximately INR 4,703 Cr.

A detailed analysis of the Company's financial performance in FY 2025, compared to the previous fiscal year, is presented below.

### INCOME STATEMENT ANALYSIS

#### Revenue

##### Break-up of Revenue for FY 2025



Revenue grew modestly by 4% from FY 2024 to FY 2025. This limited growth was primarily driven by a decline in average Assets Under Management (AUM) during the year, a direct impact of the Cease & Desist Order issued by the Reserve Bank of India on October 17, 2024.

#### Expenditure

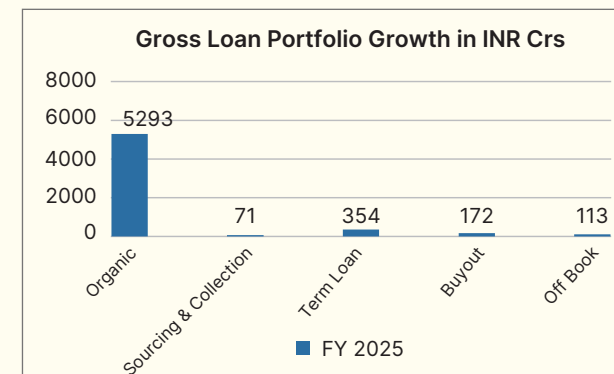
Finance cost has increased by 7% y-o-y in line with increase in average borrowings for the financial year and increase in borrowing benchmarks. With the employee count increasing from 9,333 in FY 2024 to 10,252 in FY 2025, employee costs increased from INR 325 Cr in FY 2024 to INR 389 Cr in FY 2025 showing a 20% increase over the previous year. The administrative costs have increased by 9% from the previous year in line with increase in business branches and manpower.

Ratios	FY 2024-25	FY 2023-24	Variance
Yield	23.71%	23.87%	(0.67%)
Finance cost	11.52%	11.70%	(1.54%)
Qualifying assets	75.90%	78.95%	(3.86%)
Opex	8.00%	7.44%	7.53%
CRAR	34.09%	29.01%	17.51%
Leverage	2.32	3.14	(26.11%)

### BALANCE SHEET ANALYSIS

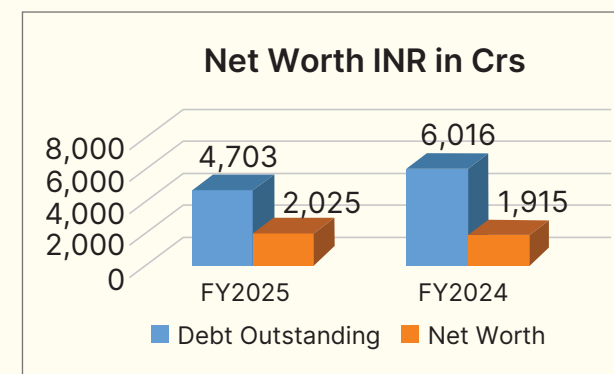
#### Loan Portfolio

Arohan had a 16% de-growth in the Gross Loan Portfolio from the previous year and stands at INR 6,003 Cr mark which is mainly due to the Cease & Desist order served on us by the Reserve Bank of India, dated October 17, 2024.



### Net Worth & Outstanding Borrowings:

Outstanding borrowing has decreased by 22% due to de-growth in AUM as resulted from the Cease & Desist order served on us by the Reserve Bank of India, dated October 17, 2024, and Network has



increased by 6% in FY 2025 over FY 2024 due to

retained earning and increased capital base respectively.

### Funding Business Growth, among customer-centric challenges and shifts

FY 2025 was a pivotal year for the microfinance industry, marked by evolving regulations and a heightened focus on customer protection. The sector experienced a decline in portfolio quality mid-year, which led to a slowdown in disbursements across the industry.

In response, MFIN (Microfinance Institutions Network) introduced **Guardrail 1.0**, effective July 1, 2024. This framework was designed to strengthen responsible lending practices by placing limits on the number of lenders per customer, capping overall indebtedness, and restricting lending to customers with delinquent histories.

While these measures aimed to safeguard borrower well-being and promote financial discipline, they also resulted in a noticeable contraction in disbursements by NBFC-MFIs—declining by 17% compared to the previous fiscal. Additionally, stricter lender shortlisting criteria contributed to the overall reduction in credit flow.

The stress in the portfolio quality has also reduced funding to NBFC-MFIs from banks and other lenders. According to **Micrometer (Issue 53)**, debt funding to NBFC-MFIs declined by **35.7%** compared to the previous financial year. After witnessing green shoots in the portfolio quality, the industry witnesses higher funding in Q4, FY 2025 as compared to previous quarters. This reflects lenders' growing comfort with structured transactions, even amid a more cautious credit environment.

These shifts underscore the industry's continued efforts to strike a balance between growth and responsible, customer-focused lending.

### MANAGING LIQUIDITY AT AROHAN DURING THE YEAR

Arohan's approach to liquidity management in FY 2025 was guided by a core objective: to maintain a strong liquidity position while optimising the cost of borrowings by leveraging the Company's robust financial and operational performance.

Arohan started the financial year by raising debt funding of INR 2142 Cr in H1 FY 2025 from 22 lenders and carried an average liquidity of over INR 1000 Cr on a monthly basis. Arohan's strong capital adequacy ratio of over 30% and superior





portfolio quality relative to industry peers significantly enhanced lender confidence. As a result, the Company secured new sanctions from institutions such as Canara Bank and Bank of India—marking the first time since the COVID-19 pandemic, that these lenders extended fresh credit to Arohan. This also helped further diversify the Company's already strong lender base while securing funds at more competitive rates.

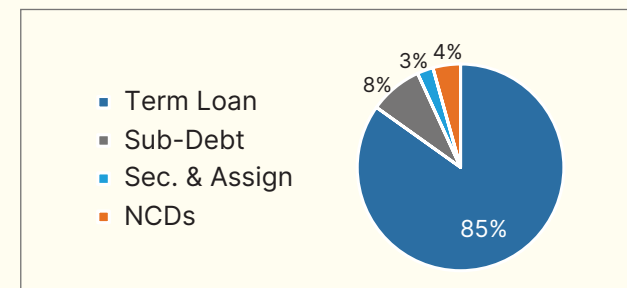
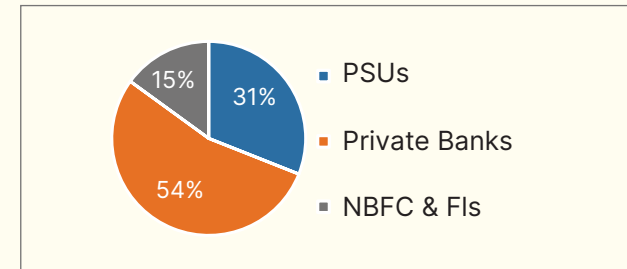
A key regulatory development during the year was the Cease & Desist Order issued by the Reserve Bank of India, which was lifted on January 3, 2025. Following the resumption of business operations, Arohan raised an additional INR 747 Cr in Q4 FY 2025. This post-revocation fundraise reaffirms the sustained confidence of lenders in Arohan's business model and its proven ability to navigate and emerge resilient from challenging circumstances.

In FY 2025, Arohan successfully diversified its lender base by onboarding new partners such as Canara Bank, Bank of India, Ujjivan Small Finance Bank, and Aditya Birla Finance Limited. During the year, the Company raised a total of INR 2,889 Cr—comprising INR 2,739 Cr through term loans and INR 150 Cr via direct assignment transactions. As of year-end, Arohan's total outstanding borrowings stood at INR 4,703 Cr (excluding off balance sheet borrowings of INR 112 Cr), with its top five lenders being IDFC First Bank, SIDBI, State Bank of India, Axis Bank, and HSBC Bank.

In FY 2025, Arohan further diversified its investment strategy by initiating investments in government securities. As of March 31, 2025, the total investment outstanding in government securities is INR 345 Cr. The Company's cash and cash equivalents—including unencumbered fixed deposits and government securities and Treasury bills—amounted to INR 823 Cr at year-end, ensuring a strong liquidity position.

Additionally, Arohan maintained undrawn sanctioned limits of INR 659 Cr, providing further financial flexibility. The Company reported a healthy Capital Adequacy Ratio (CAR) of 34.09% and a Debt-to-Equity Ratio of 2.32. As of the fiscal year-end, the Liquidity Coverage Ratio (LCR) stood at a robust 127%, reflecting prudent liquidity management and financial resilience.

#### The graph below depicts our borrowing mix as of March 31, 2025



#### Way Forward in FY 2026

To support healthy business growth and strategic expansion, Arohan plans to raise approximately INR 6,500 Cr in debt during FY 2026. The fundraise will be executed through a mix of instruments, including term loans, External Commercial Borrowings (ECBs), direct assignment, and securitisation.

Following a relatively muted disbursement year in FY 2025, the Company is targeting responsible and sustainable growth in FY 2026. Alongside scaling operations, Arohan aims to further strengthen its credit rating outlook and reduce its overall cost of borrowings.

The Company also intends to diversify its investment portfolio by exploring opportunities in various fixed-income securities and money market instruments, reinforcing its commitment to prudent financial management and liquidity optimisation.

#### AUDITED FINANCIAL FY 2025 & 2024

Statement of Profit & Loss ( INR in Cr)	Audited	
	FY 2025	FY 2024
<b>Revenue</b>		
Revenue from operations	1,692	1,629
Other Income	3	6
<b>Total Revenue</b>	<b>1,695</b>	<b>1,635</b>
<b>Expenses</b>		
Finance costs	632	592
Impairment on financial instruments	397	179
Employee benefits expenses	389	325
Depreciation, amortisation and impairment	7	5
Other expenses	132	121
<b>Total Expenses</b>	<b>1,557</b>	<b>1,222</b>
<b>Profit before tax</b>	<b>138</b>	<b>413</b>
<b>Total tax expenses</b>	<b>28</b>	<b>99</b>
<b>Net profit after tax for the year</b>	<b>110</b>	<b>314</b>
<b>Other comprehensive income</b>	<b>(7)</b>	<b>(4)</b>
<b>Total comprehensive income</b>	<b>103</b>	<b>310</b>





Balance Sheet (INR in Cr)	Audited	
	FY 2025	FY 2024
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	436	939
Other bank balances	237	329
Trade receivables	8	14
Loans	5,705	6,616
Investment	363	90
Other financial assets	16	34
	<b>6,765</b>	<b>8,022</b>
<b>Non-financial assets</b>		
Current tax assets (net)	10	12
Deferred tax assets (net)	80	55
Property, plant and equipment	9	8
Intangible assets under development	0.29	1
Other intangible assets	4	4
Right of use asset	6	7
Other non-financial assets	11	6
	<b>120</b>	<b>93</b>
<b>Total assets</b>	<b>6,885</b>	<b>8,115</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Financial liabilities</b>		
Trade Payables	27	28
Debt securities	213	409
Borrowings (other than debt securities)	4,091	5,208
Subordinated liabilities	400	399
Other financial liabilities	73	112
	<b>4,804</b>	<b>6,156</b>
<b>Non-financial liabilities</b>		
Provisions	39	27
Other non-financial liabilities	17	17
	<b>56</b>	<b>44</b>
<b>Equity</b>		
Equity share capital	159	157
Other equity	1,866	1,758
	<b>2,025</b>	<b>1,915</b>
<b>Total liabilities and equity</b>	<b>6,885</b>	<b>8,115</b>

## ESG-DRIVEN VALUE CREATION – EMBEDDING SUSTAINABILITY AT THE CORE OF BUSINESS

Arohan Financial Services continues to make meaningful strides in advancing its Environmental, Social, and Governance (ESG) agenda, positioning sustainability as a cornerstone of its long-term business strategy. Rather than treating ESG as a standalone initiative, Arohan has fully integrated ESG principles across its decision-making, operations, and risk management frameworks—driving holistic and resilient growth.

In FY 2025, Arohan implemented key initiatives such as the adoption of an **ESG exclusion list** in loan applications, **ESG Gap Assessments**, and a refined **materiality assessment process**, all designed to align operations with long-term sustainability objectives. ESG at Arohan is not a standalone activity—it is deeply woven into the company's **risk management and decision-making frameworks**, ensuring that environmental and social factors are considered at every level of the business. The company has also invested in **employee awareness and training**, beginning at the Head Office, to strengthen internal ESG capacity. These actions are complemented by ongoing improvements in data management, disclosures, and reporting systems to meet the evolving expectations of stakeholders.

Arohan also continues to drive the **social development and inclusive growth** through strong governance and impactful **Corporate Social Responsibility (CSR) initiatives**, aligned with the Company's priorities. The company's E&S Policy, introduced in FY 2023, aligns with both international standards and national regulations, reflecting a proactive stance on environmental and social risk mitigation. Through its CSR efforts, Arohan focuses on **empowering underserved communities** by improving access to **healthcare, education, clean water, and sanitation** — positively impacting over **8.33 Lakh lives**. As the company grows, it remains deeply aware of the social and environmental impact of its operations and those of its stakeholders, committing to responsible finance as a foundation for long-term, sustainable success.

### Environmental & Community Initiatives

1. **Eco-Sustainability: Safe Drinking Water & Sanitation:** Arohan Financial Services Limited is deeply committed to promoting eco-sustainability by supporting projects that enhance agricultural productivity while

protecting natural resources. Focused on rain-fed and semi-arid regions, the company implements water conservation initiatives that improve access to safe drinking water, restore soil health, and encourage vegetation management. These efforts not only strengthen the resilience of farming communities but also promote sustainable agricultural practices, contributing to long-term environmental stewardship and rural livelihood enhancement.

2. **Water Conservation:** Arohan's water conservation strategy is integral to its broader environmental agenda. By investing in initiatives that tackle water scarcity in vulnerable regions, Arohan helps preserve critical water resources while enabling sustainable farming. These projects emphasize soil enrichment, vegetation restoration, and efficient water use, combining ecological preservation with improved agricultural outcomes. Through these actions, Arohan empowers rural communities and reinforces its role in building climate-resilient ecosystems.

3. **Disaster Relief & Preparedness:** In response to the recurring natural disasters—such as floods and cyclones—that affect many of its operational areas, Arohan has made disaster relief a core pillar of its Corporate Social Responsibility (CSR) efforts. The Company provides timely aid to affected communities through volunteer engagement, resource mobilization, and distribution of essential relief materials. In order to support the communities it serves, Arohan also integrates preventive measures and community-based preparedness plans, working alongside local stakeholders to reduce vulnerability and enhance response capabilities. In FY 2025, more than 5,000 individuals have received direct assistance during times of crisis, underscoring Arohan's commitment to protecting and supporting communities when they need it most.

### Social Initiatives – Driving Impact through Community-Centered Programmes

Arohan remains steadfast in its mission to create lasting social impact by addressing pressing community needs and promoting inclusive development. Guided by its commitment to **responsible finance and social equity**, Arohan actively seeks opportunities to support the **well-being of its customers and the broader communities it serves**. In FY 2025, the company undertook several meaningful initiatives under its social responsibility framework, focusing primarily on **health and well-being**.





## 1. Health & Well-being

- **Hearing Screening & Early Intervention:** In partnership with VAANI Deaf Children's Foundation, Arohan has launched an initiative aimed at the early identification of hearing impairments in newborns. In FY 2025, the programme screened over 8,000 newborns across West Bengal, Karnataka, Meghalaya, and Assam, enabling timely medical intervention and critical support. Parents also received counselling and guidance to help them understand and manage their child's condition. The programme was honored with a Letter of Appreciation from the Government of West Bengal's Department of Health & Family Welfare—an endorsement that inspired Arohan to expand the initiative to three additional states, amplifying its reach and impact.
- **General Health Check-up Camps – "Health Express":** To improve access to preventive healthcare, Arohan, in collaboration with its partners, launched "Health Express", a large-scale health outreach programme. In FY 2025, the initiative conducted 220 health camps across 13 states, serving over 31,000 beneficiaries. These camps offered free medical screenings for common conditions like hypertension and diabetes, along with doctor consultations, and distribution of essential medicines. In addition to diagnostics and treatment, the camps focused on raising awareness about hygiene, nutrition, and disease prevention, thereby empowering underserved populations to make informed health choices.
- **Eye Check-up Camps:** Recognising the vital role of vision in overall well-being, Arohan organised dedicated eye health camps in Bihar and Rajasthan, targeting communities with limited access to ophthalmic care. These camps provided free eye screenings, vision tests, and consultations with ophthalmologists. Around 3,800 individuals benefitted from the camps, with many receiving spectacles, eye drops, and referrals for surgery. Notably, 50 cataract surgeries were successfully performed for individuals in need. Conducted in partnership with local NGOs, these camps not only addressed immediate vision issues but also promoted long-term eye care awareness, reaffirming Arohan's commitment to building a healthier future for all.

## 2. Capacity Building & Livelihood Promotion

- **Empowering Rural Women Through Financial Literacy:** Arohan recognises that financial

literacy is a foundational step toward economic empowerment, particularly for rural women who often lack access to formal financial education. Through a targeted Financial Literacy Program launched in Jharkhand, in collaboration with a local implementation partner, Arohan aims to equip 1,400 women with essential financial knowledge and skills.

The programme focuses on core financial concepts such as saving, budgeting, income planning, and the responsible use of financial products. Beyond just education, the initiative seeks to instill a sense of self-reliance and confidence, fostering a habit of saving and enabling participants to make informed financial decisions for themselves and their families. By empowering women with these tools, Arohan not only enhances their individual financial resilience but also contributes to sustainable livelihood promotion and gender-inclusive economic growth in rural communities.

## 3. Youth Entrepreneurship & Employee Engagement

- **Youth Entrepreneurship and Entrepreneur Investing Programmes:** Arohan, through its parent non-profit arm, the Aavishkaar Foundation, is nurturing the next generation of entrepreneurs in Eastern Uttar Pradesh via two impactful initiatives: the Youth Entrepreneurship Programme (YEP) and the Entrepreneur Investing Programme (EIP). Recognising that entrepreneurship is a powerful engine for economic development and job creation, these programs are designed to equip young innovators with the tools and resources needed to succeed.

These initiatives focus on empowering young entrepreneurs, providing financial resources, and building a strong entrepreneurial ecosystem. While YEP nurtures aspiring entrepreneurs by equipping them with essential skills, EIP bridges the funding gap for high-potential businesses, ensuring sustainable growth and innovation.

Participants also receive mentorship, exposure to industry insights, and guidance on navigating entrepreneurial challenges. Together, these initiatives are creating a robust and inclusive entrepreneurial ecosystem that drives local innovation and long-term growth.

- **Employee Volunteering:** Arohan fosters a culture of social responsibility and personal fulfillment by actively encouraging its employees to engage in community service. Through structured project-based volunteering, team members contribute their time, skills, and compassion to causes that align with Arohan's mission. These opportunities not only support community development but also promote skill enhancement, teamwork, and a deeper connection with society.

Employees have participated in diverse initiatives, including education support, disaster relief, clothing distribution drives, and mental health awareness campaigns. This spirit of service strengthens Arohan's community bonds while enriching the personal and professional lives of its workforce—reflecting the company's belief that purpose-driven engagement is key to lasting impact.

## Sunmoni Gogoi

*Resident of Rukmini Gaon, Assam*

*"I am deeply grateful for the support and services provided by VAANI Deaf Children's Foundation, through Arohan Financial Services' Corporate Social Responsibility initiative. I came to their clinic to have my baby's hearing tested, and through this visit, I learned about the critical connection between hearing and speech development. I didn't realize that hearing issues could affect my baby's ability to speak as they grow. The team not only conducted the hearing test but also provided us with valuable guidance on what signs to watch for in our baby's hearing development during the crucial first two years of life. I can't thank Arohan and VAANI enough for their timely intervention and for making us aware of such an important aspect of our child's health."*

Sunmoni Gogoi, a resident of Rukminigaon, visited the Newborn Hearing Screening Camp organised by Arohan, as a part of its Corporate Social Responsibility initiative, in collaboration with VAANI Deaf Children's Foundation, to get her baby's hearing tested. Like many parents, Sunmoni was unaware of the connection between hearing health and speech development, particularly in young children. Arohan's initiative, which focuses on improving access to hearing care for underserved communities, played a key role in educating and supporting Sunmoni during her visit.

Many parents in rural areas lack awareness about the importance of early hearing screenings and how undiagnosed hearing issues can affect a child's speech and overall development. Without early intervention, children may face long-term challenges in language acquisition and communication. Through Arohan's CSR programme, Sunmoni and many other parents are offered free access to hearing screenings for their children. The initiative also provides expert advice on the signs of hearing impairments and how parents can monitor their child's hearing development during the first two years—a critical period for speech and language acquisition.

In addition to the test, Sunmoni received essential guidance on the early indicators of hearing loss. This proactive approach allowed her to understand the importance of monitoring her baby's hearing development, which could have otherwise been overlooked. The impact of Arohan's programme goes beyond just hearing tests—it empowers parents with the knowledge to take informed action, fostering early intervention when necessary and improving the quality of life for children in rural communities.

Arohan's corporate social responsibility initiative is making a tangible difference in the lives of families like Sunmoni's by providing access to critical health services and education. By addressing the often-overlooked issue of hearing loss, Arohan is contributing to the healthy development of children in rural India, ensuring that they have the foundation needed for strong communication skills and a bright future.







# BY THE PEOPLE

## Shaping a Respectful Workplace to Boost Our Employee Value Proposition

At Arohan, the people who form its backbone are more than just employees; they are the driving force behind the organisation's purpose, performance, and progress. It is through their dedication, resilience, and shared vision that Arohan continues to create meaningful impact across all its stakeholder communities.

Our strength as an organisation stems from a collective commitment to growth — not just as a business, but as individuals who bring life to its mission. We believe that investing in our people's development is the most effective way to drive sustainable value. That's why Arohan's human capital framework is designed to support us at every step — equipping us with the tools, knowledge, and opportunities to upskill, innovate, and lead.

This culture of continuous learning ensures that we stay ahead of the curve, embracing emerging industry trends and best practices with confidence. It is a reflection of mutual respect — between the organisation and its people — that fosters a thriving workplace grounded in inclusion, purpose, and shared success.

We are Arohan. And together, we are building more than a company — we are shaping a legacy.

### PEOPLE FOCUS

In FY 2025, Arohan's human resources strategy remained firmly centered on people, aligning workforce optimisation with our geographic expansion and the mainstreaming of our Micro Enterprise Lending and ArohanPrivilege business verticals. This year, we grew our staff strength by 9.8%, reaching a significant milestone of 10,252 employees. This growth not only reflects our expanding operations but also underscores the increasing maturity of our organisation.

Our commitment to nurturing talent from within was a key driver of this progress. A total of 967 employees were promoted or transferred across departments, enabling them to broaden their expertise and take on new challenges. This strong focus on internal career development reinforces our belief that empowering people is essential to building a resilient and future-ready organisation. At Arohan, our people are our greatest strength. We continue to invest deeply in capacity building, career advancement, and competitive rewards and benefits. Our robust Employee Value Proposition is designed to create a workplace where trust, pride, and personal fulfillment thrive. By cultivating a culture rooted in collaboration, innovation, and growth, we are proud to be home to a vibrant and purpose-driven workforce. As we now serve nearly 2.1 mn customers across India, our people remain at the core of delivering financial solutions that truly impact lives.

Looking ahead, Arohan remains committed to attracting, developing, and retaining top talent—laying the foundation for a strong, sustainable, and people-first future.

### Great Place To Work® Certified™: A Culture of Trust, Inclusion, and Innovation

Arohan is proud to have once again earned Great Place To Work® Certification™, achieving an exceptional **Trust Index® score of 92** in the Great Place to Work® Institute's Employee Survey. Ranked 35th among India's Top 100 Best Workplaces, this marks the fourth time we've been recognised for cultivating a High-Trust, High-Performance Culture — a reflection of our unwavering commitment to building a workplace where every individual feels valued, empowered, and inspired to thrive.



In FY 2025, we further deepened our focus on inclusivity and innovation:

- **India's Best Workplaces™ in BFSI 2024: Top 25** Arohan has been named among the best in the Banking, Financial Services, and Insurance sector, a testament to our people-centric practices and ethical business approach.
- **India's Best Workplaces™ for Women 2024: Top 50 (Large)** This recognition reflects our unwavering dedication to creating a diverse, equitable, and empowering environment where women feel supported, heard, and enabled to succeed at every level.
- **India's Best Workplaces™ for Millennials 2024: Top 50 (Large)** With a focus on meaningful engagement, growth opportunities, and a strong sense of purpose, Arohan continues to attract and retain the next generation of leaders who are shaping the future of our organisation.
- **India's Best Workplaces™ Building a Culture of Innovation by All™ 2025** At Arohan, innovation is everyone's responsibility. This honor highlights our efforts to foster a culture where curiosity, collaboration, and creativity are not only encouraged — but expected.

These accolades are more than just milestones — they are a testament to our people-first philosophy. Guided by our Core Values (ETHICS), we remain steadfast in prioritising employee well-being, satisfaction, and growth. We understand that exceptional workplaces are built by exceptional people, and we take pride in nurturing an environment where everyone can bring their best self to work.

As we celebrate these recognitions, we do so as a united team, grateful for the passion, resilience, and dedication of every Arohanite. Together, we continue to shape a workplace defined by trust, pride, and a shared commitment to purpose.

### HR Policy and Processes: Strengthening the Foundation for a People-First Organisation

In FY 2025, Arohan undertook a transformative initiative to enhance its human resources infrastructure by overhauling and standardising key policies and processes. These efforts were aligned with industry-leading practices and stringent information security standards, aimed at ensuring consistency, fairness,





and operational excellence across the organisation. As part of this initiative, a wide range of policies— including Recruitment & Selection, Onboarding, Confirmation, Exit Protocols, Staff Loans & Salary Advances, POSH (Prevention of Sexual Harassment), and the Arohan Code of Conduct— were thoroughly reviewed and updated. Each policy was supported by detailed process manuals to ensure seamless implementation and adherence.

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This comprehensive revamp has reinforced a culture of equity, transparency, and accountability at every level of the organisation. It has also provided Arohan with a cohesive and standardised HR framework, resulting in improved efficiency, better employee experience, and stronger alignment with organisational values and goals.

By embedding these best practices into our daily operations, Arohan continues to build a resilient, compliant, and employee-centric workplace— ensuring that our people feel supported, respected, and empowered every step of the way.

#### Automation of Employee Processes: Driving Efficiency and Effectiveness

In FY 2025, Arohan made significant strides in transforming its HR operations through technology-driven automation, aligning with its vision of creating a seamless, efficient, and employee-centric workplace. From recruitment to retirement—and beyond—automation has become integral to delivering faster, smarter, and more transparent HR services.

- **Swagatam:** Digitizing the Recruitment-to-Onboarding Journey: Arohan introduced **Swagatam**, its proprietary digital platform, to revolutionise the end-to-end recruitment and onboarding process for field employees. This advanced tool streamlines mass hiring with precision, offering end-to-end process automation—right from job posting across multiple channels to applicant screening, documentation and profile creation. Integrated **psychometric assessments** measure key attributes like motivation, adaptability, and integrity, ensuring high-quality talent acquisition. Swagatam not only enhances efficiency but also significantly improves the candidate experience.
- **Staff Loan:** The meraArohan employee app now offers a fully automated Staff Loan application and disbursement process. Employees can apply digitally and track their application status, repayment schedule, and eligibility in real time. The turnaround time for loan processing has been dramatically reduced—from 12 working days to just 4 days—while enhancing transparency and user satisfaction.
- **Adrenalin Max 2.0:** A Next-Gen HRMS Experience: The implementation of Adrenalin Max 2.0 marks a leap forward in HR automation at Arohan. With features such as:
  - Real-time Attendance Tracking
  - Interactive Dashboards and Analytics
  - Learning Management System (LMS) with easy QR-code based training registration
  - This intuitive, mobile-friendly platform empowers employees with quick access to documents, tools, and information - enhancing engagement and operational agility.
- **End-to-End Automation of Employee Movement:** Arohan has fully automated the **employee transfer and role movement process**, including real-time notifications to relevant stakeholders. This ensures smooth transitions and timely communication, supporting both employees and HR teams.
- **Employee Dashboard via meraArohan:** A single sign-on **employee dashboard** now provides seamless access to all employment lifecycle information, including attendance, leave, performance reviews, promotions, and more. This feature promotes self-service and reduces administrative overhead.
- **Employee Communication Module:** An integrated **module** within both **Adrenalin Max 2.0** and meraArohan ensures employees stay updated on company policies, benefits, and welfare initiatives. Regional language support and assessment tools help gauge employee awareness, especially among field teams. Additionally, all HR policies and forms are accessible digitally.
- **Samadhaan - Automated Grievance Redressal:** Samadhaan, Arohan's grievance redressal platform, offers a fully automated system where employees can log concerns related to salary, leave, documents, and more. Each case is tracked through a ticket-based system, ensuring resolution within the **defined turnaround time (TAT)** and reinforcing accountability and responsiveness. Ex-Employee Helpdesk

- **Ex-Employee Helpdesk:** To support former employees, Arohan launched a dedicated, providing assistance with queries related to exit documents, benefits, PF, gratuity, taxes, and more. This initiative reflects Arohan's ongoing commitment to maintaining positive relationships even after separation.
- **SOCIAL, internal communication platform:** Arohan SOCIAL is an end-to-end communication platform for all the employees of Arohan. The app is designed to keep our Arohan family connected and informed like never before. This comprehensive platform offers a wealth of features, allowing employees to access the latest business updates, policies, notices, contest details, R&Rs, and many more — all in one place and in the language of their choice. The application is available in the employee portal - MeraArohan for both web and mobile versions.

By embedding automation across the employee lifecycle, Arohan continues to advance its people-first vision with a strong foundation in efficiency, transparency, and innovation. These initiatives not only optimize HR operations but also enhance employee satisfaction—ensuring that every touchpoint reflects the organisation's values of care, trust, and progress.

#### HR PRACTICES

##### Inclusive and Merit-Based Hiring



At Arohan, our hiring philosophy is rooted in the principles of equal opportunity, fairness, and meritocracy. We are committed to cultivating a diverse and inclusive workforce where individuals are evaluated solely on their skills, qualifications, and potential— regardless of age, gender, marital status, disability, nationality, or religion.

Our talent acquisition process draws from a broad spectrum of sources, including employee referrals, direct applications, and internal mobility, ensuring we identify and attract top talent from both within and outside the organisation. Each application undergoes a thorough and unbiased evaluation, reinforcing our dedication to building a workplace that reflects equity, opportunity, and excellence.

- **External Hiring:**

Arohan is strongly committed to advancing gender diversity within its field workforce. Through a well-defined Diversity Charter, the

Company has set clear annual targets for female representation over the next three years. Specific roles across departments are designated for women, underscoring Arohan's dedication to equity and inclusion.

In support of career continuity, Arohan also offers structured re-entry programmes for professionals returning from sabbaticals, helping them reintegrate and grow within the organisation. By leveraging industry-specific talent pools, Arohan ensures the recruitment of high-caliber candidates who bring fresh perspectives and diverse expertise.

To further strengthen its hiring strategy, Arohan operates an Employee Referral Programme, encouraging team members to recommend qualified candidates. This not only fosters a culture of ownership and collaboration but also enhances the quality and cultural fit of new hires.

- **Internal Hiring:**

Arohan places a strong emphasis on nurturing internal talent. Through its Internal Job Posting (IJP) system, the Company promotes cross-functional career growth by providing employees with transparent access to opportunities across departments. This initiative supports job rotation, skills development, and long-term career progression.

The IJP framework is guided by a clear and inclusive policy, ensuring equal opportunity for all eligible employees. By prioritising internal mobility, Arohan empowers its workforce, strengthens organisational capability, and reinforces a culture of merit-based advancement.

##### Employee Onboarding at Arohan

At Arohan, onboarding is seen as much more than a formal process—it's the foundation for an employee's experience and success within the company. A thoughtfully designed onboarding journey not only accelerates engagement and productivity but also plays a vital role in long-term retention.

- **Aashirwaad Programme - Welcoming with Purpose:** The Aashirwaad programme is a signature element of Arohan's field onboarding process. With over 65% of the field force aged between 21 and 27, many are entering the workforce for the first time. Recognising the significance of this life transition, Aashirwaad includes families in the onboarding experience, inviting them to participate in a ceremonial welcome for new probationary field officers. This unique initiative builds an emotional bridge between the employee, their family, and Arohan, fostering a sense of belonging and mutual commitment from day one. The result is a more engaged workforce and stronger retention through early emotional investment.





- **Employee Selection Process:** At Arohan, the employee selection process is meticulously crafted to ensure the right fit for every role. Anchored by our proprietary Competency Framework, we employ a diverse array of evaluation methods tailored to each candidate's level and position. For mid-level and senior roles, a panel of department heads conducts interviews, leveraging psychometric tools for comprehensive behavioral assessment. Junior candidates undergo online aptitude tests, while selection for the role of Customer Service Representatives incorporate psychometric evaluations focusing on Achievement, Motivation & Adaptability. In a first for Arohan, field employee selections include a mandatory one-day field visit and report submission, offering candidates a first-hand glimpse into our operations. Additionally, all entry-level field employees undergo an exhaustive month-long off-the-job and on-the-job training programme to equip them with the necessary skills before assuming their roles. This holistic approach not only facilitates informed decision-making but also aids in managing drop-out rates effectively. Simultaneously, candidates are encouraged to evaluate both the sector and the Company, ensuring alignment with our mission and values before onboarding commences.
- **Performance-Driven and Growth-Oriented Culture:** At Arohan, we believe that career progression should reflect individual excellence, not just tenure. Our culture is rooted in performance and potential, where promotions are earned through demonstrated capabilities, consistent contributions, and readiness for greater responsibility. We take a holistic approach to employee development, ensuring that our evaluation process is not only rigorous but also supportive. It considers not just performance metrics, but also leadership qualities, emotional maturity, and the ability to thrive in evolving roles.

#### ADDRESSING THE UNIQUE NEEDS OF EMPLOYEES

##### Employee Benefits

- **Compensation:** Compensation: Arohan has adopted a three-pronged approach for its compensation structure to cater to the unique needs of the different groups of employees:
  1. For entry-level employees, the approach

focuses on ensuring more 'cash in hand' to meet their day-to-day expenditures, encouraging performance-linked incentive schemes

2. For middle management level employees, the focus is on balancing the aspects of long-term retirement benefits and cash-in-hand to meet their immediate requirements
3. For senior leaders, the focus is on value creation through Employee Stock Option Plans and other tax-saving benefit schemes and variable pay, where the pay-out is dependent on the Company's profit.

- **National Pension System:** Arohan, in association with HDFC Life, has introduced the National Pension System (NPS), a voluntary tax-saving retirement scheme tailored for middle and senior management. NPS allows employees to have flexible control over their contribution amounts, ensuring a customizable savings plan for their retirement years. Contributions to the NPS are eligible for significant tax benefits, enhancing its appeal as a prudent financial planning tool.
- **Car Lease Benefit:** Arohan has introduced a Car Lease Benefit for employees, offering a significant tax-saving opportunity. Employees at the Deputy Manager level and above are eligible to avail this benefit, allowing them to lease a car and save on taxes. Additionally, those at the AGM level and above have the flexibility to choose between the Car Lease Benefit or Conveyance Reimbursements, further optimizing their tax savings and enhancing their overall compensation package.
- **Employee Advances, Loans, and Grants:** To mitigate the needs of certain short-term financial support, Arohan offers its employees advances, loans, and grants. Advances are given to address the immediate financial needs of the employees, which can be paid back within a stipulated timeline. Loans are of two categories – Personal and Educational, which relatively is a large amount provided to employees and for a longer duration.
- **Grant** is a special category of Education loan, which takes care of financing any professional course or certification programme relevant to the job the person is undertaking.
- **Work from Home:** With Arohan being home to a diverse workforce and the new hybrid work culture that employees prefer in today's scenario, the Company offers Work From

#### Joyanta Bakali, Deputy Business Head

*My journey with Arohan has been nothing short of remarkable. I first joined in June 2007, when Arohan was just beginning its story. I started out as a Product Manager and had the opportunity to launch what is today known as the Micro Enterprise Loan (MEL). Back then, we spent months on the ground - understanding customer needs, building the right model, and ensuring it was sustainable for the company.*

*Over the years, my role evolved - from building monitoring systems and training frameworks to supporting digital transformation and geographical expansion across Bihar, Odisha, Assam, and Tripura. I've been fortunate to contribute to several of the organisation's key milestones. Today, in my current role as Deputy Business Head, I continue to focus on growth, operational excellence, and building strong, customer-focused teams. I've also had the privilege of mentoring many of today's Regional and Zonal leaders—professionals who now carry forward Arohan's mission with sincerity and ownership.*

*Arohan has weathered many storms - the AP crisis, demonetisation, COVID - and yet each time, we've come back stronger. One of the most pivotal moments was our merger with the Aavishkaar Group in 2012, which marked a new phase of growth and profitability. I was fortunate to be part of the senior leadership team at the time, contributing to reshaping our mission and vision around real financial inclusion.*

*What makes Arohan truly special is its culture - rooted in ethics, transparency, and respect for people at every level, from our customers to our colleagues. I've always tried to lead with these values and instill the same in the teams I've worked with.*

*Today, as the microfinance landscape continues to evolve, I believe our ability to adapt, upskill, and stay passionate about our purpose will define the next chapter of growth. If we continue to learn from challenges and stay committed to doing the right thing every day, there's no limit to what we can achieve.*

*Here's to an even more impactful year ahead - wishing the very best for Arohan in 2025-26!*







Home (WFH) facility to those employees who have the necessary infrastructure and whose jobs allow them to operate from home, while ensuring that employees perform to the organisation's work expectations from the role.

- **Child Care Leave:** Being a mother can sometimes require a woman employee to take a few days off from their work in order to care for her child's needs. As working from home is not an option for female employees in the field, Arohan has introduced a Child Care Leave only for women employees in the field. A Child Care Leave (CCL) is granted for the specific purpose of taking care of a minor child for rearing or looking after its needs, including examination, sickness, etc.
- **Flexi Working Hours:** Non-field employees at Arohan are provided the privilege of flexi-timing with the employee clocking in the desired number of productive hours (i.e., 8 hours of working and 1 hour of lunch break).

#### PRIORITISING EMPLOYEE HEALTH, SAFETY, AND WELL-BEING

At Arohan, the health, safety, and holistic well-being of our employees and their families are foundational to our values. We are deeply committed to fostering a secure and supportive work environment across all levels and locations of the organisation.

- **Arohan Avalamban Yojana:** Our commitment extends beyond the workplace through the Arohan Avalamban Yojana—a compassionate initiative designed to support the families of employees who have passed away while in service or have suffered permanent disabilities that hinder their ability to work. This programme reflects our deep sense of responsibility toward the families of our people, ensuring they are not left unsupported in times of hardship.
- **Safe and Respectful Workplaces:** Safety at work begins with dignity and respect. Since 2016, Arohan has adopted a gender-neutral Prevention of Sexual Harassment (POSH) Policy and established both Central and Regional Internal Committees, including external members to ensure transparency and fairness. Every employee, regardless of role or location, undergoes mandatory POSH training during induction, with annual refresher sessions to keep awareness high and the culture of respect strong.
- **Promoting Road Safety for Field Employees:**

Our field employees are often on the move, serving customers on two-wheelers. Recognising this, Arohan launched the #YourLifeIsPrecious campaign to promote road safety and instill a deep sense of personal responsibility. Guidelines are shared in local languages to ensure clarity and accessibility, and field employees share their experiences and best practices in our internal newsletter, Srishti, to foster peer learning and commitment to safe travel.

- **Safe Branch Environments for All:** As our workforce grows increasingly diverse, especially with more women joining Arohan, we remain vigilant about creating safe branch environments. All-women and mixed-gender branches are equipped with CCTV surveillance and are carefully selected to meet safety standards, reinforcing our commitment to providing a secure and inclusive space for every employee.

#### DRIVING GENDER DIVERSITY AND INCLUSION AT AROHAN

At Arohan, empowering women is not just a business imperative—it is a core belief. We proudly serve over 2.1 mn women engaged in diverse income-generating activities, helping them create stronger financial futures for their families and communities. Behind this impact is a dedicated workforce of over 10,000 employees, many of whom work directly with our female clients to understand their unique financial needs and strengthen trust-based relationships. Recognising that the majority of our customer base is women, we have strategically emphasized recruiting female field staff. This approach not only enhances service quality but also creates a meaningful connection between our employees and the communities we serve.

In alignment with the Aavishkaar Group's vision of achieving a natural gender diversity ratio of 50% by 2030, Arohan has set a clear roadmap to significantly improve gender representation across all levels of the organisation. Our **Diversity Council** leads this mission, championing inclusive, women-friendly policies and practices that foster an environment where women can thrive, lead, and grow.

These efforts have delivered measurable progress. Arohan's gender diversity ratio has grown from **4.9% in April 2019 to 12.97% in FY 2025**—a testament to our sustained focus on inclusion. This progress stems from targeted policy reforms and proactive initiatives at all

organisational levels—from the corporate headquarter to regional offices and grassroots branches.

One of our most impactful steps has been the creation of women-only branches in several states. These branches are staffed entirely by women, giving them the opportunity to manage operations end-to-end and setting powerful examples of female leadership in action.

At Arohan, gender diversity is more than a metric—it's a movement. And we're committed to advancing it every day as we build an inclusive organisation for the future.

#### Key Interventions Driving Gender Diversity At Arohan

1. **Inclusive and Diverse Hiring Practices:** Recognising the historical barriers that have limited women's participation in the workforce, Arohan has introduced flexible hiring practices aimed at creating equitable opportunities for female candidates. These include:
  - **Age Relaxation & Career Gap Consideration:** We understand that career trajectories are not always linear, especially for women balancing professional and personal responsibilities. Our recruitment policies provide flexibility around age limits and consider career gaps—ensuring talented women are not excluded due to non-traditional career paths.
  - **Women in Leadership:** We prioritise the recruitment of women into leadership roles, recognising their potential as role models and catalysts for a more inclusive workplace. Critical leadership positions such as **Head of Human Resources, Administration, Training & Development, Credit, Arohan Privilege, and Corporate Communications** are proudly held by women at Arohan. Their contributions enrich our Management Committees, bringing diverse perspectives that enhance innovation, strategic thinking, and decision-making.
  - **Inclusive Interview Panels:** To ensure fair and empathetic evaluation of female candidates, it is mandatory to include at least one female employee on interview panels, especially when hiring women.

This helps foster a more inclusive selection process that considers both technical fit and the broader work environment.

2. **All-Women Branches:** Arohan has pioneered a unique model of empowerment through the establishment of All-Women Branches in six locations. These branches, staffed entirely by women, are a testament to our commitment to grassroots inclusion and leadership.

To ensure consistency and support, we have introduced an All-Women Branch Policy, which outlines standards for infrastructure, safety, and operational best practices. This policy ensures that women in these branches can work confidently in secure, enabling environments while delivering exceptional service to our clients.

3. **Safe and Supported Travel for Women:** Understanding the importance of mobility and safety, Arohan provides:

- **Upgraded Travel Reimbursements:** All female employees are eligible for a minimum of one-notch higher travel reimbursement, making their travel safer and more comfortable.
- **Cab Services for Late Hours:** Women working beyond regular hours are provided with company-arranged cab services to ensure safe travel home.

4. **Confidential Grievance Redressal Mechanisms:** To reinforce our commitment to a respectful and secure workplace, Arohan has established specialised Grievance Redressal Platforms. These platforms are designed to handle sensitive and high-priority concerns with strict confidentiality and care, particularly in support of our women employees working in field operations. At Arohan, gender diversity is not an initiative—it is a strategic priority. By investing in inclusive policies and empowering structures, we're creating a future where women are not just participants, but leaders in our shared journey of growth.

#### KEY GRIEVANCE REDRESSAL MECHANISMS AT AROHAN

At Arohan, creating a safe, respectful, and ethically grounded workplace is a top priority. To ensure that every employee feels protected, heard, and valued, we have established





comprehensive grievance redressal mechanisms that address concerns with sensitivity, transparency, and integrity.

## 1. Prevention of Sexual Harassment (POSH) at the Workplace

Arohan has implemented a gender-neutral POSH Policy to safeguard the dignity and well-being of all employees, regardless of gender. The policy is supported by:

- A dedicated POSH helpline for immediate support and guidance
- A structured redressal mechanism that ensures fair, confidential, and timely resolution of complaints
- Well-trained Internal Committees, including external members, at both central and regional levels

This framework reinforces a workplace culture rooted in respect, safety, and zero tolerance for any form of sexual harassment.

## 2. Arohan Code of Conduct (ACOC)

The Arohan Code of Conduct (ACOC) and accompanying discipline rules define the ethical expectations and professional standards for all employees. These guidelines are designed to:

- Prevent workplace misconduct
- Promote accountability and fairness
- Encourage a culture of integrity and professionalism across the organisation

By setting clear boundaries and expectations, the ACOC supports a workplace environment where everyone can perform and collaborate with trust and mutual respect. Through these mechanisms, Arohan demonstrates its unwavering commitment to employee well-being, safety, and ethical conduct. Our goal is to ensure that every team member - across every level and location - feels supported, protected, and empowered to speak up without fear.

## TRAINING & DEVELOPMENT: EMPOWERING PEOPLE, ENABLING PROGRESS

At Arohan, we recognise that employee development is not just a function—it is a strategic driver of organisational success. We believe that empowering our people through continuous learning is fundamental to building a resilient, future-ready workforce and achieving our long-term goals, including our ambitious Vision 2028.

By investing in learning and growth, we cultivate a culture of innovation, agility, and excellence, while also nurturing a strong internal talent pipeline capable of leading the organisation through an ever-evolving business landscape.

### Adapting to a VUCA World

In today's world marked by volatility, uncertainty, complexity, and ambiguity (VUCA), Arohan embraces the philosophy that success requires not only learning—but also unlearning and RELEARNING. Agility is no longer optional; it is essential. As industries evolve and customer needs shift, our employees must be equipped to adapt quickly, think critically, and innovate constantly. To meet these challenges head-on, Arohan has overhauled its approach to talent development, implementing robust training frameworks that span across every level and function of the organisation.

At Arohan, learning is continuous and career growth is intentional. Through our comprehensive training and development efforts, we are not only building skills—we are building leaders who will carry forward our mission of inclusive financial empowerment.

### Employee Capability Development: Building Talent for Sustainable Success

At Arohan, developing employee capabilities is central to our organisational growth and transformation journey. We believe that when we invest in people—at every level—we create the foundation for high performance, innovation, and long-term success. Through structured programmes, practical learning, and targeted development efforts, we're shaping a workforce that is agile, future-ready, and aligned with our Vision 2028.

1. **"Pragati – Unnati ki Oor":** Pragati is a flagship initiative designed to strengthen capabilities at the grassroots, reaching our field and enabling staff across all locations. Held every working Saturday morning for one hour, Pragati brings learning directly to the branch

## Amrita Das Mohapatra, Deputy Credit Head, Arohan

*My journey with Arohan has been both unique and deeply fulfilling.*

*I first joined the organisation in 2007, when it was still in its infancy. Back then, I was part of a small operations team of just three people, working closely under the leadership of the then Operations Manager - effectively the Business Head. Our mission was simple yet ambitious: expand the business by opening new branches and ensuring smooth on-ground operations.*

*Over the years, I've had the opportunity to contribute across multiple functions—process design, training, internal controls, and now credit. Today, as Deputy Credit Head, I lead a dedicated team focused on developing credit policies that balance growth with strong risk management, ensuring compliance with RBI and industry standards.*

*What sets Arohan apart is its strong culture of transparency and collaboration. Open communication flows both ways here—from leadership to teams and vice versa—through platforms like town halls, committee meetings, and team reviews. I've also benefitted from the Company's structured learning programmes and leadership development opportunities that have helped me understand my strengths, work on my weaknesses, and grow as a professional.*

*The microfinance landscape is evolving rapidly, with increased regulatory scrutiny and a growing reliance on data and technology. Yet, given the realities of our customer base - primarily low-income households - standardised data remains limited, and on-ground verification continues to be essential. This makes our work challenging, but also incredibly meaningful. To those looking to build a career in microfinance: it's a field filled with complexity, but also opportunity. It teaches you to be agile, thoughtful, and impact-driven. If you're ready to embrace change and take on meaningful challenges, there's no better place to be.*

*Being part of Arohan means being part of a purpose-driven organisation that truly values fair practices and financial inclusion. It's a space where you can grow professionally while contributing to the lives of people who need access to financial services the most. I feel proud of the work we do and the values we uphold.*







level, ensuring deep and consistent engagement with frontline teams.

The **Pragati** sessions are held fortnightly, and are led by process owners, facilitated by the Training & Development team, and executed in close collaboration with line managers to ensure both practical relevance and alignment with business goals. Each session is carefully curated to address current business challenges, evolving market dynamics, and key organisational priorities, enabling employees to immediately apply their learning on the ground. Designed to foster a culture of shared growth, **Pragati** extends beyond field staff to include enabling functions as well, promoting inclusive participation and continuous improvement across the organisation.

By embedding learning into our operating rhythm, Pragati enhances **capabilities, productivity, and business performance** – especially in customer-facing roles where impact is immediate and measurable.

2. **Hi-Pot Programme:** At Arohan, we are committed to cultivating a **learning culture where every employee can unlock their full potential**. Central to this is our investment in high-performing, high-potential individuals who demonstrate the capability and ambition to grow into future leaders.



The High Potential (Hi-Pot) Development Programme is a curated journey designed for employees from Assistant Manager to Senior Vice President levels who have consistently delivered strong performance and completed at least one cycle of our Performance Management System (PMS).

**Key elements of the programme include:**

- **Customised Learning Pathways:** Tailored development tracks based on individual roles, performance, and aspirations.
- **Experiential Learning:** Participants gain exposure through cross-functional projects, super-skip-level assignments, and opportunities to work across group entities—broadening their perspective and strengthening leadership capabilities.
- **Strategic Partnerships:** In collaboration with one of India's leading learning organisations,

this programme blends world-class insights with practical, business-aligned learning.

By empowering high-potential employees with opportunities for accelerated growth, we ensure they are prepared to lead change, drive impact, and champion Arohan's mission across functions and geographies.

**Induction Programmes: Building a Strong Foundation from Day One**

At Arohan, we recognise that a meaningful onboarding experience is crucial to setting employees up for long-term success. Our comprehensive **induction programmes** are thoughtfully designed for both field and non-field functions and are delivered in multiple regional languages to ensure inclusivity and clarity across diverse geographies.

These programmes focus on strengthening both **functional and behavioral competencies**, helping new employees seamlessly integrate into Arohan's culture and operational framework. In FY 2024–25, **~800 induction sessions** were conducted, reflecting the scale and consistency of our efforts. With an **effectiveness score of ~90%**, our induction initiatives continue to play a vital role in building a capable, connected and committed workforce—setting every individual on a path to thrive at Arohan.

**Knowledge Management: Enabling a Culture of Shared Learning**

Arohan has adopted a robust and strategic approach to knowledge management, designed to effectively capture, organise, and disseminate critical knowledge across the organisation. This initiative supports a culture of continuous learning and operational excellence by ensuring that valuable insights, best practices, and institutional knowledge are readily accessible to all employees. As part of this effort, Arohan has launched a range of targeted programmes and platforms that facilitate knowledge sharing, encourage collaboration, and empower teams to learn from each other's experiences.

- **Saksham – Monthly Online Knowledge Assessment:** As part of its knowledge management initiatives, Arohan has introduced **Saksham**, an online monthly certification programme designed to reinforce and upgrade the knowledge of employees in critical roles across both field and enabling functions. This initiative focuses on deepening understanding of

internal policies, processes, and industry developments, ensuring that employees remain well-informed and agile in a constantly evolving landscape. By promoting regular knowledge checks and continuous learning, Saksham supports a culture of accountability, upskilling, and professional growth throughout the organisation.

- **E-Learning:** In a groundbreaking step within the microfinance sector, Arohan has introduced bite-sized self-learning modules on critically relevant topics for all field employees. These modules are accessible in multiple regional languages, allowing employees to learn at their own pace. This innovative approach enables the company to rapidly disseminate information with nearly 100% coverage.
- **Refresher Training Programme:** To ensure continuous capability enhancement and alignment with evolving business objectives, Arohan conducts a **Refresher Training Programme** for its field teams on a monthly basis. These specialised sessions are designed to reinforce critical business knowledge, sharpen operational skills, and maintain consistency in service delivery across the last mile. By regularly engaging frontline employees through targeted training, Arohan strengthens field execution, boosts performance, and ensures that every team member remains aligned with the organisation's goals and standards.
- **Weekly Communication Hour:** A dedicated hour every week where the field managers communicate with their teams on updates pertaining to processes and policies, along with key strategies in line with business goals. Special training for Area Managers, Branch Heads, and Associate Branch Heads is also conducted through these forums in a 'Train the Trainer' format, where the participants are later expected to impart the training to their respective teams.

**Some other key training interventions are listed below:**

- **Corporate Training:** Arohan conducts the 'Corporate Training' programme regularly throughout the year to enhance the skill and behavioural competencies of employees in support functions. These sessions cover various support functions across the 9 Zonal Offices and the Head Office.
- **Leadership Development Programme:**

Targeted at nurturing the capabilities of the next 100 top-performing employees, the Leadership Development Programme spans across different verticals, encompassing both field and non-field roles. Participants undergo a rigorous assessment center by a leading third-party provider, followed by a 7-month programme comprising classroom sessions, mentoring, simulations, and self-paced learning. Individual Development Plans are collaboratively crafted by participants, supervisors, and coaches to guide them towards their goals.

- **Automation of Training:** Arohan adapts its learning strategy to cater to the needs of millennials by introducing a socialized 'Learning Management System.' Courses are tailored to enhance the functional competencies of over 8600 field team members through weekly interventions and monthly assessments.
- **Customer Service Programme:** A targeted training initiative designed for the Arohan Customer Service Team to help them excel in customer management, conflict resolution, and other service-related topics. Specific mentoring sessions are provided to employees exhibiting a low customer-centric approach.
- **Upskilling Intervention:** Arohan implements a unique Customer Service Representatives upskilling programme to bolster their capabilities in handling challenging customer interactions, utilizing a 'role-play'-based approach. Tailored scripts are developed for different scenarios, and employees undergo role-play training sessions to hone their skills.

**Statutory Training and Compliance Interventions:**

**Safeguarding Integrity and Well-being**

At Arohan, we are deeply committed to upholding a workplace that is safe, ethical, and compliant with statutory obligations. Our statutory training interventions are designed not only to ensure adherence to legal requirements but also to instill a culture of **respect, responsibility, and regulatory integrity** across the organisation.

1. **Training on Prevention of Sexual Harassment (POSH):** Arohan maintains a gender-neutral, zero-tolerance policy towards sexual harassment in the workplace, recognizing its potential to impact the physical and mental well-being of any employee. We go beyond compliance by fostering a culture of safety and respect.





- **Mandatory POSH training** is provided to all new employees during induction.
  - **Annual refresher sessions** are conducted organisation-wide to reinforce awareness, vigilance, and procedural clarity.
  - Dedicated POSH committees - comprising internal and external members - are in place to ensure impartial handling of complaints, underscoring our commitment to a safe, inclusive work environment.
- 2. Training on Arohan Code of Conduct (ACOC):** Our Core Values, represented by the acronym ETHICS, form the foundation of expected behavior at Arohan. The Arohan Code of Conduct outlines the standards of integrity, professionalism, and ethical conduct required from every team member.
- New employees receive comprehensive orientation on the Code of Conduct during onboarding.
  - Ongoing communication and reinforcement ensure that these principles guide daily interactions and decision-making, helping maintain a culture of trust and accountability.
- 3. Training on Anti-Money Laundering (AML):** In alignment with the **Prevention of Money Laundering Act, 2022**, Arohan ensures that all relevant employees receive thorough training on Anti-Money Laundering (AML) protocols. **Annual AML refresher training** is a mandatory activity, keeping employees informed about current regulations, risk indicators, and reporting procedures. These sessions help strengthen our institutional defenses against financial crimes and uphold the integrity of our operations.
- **Client Protection Principles & Poverty Probability Index (PPI):** Arohan adheres strictly to internationally recognised Client Protection Principles, with a strong emphasis on ethical lending and responsible finance. The Poverty Probability Index (PPI) is a key tool we use to assess customer eligibility and tailor loan offerings responsibly. Employees receive detailed training on both Client Protection Principles and the use of PPI during induction. Additionally, Monthly refresher training sessions are conducted to ensure that these practices remain front and center in customer interactions, reinforcing our mission of serving low-income communities with transparency, fairness, and care.

Through these statutory training interventions, Arohan not only meets regulatory expectations but builds a workplace grounded in **ethics, awareness, and continuous learning**. We believe that compliance is not just a requirement - it is a reflection of our values and our commitment to doing business the right way.

#### **Assessment Centre: Enabling Internal Talent for Future Leadership**

At Arohan, we believe that effective **succession planning** is critical to sustaining growth and leadership continuity. To this end, we have implemented a **structured and merit-based Assessment Centre**, designed to identify, evaluate, and prepare high-potential internal talent for future leadership roles across the organisation.

The Assessment Centre provides a **transparent and equitable platform** for employees to demonstrate their readiness for advancement. Facilitated by a reputable third-party service provider, the process ensures objectivity and alignment with industry best practices.

Participants engage in a multi-stage evaluation process that includes:

- **Individual Presentations** on strategically assigned topics to assess communication skills, subject matter expertise, and critical thinking.
- **Competency-Based Panel Interviews**, conducted by a cross-functional panel of senior leaders, where participants are assessed on key leadership competencies, behavioral traits, and role-specific capabilities.
- **Performance and Knowledge Evaluation**, incorporating both quantitative scores and qualitative observations to provide a holistic view of each candidate's potential.

This rigorous process not only supports fair and informed promotion decisions but also plays a vital role in developing future-ready leaders, aligned with Arohan's long-term vision and values.

#### **CAUTIONARY STATEMENT**

*This document contains statements about expected future events, and financial and operating results of Arohan Financial Services Limited ("Arohan"/"Company"), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Arohan's Annual Report, FY 2025. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Further, Arohan cannot guarantee that these forward-looking statements will be realised, although the Company believes that it has been prudent in its assumptions.*





## DIRECTOR'S REPORT

### Dear Members,

Your Board of Directors (the “**Board**”) takes pleasure in presenting the Annual Report of **AROHAN FINANCIAL SERVICES LIMITED** (the “**Company**”) together with the Audited Financial Statements for the Financial Year ended March 31, 2025.

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial performance of the Company is summarized below:

(INR in Lakhs)			
Year ended March 31,	2025	2024	Change (%)
Total Revenue <b>(A)</b>	1,69,526.07	1,63,463.32	3.71
Less: Expenditure <b>(B)</b>	1,15,966.16	1,04,344.05	11.14
Less: Impairment on financial instruments <b>(C)</b>	39,751.41	17,875.97	122.37
<b>Profit/(loss) before tax (D) = [A-(B+C)]</b>	<b>13,808.50</b>	<b>41,243.30</b>	<b>(66.52)</b>
Total tax expense <b>(E)</b>	2,839.92	9,861.13	(71.20)
<b>Profit/(loss) after tax (F) = (D-E)</b>	<b>10,968.58</b>	<b>31,382.17</b>	<b>(65.05)</b>
Other Comprehensive Income	(691.69)	(370.15)	(86.87)
<b>Total Comprehensive income for the year</b>	<b>10,276.89</b>	<b>31,012.02</b>	<b>(66.86)</b>
<b>Earnings Per Share (EPS)</b>			
- Basic (in INR)	7.20	26.62	(72.95)
- Diluted (in INR)	7.18	26.57	(72.98)

The operational highlights of the Company are summarized below:

Year ended March 31,	2025	2024	Change (%)
Number of branches	1102	975	13.03
Number of customer (in lakhs)	21	24	(12.50)
Number of employees	10252	9333	9.85
Gross loan portfolio (in INR Crores)	6003	7112	(15.59)

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

1. Recognised among India's Best Workplaces™ in BFSI 2024: Top 25;
2. Ranked 35th among India's Best Companies to Work For, 2024;
3. Recognised among India's Best Workplaces for Millennials 2024: Top 50 (Large);
4. Coaching Culture Circle Awards 2024-25;
5. Recognised among India's Best Workplaces for Women 2024;
6. Recognized with the prestigious Social Impact Certificate at the Impact Summit 2024, in Kenya;
7. SKOCH Order of Merit Awards 2024 for Implementation of its Credit Scoring Module;
8. Recognised among the Top 50 India's Best Workplaces™ Building a Culture of Innovation by All 2025, Large category;
9. SKOCH Order-of-Merit Semi Finals Awards 2025 for its High Potential Development and Leadership Development Programme;
10. SKOCH Awards for High Potential Development and Leadership Development Programme

### The Company has received several noteworthy Certifications:

- Received the coveted GOLD Standard in Client Protection Principles under the Cerise+SPTF Methodology,
- Awarded a top-notch MFI 1 grade, by CareEdge Advisory
- Arohan's Code of Conduct Assessment (COCA) receives the top-notch C1 grading from CARE EDGE
- Received the Certificate of Registration for Quality Management System: ISO 9001:2015 by BSI

### CHANGE IN THE NATURE OF BUSINESS

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

### CAPITAL INFUSION

The Company has issued and allotted 15,00,000 (Fifteen Lakhs) Equity Shares at an issue price of INR 148.35/- (Indian Rupees One Hundred and Forty Eight and Thirty five paise only) per share including a premium of INR 138.35/- (Indian Rupees One Hundred and Thirty Eight and thirty five paise Only) per share aggregating to INR 22,25,25,000 (Twenty Two Crores Twenty Five Lakh Twenty Five Thousand only) to Arohan ESOP Trust on August 30, 2024, which was approved by the shareholders at their Annual General Meeting held on August 06, 2024.

Further, shareholders of the Company in the Annual General Meeting held on August 06, 2024 approved reclassification of the Authorized Share Capital of the Company being INR 2,75,00,00,000/- (Indian Rupees Two Hundred and Seventy Five Crores only) consisting of 27,50,00,000 (Twenty Seven Crore Fifty Lakhs) shares of Rs. 10/- (Indian Rupees Ten only) each divided into 19,50,00,000 (Nineteen Crores and Fifty Lakhs) Equity shares of INR 10/- (Indian Rupees Ten only) each and 8,00,00,000 (Eight Crores) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees Ten only) each to INR 2,75,00,00,000/- (Indian Rupees Two Hundred and Seventy Five Crores only) consisting of 27,50,00,000 (Twenty Seven Crores and Fifty

Lakhs) Equity shares of INR 10/- (Indian Rupees Ten only) each.”

### CAPITAL STRUCTURE

#### a) Authorized Share Capital

During the financial year under review, the Authorized Share Capital of the Company stood at INR 2,75,00,00,000/- (Rupees Two Hundred and Seventy Five Crores only) divided into 27,50,00,000 (Twenty Seven Crores and Fifty Lakhs only) equity shares of Rs. 10/- (Rupees Ten only) each.

#### b) Issued and Paid-up Capital

During the financial year under review, Issued and Paid-up capital of the Company stood at INR 1,58,91,23,200/- (Rupees One Hundred Fifty Eight Crores Ninety One Lakhs Twenty Three Thousand and Two Hundred only) divided into 15,89,12,320 (Fifteen Crores Eighty Nine Lakhs Twelve Thousand Three Hundred and Twenty only) equity shares of Rs. 10/- (Rupees Ten only) each.

### DISCLOSURES UNDER RBI GUIDELINES

The relevant disclosures applicable under the RBI Master Directions have been made in the Annual Financial Statements and Annual Report for the financial year ended March 31, 2025.

### SCALE BASED REGULATIONS

Pursuant to RBI circular on ‘Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs’ dated October 19, 2023, as amended from time to time the Company was categorised as NBFC-Middle Layer (NBFC-ML) and it continues to be under the same category till date. Further as prescribed in SBR, the Company is in adherence to the liquidity risk management guidelines. The disclosure on liquidity risk, on a quarterly basis, is also uploaded on website of the Company and details of the same are separately disclosed in the notes to the financial statements forming part of this Annual Report.

### NON-CONVERTIBLE DEBENTURES

There is no such issuance of Non-Convertible Debentures during the period under review.





## DIVIDEND

The Board of Directors did not recommend any Dividend to the Equity Shareholders of the Company for the year under review. However, during the year, the Company had paid dividend at the rate of 0.001% per annum to the Cumulative Compulsory Convertible Preference Shareholders.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL DIRECTORS

During the year under review, Mr. Piyush Goenka (DIN: 02117859) and Mr. Wilhelmus Marthinus Maria Van Der Beek (DIN: 02142559) Nominee Directors of the Company, who were liable to retire by Rotation in terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, were reappointed as the Directors of the Company in the 33rd Annual General Meeting held on August 06, 2024.

Mr. Jose Joseph Kattoor and Mr. Narasimha Kummamuri Murthy were appointed as Additional Directors under the category of Non-Executive Independent Directors for a term of five years, with effect from September 28, 2024, and February 12, 2025, respectively.

Further, the appointment of Mr. Jose Joseph Kattoor was regularized by the shareholders at the Extra-Ordinary General Meeting held on October 21, 2024.

Further, Mr. Sumantra Banerjee (DIN: 00075243) and Mr. Rajat Mohan Nag (DIN: 07083831) ceased to be the Directors due to the completion of their second and final term as an Independent Director on April 29, 2024 and January 31, 2025 respectively.

## KEY MANAGERIAL PERSONNEL

Mr. Manoj Kumar Narayan Nambiar, Managing Director, Mr. Milind Ramchandra Nare, Chief Financial Officer, and Mr. Anirudh Singh G. Thakur, Company Secretary and Chief Compliance Officer are the Key Managerial Personnel ("KMP") of the Company under the Companies Act, 2013 as on March 31, 2025.

## DECLARATION OF INDEPENDENCE

The Company has received declarations from all Independent Directors of the Company confirming

that they meet the criteria of independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold the highest standards of integrity. In terms of Section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs.

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to inform the Members to the best of their knowledge and belief and according to the information and explanation obtained by them, that the Audited Accounts for the financial year ended March 31, 2025 are in full conformity with the requirements of the Companies Act, 2013. The Financial Accounts are audited by the Statutory Auditors, M/s. B S R & Co. LLP, Chartered Accountants, (Firm Registration Number – 101248W/W-100022). The Directors further confirm the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- In the preparation of the annual accounts for the year ended March 31, 2025 the applicable accounting standards read with requirements set out under Schedule III of the Act, have been followed and there are no material departures from the same;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2025 and of the profit and loss of the Company for the year ended on that date;

- The Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a 'going concern' basis;
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2025, the Board consists of 15 members, which includes one Executive Director, five Independent Directors, and nine Non-Executive Nominee Directors.

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

The Nomination and Remuneration Committee decided the remuneration of Executive Directors and Key Managerial Personnel on the basis of following criteria;

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

- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to executive directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

## CORPORATE GOVERNANCE

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

The Corporate Governance Report forms part of the Directors' Report and is annexed as **Annexure I**.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The details of the meetings of the Board of Directors held during the financial year 2024-25 are provided in the Corporate Governance Report.

## AUDITORS

- Statutory Auditors** – Pursuant to the RBI Guidelines Ref. No. RBI/2021-22/25 (DoS. CO.ARG/SEC.01/08.91.001/2021-22) dated April 27, 2021, regarding the appointment of Statutory Auditors, and based on the recommendation of the Audit Committee, the Board of Directors of the Company, at its meeting held on May 24, 2024, approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company for a continuous period of three (3) years, i.e., for FY 2024-25, FY 2025-26, and FY 2026-27.





They shall hold office till the conclusion of the Annual General Meeting to be held for FY 2026-27. Their appointment was approved by the shareholders at the Annual General Meeting of the Company held on August 06, 2024.

M/s. B S R & Co. LLP have confirmed their eligibility to be appointed as Statutory Auditors under Section 141 of the Companies Act, 2013, and have also confirmed compliance with the RBI Guidelines.

(ii) **Secretarial Auditors** – M/s. S. Basu & Associates was appointed by the Board of Directors for the FY 2024-25 in its meeting held on May 23, 2024 as required under the provisions of Section 204 of the Companies Act, 2013. Further, M/s. MR & Associates, Company Secretaries (Peer Review Certificate No: 5598/2024) has been appointed as a Secretarial Auditors of the Company for the Financial Year 2025-26. The Secretarial Audit Report for the FY 2024-25 is annexed as **Annexure II** to the Directors' Report.

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

There are no qualifications, reservation or adverse remark made by the Statutory Auditor and Secretarial Auditor in their reports.

## DETAILS OF FRAUDS REPORTED BY THE AUDITORS

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

## COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

The details of the difference between the valuation amount at the time of one-time settlement and the valuation done while obtaining loans from Banks or Financial Institutions, along with the reasons thereof, are **not applicable**

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Board hereby confirms that during the financial year under review, it has not granted any loans, made any investments, or provided guarantees or securities to any person or entity, to which the provisions of Section 186 of the Companies Act, 2013 apply. Accordingly, there are no transactions or disclosures required under this section for the said period.

## RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. The details of the transactions with related parties were placed before the Audit Committee and the Board of Directors from time to time and the same is disclosed in Notes to the Financial Statements.

There were no materially significant related party transactions entered into by the Company which may have potential conflict with the interest of the Company.

The policy on Related Party Transaction, as approved by the Board, and the same is annexed as **Annexure III**.

## AMOUNT TRANSFERRED TO STATUTORY RESERVES

During the year under review the Company had profit and accordingly during the year the Company has transferred an amount of INR 2193.72 Lakhs to Statutory Reserve as required (20% of Profit after Tax) under Section 45-IC of the RBI Act, 1934.

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

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2025 and the date of the Directors' Report.

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

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

### Foreign Exchange earnings and Outgo

Earnings	INR 211.29 Lakhs
Outgo	INR 14.94 Lakhs

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

## ANNUAL EVALUATION OF THE BOARD

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

The Independent Directors of the Company, at their separate meeting have reviewed the performance of all the directors, the Board as a whole and its Committees and the Chairperson of the Company.

Further, the Nomination and Remuneration Committee ("**NRC**") has carried out evaluation of individual Director's performance.

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

## RISK MANAGEMENT POLICY

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee and the same is available on the Company's website at <https://www.arohan.in/investor-relations/codes-and-policies/>





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

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE

The Reserve Bank of India, exercising its powers under Section 45L(1)(b) of the Reserve Bank of India Act, 1934, issued an Executive Order on October 17, 2024, directing the Company to cease and desist from sanctioning or disbursing loans, effective from the close of business on October 21, 2024. However, these restrictions did not prevent the Company from servicing its existing customers or carrying out collection and recovery activities in accordance with the Executive Order.

The Company promptly initiated all necessary remedial actions and submitted the requisite compliances to the RBI. Upon being satisfied with the submissions, and in light of the adoption of revamped processes, systems, and the Company's commitment to ongoing adherence to Regulatory Guidelines, the Reserve Bank of India, vide its letter dated January 3, 2025, lifted the restrictions on the Company's sanctioning and disbursal of loans, effective from the same date.

## DEPOSITS

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

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

Our Company has always believed in providing a safe and harassment free workplace for every individual working in the Company premises. Company always

endeavors to create and provide an environment that is free from any discrimination and harassment.

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

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

During the calendar year 5 (five) cases were reported and all were effectively closed.

## INTERNAL FINANCIAL CONTROLS

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

## VIGIL MECHANISM

The Company has a Whistle-blower Policy which is periodically reviewed and details of the same are explained in the Corporate Governance Report. The Policy is also available on the Company's website.

## PARTICIPATION IN CREDIT BUREAU

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

## RESOURCES AND LIQUIDITY

Your Company being a Non-Deposit Accepting Middle-Layer NBFC is subject to the capital

adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non-Banking Financial Company-Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. Your Company has maintained a CRAR ratio of 34.09% as on March 31, 2025 which is higher than the RBI prescribed ratio of 15%.

The Company has an outstanding, secured and unsecured borrowings of INR 4,70,340.37 lakhs at the end of Financial Year 2024-25.

## RBI GUIDELINES & SRO

Your Company is registered with the Reserve Bank of India ("RBI") as a Non-Deposit Taking NBFC under Section 45-IA of the RBI Act, 1934. The Directors hereby report that the Company did not accept any public deposits during the year and had no public deposits outstanding as of the year-end.

As a member of MFIN (Micro Finance Institutions Network), the Company adheres to the Code of Conduct prescribed by the Self-Regulatory Organisation (SRO) and complies with the standards and regulations issued by the SRO from time to time.

## CREDIT RATING

The Company's financial discipline and prudence are reflected in the strong credit ratings assigned by the rating agencies, as detailed below:

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

## PARTICULARS OF EMPLOYEES

The Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed herewith as **Annexure V** to the Directors' Report. For the details of top ten employees in terms of remuneration drawn, it may be sought by writing an email to [compliance@arohan.in](mailto:compliance@arohan.in).

The Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company as the Company is not a listed Company under the Companies Act, 2013.

## EMPLOYEE STOCK OPTION PLAN (ESOP)

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

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

## EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the draft Annual Return as on March 31, 2025 in e-form MGT 7 is available on the Company's website at the link: <https://www.arohan.in/wp-content/uploads/2025/07/form-mgt-7-24-25.pdf>

## AFFIRMATION AND DISCLOSURE

All the Directors and members of the Senior Management have affirmed their compliance with the Code of





Conduct as on 31st March, 2025 and a declaration to that effect, signed by the Managing Director is annexed and forms part of this Annual Report.

## ACKNOWLEDGEMENT

Your Directors express their sincere appreciation of the co-operation and assistance received from customers, Reserve Bank of India, MFIN, Shareholders, Bankers, Stock Exchange and other stakeholders during the year under review. Your

directors also wish to place on record their deep sense of appreciation for the commitment displayed from all managers, executives and customer service representatives resulting in the performance of the Company during the year.

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

### For and on behalf of the Board of Directors

Sd/-

**VINEET CHANDRA RAI**

Vice Chairman

DIN: 00606290

Sd/-

**MANOJ KUMAR NARAYAN NAMBIAR**

Managing Director

DIN: 03172919

Date: May 23, 2025

Place: Kolkata

## ANNEXURE - I

# CORPORATE GOVERNANCE REPORT

### The Need for a Structured Corporate Governance, Risk and Compliance Framework



## COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is the framework that outlines how a company is managed and controlled, ensuring it operates ethically, legally and efficiently. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising employees, investors, customers, regulators, suppliers and the society at large. Arohan Financial Services Limited ("Arohan") recognizes its role as a corporate citizen and committed to the highest level of Corporate Governance practices which emphasizes the need for full transparency and accountability in all transactions, in order to protect the interests of its stakeholders.

The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and to ensure that the Company evolves and follow not just the stated corporate governance guidelines, but also global best practices. We have a defined policy framework for ethical conduct of businesses. We believe that any business conduct can be ethical only when it rests on the six core values viz. Employee Engagement, Transparency, Honesty & Integrity, Innovation, Customer Centricity and Shareholder Value Focus.

The constitution of the Board and that of its Committees are compliant with the relevant provisions of the Companies Act, 2013 (the Act) and the relevant rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR, 2015), and Reserve Bank of India – Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as updated from time to time (SBR Master Directions). The Company is also registered as Corporate Agent (Composite) under Regulation 11 of the IRDAI (Registration of Corporate Agents) Regulations, 2015, and the Insurance Regulatory and Development Authority Act, 1999 (4 of 1999).





## Corporate Governance Framework:

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



## Governance Structure

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

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



## BOARD OF DIRECTORS

### Composition and category of the Board

The Company has a broad-based Board of Directors, constituted in compliance with the SBR Master Directions, the Act, the SEBI LODR, 2015 and in accordance with good corporate governance practices. The Company recognizes and embraces the importance of a diverse Board and strongly believes that an active, well-informed, independent and diverse Board will leverage differences in thought, perspective, knowledge, skill, industry experience and age, which will help us retain and maximize our competitive advantage. The Board of Directors ('the Board') is at the very root of Company's corporate governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. As on March 31, 2025, the Company's Board is comprised of Fifteen (15) Directors including Five (5) Non-Executive Independent Directors, One (1) Executive Director and Nine (9) Non-Executive Nominee Directors (which includes Two (2) Women Non-Executive Nominee Directors)

During the year under review, the Board met Nine (9) times on May 24, 2024, July 09, 2024, August 05, 2024, September 28, 2024, October 18, 2024, October 22, 2024, November 12, 2024, January 03, 2025 and February 12, 2025. The interval between the two meetings was well within the maximum period mentioned under the applicable laws.

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





Sl. No.	Name of Director (*)	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent Director)	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	Whether attended last AGM	No. of other Directorship held in other public companies	No. of other Board Committee Mem-ships/Chairman-ship*	Details of directorship held in other Listed Entity (including debt listed)	Category of Directorship
					Held	Attended		Salary and other compensation (INR in Lakhs)	Sitting Fee (INR in Lakhs)	Commission (INR in Lakhs)						
1	Mr. Manoj Kumar Narayan Nambiar	October 3, 2012	Executive - Managing Director	03172919	9	9	2	346.92	Nil	Nil	Nil	Yes	-	-	-	-
2	Mr. Anurag Agrawal	October 3, 2012	Promoter Nominee Director	02385780	9	8	7	Nil	4.50	48	Nil	Yes	2	2	Electronica Finance Limited	Director
3	Mr. Vineet Chandra Rai	October 24, 2013	Promoter Nominee Director	00606290	9	6	8	Nil	3.50	150	Nil	No	1	0	-	-
4	Mr. Dinesh Kumar Mittal	May 15, 2018	Non-Executive - Independent Director (Chairman)	00040000	9	9	10	Nil	6.75	50.00	Nil	Yes	7	5 (including 3 as Chairperson)	1. Max Estates Limited 2. Indus Towers Limited 3. APL Apollo Tubes Limited 4. New Delhi Television Limited	Independent Director
5	Mr. Sumantra Banerjee (1)	April 29, 2014	Non-Executive - Independent Director	00075243	0	0	4	Nil	Nil	Nil	10,000	NA	1	-	-	-
6	Mr. Rajat Mohan Nag (2)	January 31, 2015	Non-Executive - Independent Director	07083831	8	7	2	Nil	6.25	21.00	Nil	Yes	1	-	-	-
7	Mr. Piyush Goenka	March 31, 2015	Non-Executive - Nominee Director	02117859	9	5	5	Nil	4.00	Nil	Nil	No	3	2	Safari Industries (India) Limited	-
8	Mr. Wilhelmus Martinus Maria Van Der Beek	December 5, 2016	Non-Executive - Nominee Director	02142559	9	7	Nil	Nil	Nil	Nil	Nil	No	-	-	-	-
9	Mr. Stephen Dongwon Lee	December 1, 2022	Non-Executive - Nominee Director	08640160	9	8	4	Nil	Nil	Nil	Nil	No	-	-	Kinara Capital Private Limited	Director
10	Mr. Vemuru Chandramouli	May 12, 2023	Non-Executive - Nominee Director	07019218	9	1	2	Nil	0.50	Nil	Nil	No	1	-	-	-
11	Mr. Nitish Chawla	May 31, 2023	Non-Executive - Nominee Director	07676758	9	9	1	Nil	Nil	Nil	Nil	No	-	-	-	-
12	Ms. Rupa Rajul Vora	August 08, 2023	Non-Executive - Nominee Director	01831916	9	8	8	Nil	4.00	20.00	Nil	Yes	5	8 (including 5 as a Chairperson)	1. JM Financial Asset Incr'd Financials Services Limited 2.	Independent Director

Sl. No.	Name of Director (*)	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent Director)	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	Whether attended last AGM	No. of other Directorship held in other public companies	No. of other Board Committee Mem-ships/Chairman-ship*	Details of directorship held in other Listed Entity (including debt listed)	Category of Directorship
					Held	Attended		Salary and other compensation (INR in Lakhs)	Sitting Fee (INR in Lakhs)	Commission (INR in Lakhs)						
13	Ms. Karina Isabel Alva Alfaro	November 10, 2023	Non-Executive - Nominee Director	10377372	9	8	1	Nil	Nil	Nil	Nil	No	1	-	-	-
14	Mr. John Arunkumar Diaz	January 03, 2024	Non-Executive - Independent Director	00493304	9	9	11	Nil	9.75	30.00	57,345	Yes	1	1	Suryoday Small Finance Bank Limited	Independent Director
15	Mr. Ulhas Sharadkumar Deshpande	January 15, 2024	Non-Executive - Independent Director	00017235	9	7	Nil	Nil	6.00	25.00	Nil	No	-	-	-	-
16	Mr. Jose Joseph Kattoor(3)	September 28, 2024	Non-Executive - Independent Director	09213852	5	5	2	Nil	2.75	15.00	Nil	NA	2	2 (including 1 as Chairperson)	South Indian Bank Limited	Independent Director
17	Mr. Narasimha Kummamuri Murthy (4)	February 12, 2025	Non-Executive - Independent Director	00023046	0	0	7	Nil	Nil	Nil	Nil	NA	6	6 (including 4 as a Chairperson)	1. Raymond Lifestyle Limited 2. Raymond Limited 3. Axis Finance Limited 4. Max Financial Services Limited	Independent Director

- None of the Directors held directorships in more than 10 (Ten) public limited companies;
- None of the Directors is related to any Director or is a member of an extended family;
- None of the employees of the Company is related to any of the Directors in terms of the Companies Act, 2013;
- None of the Directors has received any loans or advances from the Company during the year.
- Mr. John Arunkumar Diaz, Non-Executive Independent Director, holds 57,345 equity shares.
- \* Only covers Membership/ Chairmanship of Audit Committee and Stakeholders' Relationship Committee of other Public Limited Companies.
- \*\*
  1. Mr. Sumantra Banerjee, owing to his completion of term as an Independent Director ceased to be a member of the Board with effect from April 29, 2024.
  2. Mr. Rajat Mohan Nag, owing to his completion of term as an Independent Director ceased to be a member of the Board with effect from January 31, 2025.
  3. Mr. Jose Joseph Kattoor has been appointed as Additional Director under the category of Independent Director w.e.f. September 28, 2024 and thereafter regularised as Independent Director in the general meeting held on October 21, 2024.
  4. Mr. Narasimha Kummamuri Murthy has been appointed as Additional Director under the category of Independent Director w.e.f. February 12, 2025.

**Note:** The data in the above table pertaining to No. of other Directorship held in other public companies, No. of other Board Committee Memberships/ Chairmanship and Details of directorship held in other Listed Entity (including debt listed) has been provided till the date the directors were associated with the Company (for the Directors who has resigned) and for others till March 31, 2025.




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

Sl. No.	Name of the Director	Capacity (i.e., Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Nature of Change (appointment/ resignation)	Effective Date
1	Mr. David Arturo Paradiso	Non-Executive-Nominee Director	Resignation	November 10, 2023
2	Mr. Paul Gratien Robine	Non-Executive-Nominee Director	Resignation	May 12, 2023
3	Mr. Shri Ram Meena	Non-Executive-Nominee Director	Resignation	May 12, 2023
4	Mr. Vemuru Chandramouli	Non-Executive-Nominee Director	Appointment	May 12, 2023
5	Mr. Aditya Mohan	Non-Executive-Nominee Director	Appointment & Resignation	May 12, 2023: Appointment August 08, 2023: Resigned
6	Mr. Nitish Chawla	Non-Executive-Nominee Director	Appointment	May 31, 2023
7	Mr. Dinesh Kumar Mittal	Non-Executive-Independent Director	Re-appointment	May 15, 2023
8	Ms. Rupa Rajul Vora	Non-Executive-Nominee Director	Appointment	August 08, 2023
9	Ms. Karina Isabel Alva Alfaro	Non-Executive-Nominee Director	Appointment	November 10, 2023
10	Mr. John Arunkumar Diaz	Non-Executive-Independent Director	Appointment	January 03, 2024
11	Ms. Matangi Gowrishankar	Non-Executive-Independent Director	Resignation	January 14, 2024
12	Mr. Ulhas Sharadkumar Deshpande	Non-Executive-Independent Director	Appointment	January 15, 2024
13	Mr. Sumantra Banerjee	Non-Executive-Independent Director	Cessation	April 29, 2024
14	Mr. Jose Joseph Kattoor	Non-Executive-Independent Director	Appointment	September 28, 2024
15	Mr. Rajat Mohan Nag	Non-Executive-Independent Director	Cessation	January 31, 2025
16	Mr. Narasimha Kummamuri Murthy	Non-Executive-Independent Director	Appointment	February 12, 2025

The Board placed on record its appreciation for the valuable services rendered by all outgoing Directors.

**Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/ him shall be disclosed:** Ms. Matangi Gowrishankar, Non-Executive Independent Director of the Company has tendered her resignation w.e.f January 14, 2024 in order to avoid conflict of interest of her appointment in a leading private sector bank being a key lender to the Company.

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

**Familiarisation Programme for Independent Directors:** The Company has established a Familiarisation Programme for Independent Directors. The framework together with the details of the Familiarisation Programme imparted during the financial year under review has been uploaded on the website of the Company and can be accessed at [www.arohan.in](http://www.arohan.in).

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

**Committees of the Board- Composition as on March 31, 2025**
**1. Audit Committee**

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

The Managing Director, the Chief Financial Officer and other Executive Committee Members are invitees to the meetings of the Committee. The other directors are invited to attend the Audit Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Audit Committee met Five (5) times during the year on May 23, 2024, August 05, 2024, November 11, 2024, November 16, 2024 and February 12, 2025. The time gap between any two meetings is within the limit prescribed in the applicable law.

**Composition:**

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Rajat Mohan Nag (*)	April 27, 2018	Non Executive - Independent Director	4	4	Nil
2	Mr. Sumantra Banerjee (**)	April 27, 2018	Non Executive - Independent Director	0	0	10,000
3	Mr. Dinesh Kumar Mittal***	November 10, 2022	Non Executive - Independent Director	5	5	Nil
4	Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	5	2	Nil
5	Mr. John Arunkumar Diaz	January 15, 2024	Non Executive - Independent Director	5	5	57,345
6	Mr. Ulhas Sharadkumar Deshpande	January 15, 2024	Non Executive - Independent Director	5	3	Nil

(\*) Owing to the completion of second and final term Mr. Rajat Mohan Nag ceased to be a Chairperson of the committee w.e.f January 31, 2025.

(\*\*) Owing to the completion of second and final term Mr. Sumantra Banerjee ceased to be a member of the committee w.e.f April 29, 2024.

(\*\*\*) Mr. Dinesh Kumar Mittal was appointed as a Chairperson of the Committee w.e.f. February 12, 2025.





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

## 2. Risk Management Committee

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

As on March 31, 2025 the Committee comprised of Three (3) Independent Directors and two (2) Nominee Directors. The other directors are invited to attend the Risk Management Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Risk Management Committee met Four (4) times during the year on May 24, 2024, August 05, 2024, November 12, 2024 and February 11, 2025.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Rajat Mohan Nag(*)	April 27, 2018	Non Executive - Independent Director	3	2	Nil
2	Mr. Sumantra Banerjee (**)	April 27, 2018	Non Executive - Independent Director	0	0	10,000
3	Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	4	2	Nil
4	Mr. Wilhelmus Marthinus Maria Van Der Beek	April 27, 2018	Non Executive - Nominee Director	4	1	Nil
5	Mr. Ulhas Sharadkumar Deshpande	January 15, 2024	Non-Executive-Independent Director	4	3	Nil
6	Mr. John Arunkumar Diaz	January 15, 2024	Non-Executive-Independent Director	4	4	57,345
7	Mr. Jose Joseph Kattoor (***)	February 11, 2025	Non-Executive-Independent Director	1	1	Nil

(\*) Owing to the completion of second and final term Mr. Rajat Mohan Nag ceased to be a Chairperson of the committee w.e.f January 31, 2025.

(\*\*) Owing to the completion of second and final term Mr. Sumantra Banerjee ceased to be a member of the committee w.e.f April 29, 2024.

(\*\*\*) Mr. Jose Joseph Kattoor was appointed as a Chairperson of the Committee w.e.f February 11, 2025.

## 3. Corporate Social Responsibility Committee

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

As on March 31, 2025, the Committee comprised of one (1) Independent Director, one (1) Promoter Nominee Director, one (1) Nominee Director and the Managing Director. The other directors are invited to attend the Corporate Social Responsibility Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met twice (2) during the year on May 23, 2024 and February 11, 2025.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. John Arunkumar Diaz (*)	April 29, 2024	Non Executive - Independent Director	2	2	57,345
2	Mr. Sumantra Banerjee (**)	April 27, 2018	Non Executive - Independent Director	0	0	10,000
3	Mr. Anurag Agrawal	April 27, 2018	Promoter Nominee Director	2	1	Nil
4	Mr. Manoj Kumar N Nambiar	April 27, 2018	Executive - Managing Director	2	2	Nil
5	Mr. Wilhelmus Marthinus Maria Van Der Beek	April 27, 2018	Non Executive - Nominee Director	2	2	Nil

(\*) Mr. John Arunkumar Diaz was appointed as a Chairperson of the Committee w.e.f April 29, 2024.

(\*\*) Owing to the completion of second and final term Mr. Sumantra Banerjee ceased to be a Chairperson of the committee w.e.f April 29, 2024.

## 4. Nomination and Remuneration Committee

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

As on March 31, 2025 the Committee comprised of Four (4) Independent Directors, one (1) Nominee Director and one (1) Promoter Nominee Director. The other directors are invited to attend the Committee meetings





as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met Five (5) times during the year on May 24, 2024, August 05, 2024, September 28, 2024, November 12, 2024 and February 12, 2025.

#### Remuneration Policy:

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

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Dinesh Kumar Mittal	May 12, 2023	Non Executive - Independent Director	5	4	Nil
2	Mr. Ulhas Sharadkumar Deshpande (****)	January 15, 2024	Non-Executive-Independent Director	5	4	Nil
3	Mr. Rajat Mohan Nag (*)	April 27, 2018	Non Executive - Independent Director	4	2	Nil
4	Mr. Sumantra Banerjee (**)	April 27, 2018	Non Executive - Independent Director	0	0	10,000
5	Mr. Piyush Goenka	April 27, 2018	Non Executive - Nominee Director	5	2	Nil
6	Mr. Vineet Chandra Rai	April 27, 2018	Promoter Nominee Director	5	2	Nil
7	Mr. John Arunkumar Diaz (***)	April 29, 2024	Non Executive - Independent Director	5	5	57,345
8	Mr. Jose Joseph Kattoor (****)	February 12, 2025	Non Executive - Independent Director	0	0	Nil

(\*) Owing to the completion of second and final term Mr. Rajat Mohan Nag ceased to be a member of the committee w.e.f January 31, 2025.

(\*\*) Owing to the completion of second and final term Mr. Sumantra Banerjee ceased to be a member of the committee w.e.f April 29, 2024.

(\*\*\*) Mr. John Arunkumar Diaz was appointed as a member of the Committee w.e.f April 29, 2024.

(\*\*\*\*) Mr. Jose Joseph Kattoor was appointed as a member of the Committee w.e.f February 12, 2025.

(\*\*\*\*\*) Mr. Ulhas Sharadkumar Deshpande was appointed as a Chairperson of the Committee w.e.f January 15, 2024.

#### 5. Share Transfer and Securities Allotment Committee

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

As on March 31, 2025, the Committee is comprised of Managing Director, one (1) Nominee Director and two (2) Promoter Nominee Directors. The other directors are invited to attend the Share Transfer and Securities

Allotment Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met only once during the year on August 30, 2024.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Manoj Kumar N Nambiar(*)	February 16, 2018	Executive - Managing Director	1	1	Nil
2	Mr. Anurag Agrawal	February 16, 2018	Promoter Nominee Director	1	1	Nil
3	Mr. Vineet Chandra Rai	February 16, 2018	Promoter Nominee Director	1	1	Nil
4	Mr. Piyush Goenka	February 16, 2018	Non-Executive - Nominee Director	1	0	Nil

(\*) Mr. Manoj Kumar N Nambiar is the Chairperson of the Committee.

#### 6. IT Strategy Committee

NBFCs are required to form an IT Strategy Committee. The Chairman of the Committee shall be an Independent Director and CFO should be a part of the Committee. The IT Strategy Committee should meet at an appropriate frequency. 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.

As on March 31, 2025, the Committee is comprised of One (1) Independent Directors, one (1) Nominee Director, Managing Director and the Head of Information Technology. The other directors are invited to attend the IT Strategy Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The Committee met Four (4) times during the year on May 23, 2024, August 05, 2024, November 11, 2024 and February 11, 2025.

Sl. No.	Director/Member	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Rajat Mohan Nag(*)	November 10, 2022	Non Executive - Independent Director	3	3	Nil
2	Mr. Sumantra Banerjee (**)	February 16, 2018	Non Executive - Independent Director	0	0	10,000
3	Mr. Piyush Goenka	February 16, 2018	Non-Executive - Nominee Director	4	Nil	Nil
4	Mr. Manoj Kumar N Nambiar	February 16, 2018	Executive - Managing Director	4	4	Nil
5	Mr. Arvind Murarka(***)	February 16, 2018	Chief Information Officer	4	4	Nil
6	Mr. John Arunkumar Diaz (**)	January 15, 2024	Non-Executive-Independent Director	4	4	57,345
7	Mr. Amit Sugandhi(***)	February 12, 2025	Head-Information Technology	Nil	Nil	Nil

(\*) Owing to the completion of second and final term Mr. Rajat Mohan Nag ceased to be a member of the committee w.e.f January 31, 2025.





(\*\*) Owing to the completion of second and final term Mr. Sumantra Banerjee ceased to be a Chairperson of the committee and thereafter Mr. John Arunkumar Diaz was appointed Chairperson of the committee w.e.f April 29, 2024.

(\*\*\*)Mr. Arvind Murarka ceased to be a Member and Mr. Amit Sugandhi was appointed as a member of the Committee w.e.f February 12, 2025.

## 7. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board is responsible for redressal of grievances of customers, investors, shareholders, securities holders, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends and performing matters related to the Environmental, Social, & Governance and such other functions as may be delegated by the Board and/or prescribed under the SEBI LODR, 2015 and the Act, or other applicable law, is placed before the Committee for their perusal and also to discuss any other matter which the Committee thinks fit. No such shareholders' complaints were received during the year.

As on March 31, 2025 the Committee comprised of One (1) Non-Executive Independent Director, Managing Director and One (1) Promoter Nominee Director. The other directors are invited to attend the Stakeholders Relationship Committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. No investor grievances were reported by the security holders against the Company as on March 31, 2025. The Committee met once (1) during the year on February 11, 2025.

Sl. No.	Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Anurag Agrawal	April 27, 2018	Promoter Nominee Director	1	1	Nil
2	Mr. Manoj Kumar N Nambiar	April 27, 2018	Executive - Managing Director	1	1	Nil
3	Mr. John Arunkumar Diaz(*)	January 15, 2024	Non-Executive-Independent Director	1	1	57,345

(\*) Mr. John Arunkumar Diaz was appointed as a Chairperson of the Committee w.e.f January 15, 2024.

## 8. Asset-Liability Management Committee (ALCO)

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

As on March 31, 2025, the Committee is comprised of Managing Director, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Head- Credit & Process Control. The Committee met every month during the year under review on April 17, 2024, May 13, 2024, June 21, 2024, July 15, 2024, August 22, 2024, September 17, 2024, October 16, 2024, November 21, 2024, December 13, 2024, January 13, 2025, February 20, 2025 and March 12, 2025.

## Attendance of Members:

Sl. No.	Name of the Director/Member	Member of Committee since	Position	Number of Meetings of the Committee		Number of shares held in the NBFC
				Held	Attended	
1	Mr. Manoj Kumar Narayan Nambiar	April 29, 2014	Managing Director	12	12	Nil
2	Mr. Milind Ramchandra Nare	May 16, 2016	Chief Financial Officer	12	12	10,000
3	Mr. Shailesh Kumar	July 24, 2021	Chief Business Officer	12	9	Nil
4	Mr. Ranjan Das	July 15, 2017	Chief Risk Officer	12	11	Nil
5	Mr. Anirudh Singh G. Thakur*	March 23, 2022	Company Secretary Chief Compliance Officer and	10	10	Nil
6	Mr. Sumit Mukherjee**	Feb 14, 2024	Chief Business Officer	12	12	Nil
7	Ms, Sharoni Pal*	Feb 12, 2025	Head- Credit and Process Control	2	2	Nil

\* Owing to the regulatory requirement of Reserve Bank of India, Mr. Anirudh Singh G. Thakur - Company Secretary and Chief Compliance Officer ceased to be member of the Committee and Ms. Sharoni Pal was appointment as a member of the Committee w.e.f February 12, 2025.

\*\* Owing to the resignation Mr. Sumit Mukherjee ceased to be member of the Committee w.e.f March 12, 2025.

## 9. Meeting of Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules thereunder and SEBI Listing Regulations, 2015 mandate that the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, human resource matters and performance of the non-independent members of the Board, including the Chairman. During the year, the independent directors met on May 24, 2024 without the presence of the Management.

## Senior Management Personnel

During the year under review, Ms. Kanchan Banerjee, Head of Human Resource, Training & Development, Administration and Corporate Social Responsibility resigned and Ms. Deblina Bhattacharjee was appointed as Head of Human Resource, Training & Development and Administration. Mr. Arvind Murarka, Chief Information Officer of the Company has resigned and Mr. Amit Sugandhi has been designated as Head- Information Technology. Further Mr. Sumit Mukherjee, Chief Business Officer has resigned and Mr. Shailesh Kumar was designated as Chief Business Officer of the Company. Ms. Sharoni Pal was appointed as Head of Credit and Process Control.





## General Body Meetings

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

Financial Year	Category	Location	Date	Time
2023-2024	AGM	It was held through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), deemed location is Registered Office	August 06, 2024	01:00 PM
2022-2023	AGM	It was held through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), deemed location is Registered Office	August 07, 2023	03:00 PM
2021-2022	AGM	It was held through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), deemed location is Registered Office	August 11, 2022	02:00 PM

Extra Ordinary General Meeting was held on October 21, 2024 through video conferencing/ other audio visual means during the year and the following Special Resolutions were passed therein:

1. Appointment of Mr. Jose Joseph Kattoor (DIN: 09213852), as a Non-Executive Independent Director of the Company.
2. Amendment in the 'AROHAN EMPLOYEE STOCK OPTION PLAN 2010' ("ESOP 2010"/ "Plan")
3. Amendment in the "AROHAN EMPLOYEE STOCK OPTION PLAN 2018" ("ESOP 2018"/ "Plan")
4. Amendment in the "AROHAN EMPLOYEE STOCK OPTION PLAN 2021" ("ESOP 2021"/ "Plan")

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

### FY 2021-22:

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

### FY 2022-23:

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

### FY 2023-24:

1. Increase in borrowing power of the Company;
2. Creation of charge and to provide security;
3. Reclassification of Authorised Share Capital & consequent amendment to the capital clause in the Memorandum of Association of the Company;

4. To issue Non-Convertible Debentures;
5. Payment of Commission to the Directors of the Company for the Financial Year 2023-24;
6. Issue of shares with respect to Arohan Employee Stock Option Plan 2021;
7. Payment of Commission to Mr. Vineet Chandra Rai (DIN: 00606290), Non- Executive Nominee Director for the Financial Year 2024-25;
8. Payment of Commission to Mr. Anurag Agrawal (DIN: 02385780), Non-Executive Nominee Director for the Financial Year 2024-25.

## General Shareholders Information

### Company Registration details:

The Company is based in Kolkata and operates in Eighteen geographies at present.

**CIN:** U74140WB1991PLC053189

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

**Scrip Code:** 955550

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

**Day:** Tuesday

**Date:** August 12, 2025

**Time:** 2:00 P.M.

**Venue:** The Westin Kolkata, Rajarhat, Plot No. CBD/2 Action Area - II, New Town, Kolkata – 700156, West Bengal through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM') facility.

**Financial Year:** April 01, 2024 to March 31, 2025

**Listing on Stock Exchange:** The Company's NCD's are listed on the Wholesale Debt Market (WDM) segment of the BSE Limited. The Company has paid listing fees to BSE Limited for the Financial Year 2024-25 as well as for the Financial Year 2025-26.

### Debenture Trustees:

#### IDBI Trusteeship Services Limited

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

#### Catalyst Trusteeship Limited

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

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

#### MUFG Intime India Private Limited

Unit: Arohan Financial Services Limited  
C-101, 1st Floor, 247 Park,  
L.B.S Marg, Vikhroli (West)  
Mumbai – 400083, Maharashtra, India  
Ph: +91 22 49186000 ; E-Mail: [rnt.helpdesk@in.mpms.mufg.com](mailto:rnt.helpdesk@in.mpms.mufg.com)

**Share Transfer System:** Shares in physical forms are processed by the Registrar and Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. The Managing Director,





Chief Financial Officer and Company Secretary have been severally empowered to approve transfers. With effect from October 2, 2018, request for transfer of equity shares in physical form are not accepted as per notification issued by Ministry of Corporate affairs dated September 10, 2018.

#### Distribution of Shareholdings:

Range of Holdings	Number of Shares	Amount (INR)	% to Capital	No. of Shareholders	% of Shareholders
1 to 5,000	140856	1408560	0.09	239	62.73%
Above 5,000 to 10,000	56637	566370	0.04	7	1.84%
Above 10,000	158714827	1587148270	99.87	135	35.43%

#### Dematerialization of shares and liquidity:

Percentage of shares held in physical form: Negligible

Electronic form with NSDL: 96.83%

Electronic form with CDSL: 3.17%

#### Details of Credit Ratings obtained

ICRA Limited: A (Stable Outlook)

CARE Ratings Limited: A- (Stable Outlook)

#### Address for correspondence

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

The Company Secretary

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

Sector-5, Salt Lake, Kolkata-700091

Email: compliance@arohan.in

Ph: 033 4015 6000

#### Means of Communication with other stakeholders

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

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

#### OTHER DISCLOSURES

- Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:** None
- Statutory Compliance, Penalties and Strictures:** The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI on any matter related to the activities of the Company except as mentioned in the Director's Report.
- Disclosures under the Whistle Blower Mechanism of the Company:** The Company has an established mechanism for Directors, Employees, Clients, partners, investors or the public at large to report concerns about unethical behavior, actual or suspected fraud, and violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors, Employees, Clients, partners,

investors who avail of the mechanism. The Company has formulated a policy of the vigil mechanism that any personnel may raise reportable matters at an early date after becoming aware of the same. To ensure the highest level of good governance, Arohan's overall whistleblower policy is based on the adoption and implementation of the Arohan's core values and industry best practices.

- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:** The Company has complied with all the applicable mandatory requirements of the SEBI LODR, 2015. The Company continues to adopt best practices to ensure regime of financial statements with unmodified audit opinion.
- Web link where policy for determining 'material' subsidiaries is disclosed:** Not Applicable
- Policy on Dealing with Related Party Transactions:** The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the SEBI LODR, 2015, which specify the manner of entering into Related Party Transactions. The Policy on Related Party Transactions is annexed as **Annexure- III**.
- Disclosure of commodity price risks and commodity hedging activities:** Not Applicable
- Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable
- A certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority:** Forms part of the Annual Report
- Where the board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:** During FY 2024-25, all the recommendations of the various Committees of the Board were accepted by the Board.
- Total fees paid to the Statutory Auditors and all entities in the network firm/ entities:** The details of total fees for all the services paid by the Company to previous auditor for Limited Review of Q1FY25 and to M/s B S R & Co. LLP, Chartered Accountant, Statutory Auditors are given below:

(INR in Lakhs)	
Payment to Statutory Auditor	F.Y 2024-25
Statutory Audit including Limited Review	140.00
Other Services including reimbursement of expenses	19.77
<b>Total</b>	<b>159.77</b>

(\*) During the year ended March 31, 2025, an amount of ₹114.76 lakhs has been paid as statutory auditor's professional services for draft red hearing prospectus (DRHP) filing which has been presented under other non-financial assets.

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

- Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The Company has in place a POSH Policy (Prevention of Sexual Harassment) in line with the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are





covered under this policy. During the calendar year, 5 (Five) cases were reported and all were effectively closed. The policy is also uploaded on the website of the Company.

m. **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount:** Nil

n. **Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:** Not Applicable

**Details of non-compliance with requirements of Companies Act, 2013:**

There are no default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

**Non-compliance of any requirement of corporate governance report of above, with reasons thereof shall be disclosed:** Nil

**The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report:** The Company being a High Value Debt Listed Entity, the Company is in compliance with corporate governance requirements specified in regulation 17 to 27 of the SEBI LODR, 2015.

Further, the clauses (b) to (i) of sub-regulation (2) of regulation 46 are not applicable to the Company.

**Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:** The Company has adopted a Code of Conduct for its Directors and Senior Management which is available on the Company's website [www.arohan.in](http://www.arohan.in). All the Directors of the Board and Senior Management Personnel of the Company have affirmed compliance with the aforementioned Code. A declaration signed by the Managing Director to this effect forms part of the Annual Report.

**Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report:** Forms part of the Annual Report.

**Disclosures with respect to demat suspense account/ unclaimed suspense account:** Not Applicable

For and on behalf of the Board of Directors

Sd/-  
**VINEET CHANDRA RAI**  
VICE CHAIRMAN  
DIN: 00606290

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

Date: May 23, 2025

Place: Kolkata

## ANNEXURE - II

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025**

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

To,

The Members,

**AROHAN FINANCIAL SERVICES LIMITED**

PTI Building, 4th Floor,

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

Kolkata -700091

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

Based on our verification of the **Arohan Financial Services Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2025 ('Audit Period')** has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Arohan Financial Services Limited** for the Financial Year ended on **March 31, 2025** according to the applicable provisions of:

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

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent applicable;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; Not Applicable
- (d) The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable
- (e) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 to the extent applicable;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent applicable;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; Not Applicable
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, and amendments from time to time to the extent applicable;
- (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;





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

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

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

- The Reserve Bank of India Act, 1934.
- Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023
- Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024 dated February 27, 2024.
- IRDAI (Registration of Corporate Agents) Regulations, 2015

**We further report that:**

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

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

applicable laws, rules, regulations and guidelines.

On the basis of information provided to us, we further report the Company has during the audit period ending on March 31, 2025:

- The Company has altered the Memorandum of Association during the period under review. The Company has reclassified the Authorised Share Capital & consequent amendment to the capital clause in the Memorandum of Association of the Company. The Company has reclassified the Authorized Share Capital of the Company being INR 2,75,00,00,000/- (Indian Rupees Two Hundred and Seventy Five Crores only) consisting of 27,50,00,000 (Twenty Seven Crore Fifty Lakhs) shares of Rs. 10/- (Indian Rupees Ten only) each divided into 19,50,00,000 (Nineteen Crores and Fifty Lakhs) Equity shares of INR 10/- (Indian Rupees Ten only) each and 8,00,00,000 (Eight Crores) Compulsorily Convertible Preference Shares of INR 10/- (Indian Rupees Ten only) each to INR 2,75,00,00,000/- (Indian Rupees Two Hundred and Seventy Five Crores only) consisting of 27,50,00,000 (Twenty Seven Crores and Fifty Lakhs) Equity shares of INR 10/- (Indian Rupees Ten only) each
- The Company issued 15,00,000 equity shares of face value of Rs. 10 each fully paid up, under the 'Arohan Employee Stock Option Plan 2021'

The Reserve Bank of India (RBI), exercising its authority under section 45L(1)(b) of the Reserve Bank of India Act, 1934, issued an Executive Order on October 17, 2024, directing the Company to cease and desist from sanctioning or disbursing loans, effective from the close of business on October 21, 2024. However, these business restrictions did not prevent the Company from servicing its existing customers or conducting collection and recovery processes in accordance with the Executive Order. The Company initiated all necessary remedial action and submitted its various compliances to RBI and having been satisfied based on the submissions and in view of the adoption of revamped processes, systems and commitment to ensure adherence to the Regulatory Guidelines on an ongoing basis, the Reserve Bank of India vide its letter dated January 3, 2025, has lifted the restrictions imposed on the Company with respect to sanction or disbursement of loans with effect from the said date. This report is to be read with our letter on even date which is annexed as **Annexure A** and forms an integral part of this report.

For **S Basu & Associates**  
Company Secretaries  
Firm Registration No: S2017WB456500

Sd/-  
**Saurabh Basu**  
Practicing Company Secretary  
ACS: - 18686; C.P.- 14347  
Peer Review No : 1017/2020  
UDIN: A018686G000424630

Place: Kolkata  
Date: 23.05.2025

## ANNEXURE - A

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

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

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

### Management's Responsibility

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

### Auditor's Responsibility

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

documents or records, in relation to Secretarial Audit, maintained by the Company, are free from misstatement.

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

### Disclaimer

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

For **S Basu & Associates**  
Company Secretaries  
Firm Registration No: S2017WB456500

Sd/-  
**Saurabh Basu**  
Practicing Company Secretary  
ACS: - 18686; C.P.- 14347  
Peer Review No : 1017/2020  
UDIN: A018686G000424630

Place: Kolkata  
Date: 23.05.2025





## ANNEXURE - III

# Policy on Related Party Transaction

### 1. Purpose of this policy:

Arohan Financial Services Limited ('the Company') is governed, amongst others, by the rules and regulations framed by the Reserve Bank of India ("RBI"), the Companies Act, 2013 (the Act) and the Securities Exchange Board of India (SEBI).

The Company has always been committed to best corporate governance practices and this Policy is prepared for ensuring compliance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other regulatory provisions, as may be applicable.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations, 2015) has also mandated every listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

- A. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions ("Policy"). This Policy regulates all transactions between the Company and its Related Parties (as defined below).
- B. The Board of the Directors "Board" on recommendation of the Audit Committee of the Company ("Audit Committee") shall review the Policy once in three years and may amend the same from time to time.

In order to comply with these requirements and as a good corporate governance practice, this policy on Related Party Transactions is adopted for implementation by the Board of Directors of the Company.

### 2. Scope

- A. Identifying related party and related party transactions
- B. Obtaining approvals before entering into any Related Party Transactions as per the Company Policy of Related Party Transactions, applicable Accounting Standards, the Act and the SEBI LODR Regulations, 2015.
- C. Relevant documentation supporting the related party transactions.
- D. Determining the disclosures / compliances to be adhered in relation to the related party transactions as per applicable law to related party transaction.

### 3. Definition

1. **"Act"** shall mean the Companies Act, 2013 and includes any amendment thereof.
2. **"Company"** means Arohan Financial Service Limited.
3. **"Key Managerial Personnel"** in relation to a company, means—
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Company secretary;
  - (iii) the Whole-time director;
  - (iv) the Chief Financial Officer;
  - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) such other officer as may be prescribed;
4. **"Relative"** shall have the same meaning as assigned to them under the Companies Act, 2013 and Rules prescribed there under.

5. **"Arm's Length Transaction"** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
6. **"Ordinary Course of Business"** shall mean the usual transactions, customs and practices carried on generally by the Non-Banking Financial Companies and shall include:
  - i. transactions covered in the 'main objects' or the 'objects incidental' to attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company,
  - ii. transactions which are usually carried on by any Non-Banking Financial Company
  - iii. transactions which has been done by the Company regularly in last three (3) years,
  - iv. transactions done with a related party on a similar basis as of a third party,
  - v. transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or any other applicable law or regulation and as amended from time to time.

7. **"Related Party"** shall have the same meaning as assigned to them under section 2(76) of the Companies Act, 2013 or under the applicable accounting standards and as defined in Regulation 2(1)(zb) of the SEBI LODR Regulations, 2015.
8. **"Related Party Transaction"** shall have the same meaning as assigned to them under the Companies Act, 2013 and as defined in Regulation 2(1)(zc) of the SEBI LODR Regulations, 2015.

9. **"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

10. **"Material modification"** "Material Modification" in terms of SEBI LODR Regulations, 2015 means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or any other applicable law or regulation and as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

4. **Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.**

### 5. Review and approval of Related Party Transactions:

#### Approval of related party transactions

#### A. Audit Committee

All the transactions which are identified as related party transactions and subsequent modifications thereof, shall be approved





by the Audit Committee in the manner specified under the SEBI LODR Regulations, 2015 and the provisions of the Companies Act, 2013. Only those members of the audit committee, who are independent directors, shall approve/recommend related party transactions. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

However, remuneration and sitting fees paid by the Company to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of SEBI LODR Regulations, 2015

**5.A.1** - Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors and of shareholders as discussed subsequently.

**5.A.2** - The Audit Committee may grant Omnibus Approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- i. It shall, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval on annual basis in line with the Policy, which shall include the following, namely:
  - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

- (b) the maximum value per transaction which can be allowed;
  - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
  - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- ii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  - (a) repetitiveness of the transactions (in past or in future);
  - (b) justification for the need of omnibus approval.
- iii. It shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- iv. Such omnibus approval shall specify –
  - a) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - b) The indicative base price / current contracted price and the formula for variation in the price if any, and
  - c) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 (One) Crore per transaction.

- v. It shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- vi. Such omnibus approvals shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approvals after the expiry of 1 (one) financial year.
- vii. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- viii. Any other conditions as laid down in SEBI LODR Regulations, 2015 and the Audit Committee may deem fit.

**5.A.3** - A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it."

**5.A.4** - The Company shall provide all information as provided under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 to the Audit Committee/ shareholders, when approval on a Related Party Transaction is sought.

**5.A.5** - The Audit Committee shall review the following while approving the Related Party Transactions as specified above:

- a) Whether the transaction is in the ordinary course of business and on an arms' length basis?
- b) The reasons for entering into the transaction and the consequences of entering into the said transaction, with an unrelated party.
- c) Whether there is any conflict of interest for any director or Key Managerial Personnel?





- d) Whether there any reputational risks are envisaged as a result of the said Related Party Transaction?
- e) Type, Material terms and particulars of the proposed transaction.
- f) Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).
- g) Value of the proposed transaction.
- h) Tenure of the proposed transaction.
- i) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- j) the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: i) details of the source of funds in connection with the proposed transaction; ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, •nature of indebtedness; •cost of funds; and •tenure; iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

- k) Justification as to why the RPT is in the interest of the Company;
- l) copy of the valuation or other external party report, if any such report has been relied upon;
- m) percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- n) Any other information that may be relevant.

#### **B. Board of Directors:**

- (A) The following related party transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:

- (i) Related party transactions referred by the Audit Committee;
- (ii) Related party transactions not on arm's length basis, and/or;
- (iii) Related party transactions not in the ordinary course of business.

In addition to the above, the following kinds of transactions with related parties should also be placed before the Board of Directors for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are

in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval
- d) Transactions meeting the materiality thresholds laid down in Clause D of the Policy, which are intended to be placed before the shareholders for approval

#### **C. Approval of the Shareholders;**

**5.C.1** - If a related party transaction is (i) a material transaction as per Section 188 of the Act, or (ii) a material transaction as per Regulation 23 of the SEBI LODR Regulations, 2015 or (iii) A transaction exceeding the threshold limit of as approved by Board of Directors from time to time. (iv) any subsequent material modification thereto (iv) transaction not in the ordinary course of business, or (v) not at arm's length price it shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Further, as clarified by SEBI via circular SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated April 8, 2022, the shareholders' approval of omnibus RPTs approved in an AGM shall be valid upto the date of the next AGM for a period not exceeding fifteen months.

**5.C.2** - In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which exceeds the thresholds laid down in the Companies (Meetings of Board and its Powers) Rules, 2014 and all material related party transactions as per Regulation 23 of the SEBI LODR Regulations, 2015 shall be placed before the shareholders for their approval.

- D.**
1. Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall be governed by the respective limits provided under the said rules.
  2. Transactions with a Related Party covered under Regulation 23(1) and (1A) of the SEBI LODR Regulations, 2015.





The approval policy framework is given below:

Audit Committee Approval (only those members who are Independent Directors),	Board approval	Shareholders' approval
All Related Party Transactions	<p>Related Party Transactions referred by the Audit Committee for approval of the Board.</p> <p>Related Party Transactions not in the ordinary course of business and not on arm's length basis.</p>	Material and subsequent material modification related party transactions not in the Ordinary Course of Business and/or not at Arm's length basis and/or exceeds the prescribed threshold limit as per the Act and as per Regulation 23 of the SEBI LODR Regulations, 2015.

#### E. Reporting of related party transactions

Every contract or arrangement, which is required to be approved by the Board/ shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

#### F. Adoption

This policy shall be reviewed by the Board of Directors at least once in every 3 (three) years, updated accordingly and any changes made during the annual reviews shall be adopted by the resolution of the

Board of Directors. The Policy shall be published on website of the Company and shall be disclosed in the Annual Report of the Company.

#### H. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

#### I. Disclosure of the Policy

This Policy will be uploaded on the website of the Company.

## ANNEXURE - IV

# ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline on CSR Policy of the Company

Arohan Financial Services Limited ("Arohan") believes that true business success must be evaluated not just economically, but also by its positive social and environmental impact. As a purpose-driven entity, Arohan is deeply committed to fostering holistic human development in the communities it serves—especially those that are economically and socially marginalized, where challenges like illiteracy, unemployment, and underemployment are widespread.

With this understanding, Arohan's CSR initiatives are carefully designed to align with its mission of empowering underserved populations. These programs are separate from our primary business operations and are never treated as profit-driven ventures. Instead, they represent genuine, non-profit efforts to uplift vulnerable communities.

Through sustained engagement and empathetic action, Arohan seeks to deepen its connection with marginalized groups and promote their welfare. In keeping with our values, CSR is more than a compliance activity—it is an opportunity to extend meaningful support, deliver non-profit-driven assistance, and create lasting positive change in the lives of the people we serve.

### 2. Composition of CSR Committee:

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

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

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

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

#### CSR Policy:

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



**CSR Committee Composition:**
<https://www.arohan.in/arohan-story/board-committees/>
**CSR Projects approved:** <https://www.arohan.in/wp-content/uploads/2024/06/list-of-csr-projects-24-25.pdf>

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable. - **Not Applicable**
5. (a) Average net profit of the company as per sub-section (5) of section 135. - **INR 1,95,10,84,908**  
 (b) Two percent of average net profit of the company as per sub-section (5) section 135. - **INR 3,90,21,698**  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - **NA**  
 (d) Amount required to be set off for the financial year, if any. - **NA**  
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. - **3,90,21,698**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). - **3,65,32,262**  
 (b) Amount spent in Administrative Overheads. - **18,58,176**  
 (c) Amount spent on Impact Assessment, if applicable. - **NA**  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. - **3,83,90,438**  
 (e) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer
3,83,90,438	6,31,260	24/04/2025	NA	NA	NA

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

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135.	3,90,21,698
(ii)	Total amount spent for the Financial Year	3,83,90,438
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

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

Sl. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs)	Date of transfer		
1	2021-22	5,45,160	-	-	-	-	-	-
2	2022-23	1,50,000	15,000	-	-	-	-	-
3	2023-24	-	-	15,000	-	-	-	-

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**
☐ YES ☒ NO

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

NA

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

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

Not Applicable

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

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

Date: May 23, 2025  
Place: Kolkata

Sd/-  
**JOHN ARUNKUMAR DIAZ**  
Chairperson, CSR Committee  
DIN: 00493304

Sd/-  
**MANOJ KUMAR NARAYAN NAMBIAR**  
Managing Director  
DIN: 03172919





ANNEXURE- V

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

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

Sl.No.	Particulars	Details	Details	Details
1.	Name & Designation	Manoj Kumar Nambiar- Managing Director	Milind Ramchandra Nare - Chief Financial Officer	Anirudh Singh G Thakur - Company Secretary and Chief Compliance Officer
2.	Remuneration received (including variable pay)	346.92 Lakhs	197.62 Lakhs	172.19 Lakhs
3.	Nature of employment, whether contractual or otherwise	Permanent	Permanent	Permanent
4.	Qualification and Experience	Manoj Kumar Narayan Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a Bachelor's degree in Mechanical Engineering from VJTI and a Master's degree in Management Studies from JBIMS, University of Bombay, and has tertiary qualifications in Insurance from the Insurance Institute of India. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA, "Strategy meets Leadership" course from INSEAD, Fontainebleau, France, "Leading for Impact" from IMD Lausanne, Switzerland, and "Enabling Strategic Impact in the Boardroom" at London Business School, London in February 2024. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His previous employers include Modi Xerox India Limited, Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Company for Investment in Trade & Ahli Bank. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, and a director on the board of Intelicap & Aavishkaar, the holding company. He has served on the governing board of MFIN, the microfinance sector SRO recognised by the RBI for 8 years from 2013 including as its President from July 2015 to June 2016, as Chairman twice from July 2019 to June 2021 & is also the current Chairperson of the Governing Board of MFIN for 2024/25. He also serves on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the microfinance incentive & relief scheme 2021.	Milind Nare has been serving as the Chief Financial Officer of Arohan since April 28, 2016. He holds a Bachelor's degree in Commerce from the University of Bombay and a Master's degree in Financial Management from Pondicherry University. With over three decades of experience in finance, Mr. Nare brings deep expertise and strategic insight to the organization. At Arohan, he leads the finance function and is responsible for financial management, treasury operations, taxation, and regulatory compliance. He also plays a key role in managing relationships with all external stakeholders. Prior to joining Arohan, Mr. Nare held the position of Chief Financial Officer at India Factoring and Finance Solutions Private Limited. His career also includes significant tenures at Global Trade Finance Limited, The Bombay Dyeing & Manufacturing Company Limited, Pam Pharmaceutical & Allied Machinery Company Private Limited, and L&T Capital Limited. In recognition of his contributions to the financial sector, Mr. Nare was honoured with the 'Best CFO - BFSI (Large Sized Enterprises)' award for 2020 at the 8th CFO Summit Awards in 2021, organized by the All India Association of Industries.	Anirudh Singh G. Thakur is the Company Secretary and Chief Compliance Officer and has been associated with the Company since July 1, 2017. He holds a Master's degree in Business Management from the University of Calcutta. He has over 29 years of experience in the BFSI sector having worked across the country across various product segments. He is responsible for the overall risk management and control, portfolio risk analytics, credit and product policy approvals, large ticket credit risk underwriting, Enterprise Risk Management, Risk Modelling and Information Security Management of the Company. Prior to joining the Company, he has worked with Poonawalla Fincorp Limited (formerly Magma Fincorp Ltd), Citicorp Finance (India) Limited and Indian Container Leasing Company Limited.

Sl.No.	Particulars	Details	Details	Details
5.	Date of commencement of employment	September 28, 2012	May 09, 2016	October 23, 2017
6.	Age	60	54	54
7.	The last employment held	MD & CEO of Intellectash Microfinance Network Company(P) Limited.	Chief Financial Officer of India Factoring and Finance Solutions Pvt. Ltd.	Vice President- National Product & Policy Manager of Poonawalla Fincorp Limited (erstwhile Magma Fincorp Limited)
8.	% of equity shares held	NIL	10000 equity shares (0.0063%)	NIL
9.	Whether he is a relative of any director or manager of the company and if so, the name of such director or manager.	NO	NO	NO

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

Sl.No.	Particulars	Details	Details	Details
1.	Name & Designation	Shailesh Kumar-Chief Business Officer of the Company	Abin Kumar Mukhopadhyay – Head Internal Audit	
2.	Remuneration received (including variable pay)	135.22 Lakhs	109.74 Lakhs	
3.	Nature of employment (whether contractual or otherwise)	Permanent	Permanent	
4.	Qualification and Experience	Shailesh Kumar is the Chief Business Officer of the Company. He has been working with Arohan since April 1, 2018. He holds an Honours in Economics and English and is a '99 batch SBI Probationary Officer. He has more than 26 years of experience of handling the entire life cycle of a lending business. He is responsible for formulating credit policies for all businesses in Arohan, monitors portfolio quality and keeps the credit committee updated on all portfolio quality related developments. He is also extending his helping hand to MFI Alliance Business of Arohan. Prior to joining the Company, he was working with Intellectash as a business head after having a long banking career with the top banks in India - SBI and ICICI Bank. He has extensive experience of handling all facets of banking.	Abin Mukhopadhyay serves as the Head of Internal Audit and Vigilance at the Company, and has been associated with the Company since July 1, 2015. He is a Chartered Accountant and is a member of the Institute of Chartered Accountants of India. Additionally, he is a Chartered Management Accountant, recognized as an associate of the Chartered Institute of Management Accountants. He is also certified as an Information Systems Auditor conferred by the Information Systems Audit and Control Association, a Fraud Examiner by the Association of Certified Fraud Examiners, and is an Associate of the Insurance Institute of India. He has over 24 years of extensive expertise in audit, accounting, and management. In his current role, he is entrusted with providing assurance on internal control frameworks and fostering sound corporate governance practices within the Company. Prior to joining the Company, he held roles at notable organisations including Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited, and Gumasol Rubber-Tec GmbH.	





Sl.No.	Particulars	Details	Details
5.	Date of commencement of employment	April 01, 2018	July 01, 2015
6.	Age	53	49
7.	The last employment held	Business Head of Intellecash Microfinance Network Company Private Limited.	GUMASOL, Ein Unternehmen der Ruia-Gruppe, Elastomer Technologie
8.	% of equity shares held	NIL	NIL
9.	Whether he is a relative of any director or manager of the Company and if so, the name of such director or manager	NO	NO

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

Sl.No.	Particulars	Details	Details
1.	Name & Designation	Arvind Murarka- Chief Information Officer*	Sumit Mukherjee- Chief Business Officer**
2.	Remuneration received (including variable pay)	224.64 Lakhs	129.91 Lakhs
3.	Nature of employment whether contractual or otherwise	Permanent	Permanent
4.	Qualification and Experience	Arvind Murarka was the Chief Information Officer and has been associated with the Company since August 12, 2015. He holds a Master's degree in Business Administration from the Institute of Chartered Financial Analysts of India University, Sikkim and has completed an Advance Programme in Leadership in Digital Era from IIM-Lucknow. He has an experience of over 30 years across multiple industries including information technology consulting, healthcare, infrastructure, food processing and retail. He is responsible for overseeing the digital lending, IT infrastructure, IT application platforms including Core Banking System and manage the information technology team to achieve goals, meet quotas, eliminate security risks and increase user satisfaction. Prior to joining the Company, he has worked with GPT Infraprojects Limited, Medica Pharmacy Private Limited, IntraSoft Technologies Private Limited, iNavigators Private Limited, Softweb Technologies Private Limited, Amrit Feeds Limited and Kris Systems Private Limited.	Sumit Mukherjee was the Chief Business Officer of the Company. He holds a Bachelor's degree in Commerce from the University of Calcutta. He has over 32 years of experience across a wide gamut of retail asset businesses including microfinance, micro SME, commercial vehicle, construction & farm equipments, tractors, medical and printing equipments. At Arohan, he is responsible for end to end business from a strategic & tactical perspective covering products, distribution, planning & alliances. Prior to joining the Company, he has been the Chief Executive Officer at Satin Finserv Ltd. Starting with Ashok Leyland Finance Ltd (Indusind Bank) in the year 1991, Sumit has worked with Citicorp Finance (India) Ltd, Magma Fincorp Ltd, Kissanandhan Agri Financial Services Pvt Ltd, Barota Finance Ltd and Neogrowth Credit Pvt. Ltd in the past.

Sl.No.	Particulars	Details	Details
5.	Date of commencement of employment	August 12, 2015	September 18, 2023
6.	Age	53	56
7.	The last employment held	Head- Information Technology of Amrit Feeds Limited	CEO and Whole Time Director of Satin Finserv Ltd.
8.	% of equity shares held	NIL	NIL
9.	Whether he is a relative of any director or manager of the Company and if so, the name of such director or manager	NO	NO

\* Resigned with effect from February 28, 2025

\*\* Resigned with effect from March 12, 2025.

c) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. **NIL**

d) None of the abovementioned employees are the relatives of the directors of the Company.

For and on behalf of the Board of Directors

Sd/-  
**VINEET CHANDRA RAI**  
VICE CHAIRMAN  
DIN: 00606290

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

Date: May 23, 2025  
Place: Kolkata





## ANNEXURE- VI Employee Stock Option Plan (ESOP)

Particulars	Arohan ESOP 2021 (Grant 2024)	Arohan ESOP 2021 (Grant 2023)	
a. Options granted	18,07,444	13,91,143	
b. Options vested	Nil	3,93,894	
c. Options exercised	Nil	Nil	
d. The total number of shares arising as a result of exercise of options	Nil	Nil	
e. Options lapsed	2,32,480	2,09,460	
f. The exercise price	INR 148.35	INR 124.00	
g. Variation of terms of options	No	No	
h. Money realized by exercise of options	Nil	Nil	
i. Total number of options in force	15,74,964	11,81,683	
j. Employee wise details of options granted to:			
a) Key Managerial Personnel#	4,05,375	3,54,000	
b) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year; and	Nil	<b>Name of the Employee</b>	<b>Options Granted</b>
		Arvind Murarka*	77,500
		Ranjan Das	76,500
c) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil	Nil	

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

\* Options lapsed

Sd/-  
**VINEET CHANDRA RAI**  
Vice Chairman  
DIN:00606290

Sd/-  
**MANOJ KUMAR NARAYAN NAMBIAR**  
Managing Director  
DIN: 03172919

Date: May 23, 2025  
Place: Kolkata

## Certification by MD & CFO in terms of Regulation 17(8)

To  
**The Board of Directors**  
**Arohan Financial Services Limited**

**Dear Members of the Board,**

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

- We, the undersigned, in our respective capacities as the Managing Director and Chief Financial Officer of Arohan Financial Services Limited ("the Company"), in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereby certify that:  
  
We have reviewed the Financial Statements, including the Cash Flow Statement, of the Company for the Financial Year ended March 31, 2025 and to the best of our knowledge and belief, we state that:  
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or in violation of the Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the Auditors and the Audit Committee:
  - significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours Sincerely

Sd/-  
**Manoj Kumar Narayan Nambiar**  
Managing Director  
DIN: 03172919  
  
**Place: Kolkata**  
**Date: May 23, 2025**

Sd/-  
**Milind Nare**  
Chief Financial Officer





## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Regulatory/Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Dinesh Kumar Mittal	00040000	15/05/2018
2.	Wilhelmus Marthinus Maria Van Der Beek	02142559	05/12/2016
3.	Vineet Chandra Rai	00606290	24/10/2013
4.	Stephen Dongwon Lee	08640160	01/12/2022
5.	Manoj Kumar Narayan Nambiar	03172919	03/10/2012
6.	Piyush Goenka	02117859	31/03/2015
7.	Anurag Agrawal	02385780	03/10/2012
8.	Karina Isabel Alva Alfaro	10377372	10/11/2023
9.	Ulhas Sharadkumar Deshpande	00017235	15/01/2024
10.	John Arunkumar Diaz	00493304	03/01/2024
11.	Rupa Rajul Vora	01831916	08/08/2023
12.	Chandramouli Vemuru	07019218	12/05/2023
13.	Nitish Chawla	07676758	31/05/2023
14.	Jose Joseph Kattoor	09213852	28/09/2024
15.	Narasimha Kummamuri Murthy	00023046	12/02/2025

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

For **Prateek Kohli & Associates**  
Company Secretaries  
Sd/-  
**Prateek Kohli**  
Partner  
C.P. No.: 16457

Place: Kolkata  
Date: 03.07.2025  
Peer Review Certificate No. 2042/2022  
UDIN: F011511G000703543

## CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by **Arohan Financial Services Limited**, a high valued debt listed entity ('the Company') for the year ended **31st March 2025**, as stipulated in applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time (these provisions are applicable on a high valued debt listed entity on a 'comply or explain basis' until 31.03.2025). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certifications.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Place: Kolkata  
Date: 03.07.2025  
Peer Review Certificate No. 2042/2022  
UDIN: F011511G000703611

For **Prateek Kohli & Associates**  
Company Secretaries  
Sd/-  
**Prateek Kohli**  
Partner  
C.P. - 16457

## DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

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

It is hereby confirmed that the Company has obtained affirmation from all the Board Members and Senior Management Personnel that they have complied with the said Code for the Financial Year 2024-25.

**For and on behalf of the Board of Directors**

Sd/-  
**Manoj Kumar Narayan Nambiar**  
Managing Director  
DIN: 03172919

Date: May 23, 2025  
Place: Kolkata





## Independent Auditor's Report

To the Members of Arohan Financial Services Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Arohan Financial Services Limited (the "Company") and ESOP trust ("Trust") which comprise the balance sheet as at 31 March 2025, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit and 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 SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

### Impairment loss allowance on loans to customers

Refer to the accounting policies in "Note 35 to the financial statements: Impairment of financial assets". "Note 3 (i) a to the financial statements: Material Accounting Policies - use of estimates and judgments" and "Note 7 to the financial statements: Loans"

The key audit matter	How the matter was addressed in our audit
Impairment loss allowance on loans of Rs. 22,919 lakhs as at 31 March 2025  Charge to statement of profit and loss: INR 5,385 lakhs for the year ended 31 March 2025 Under Ind AS 109, Financial Instruments, impairment loss allowance is determined using expected credit loss ("ECL") model.  Recognition and measurement of impairment loss allowance on loans involves significant judgement and estimates. The key areas where increased levels of audit focus in the Company's estimation of impairment loss allowance on loans are:  a) Data inputs - The application of ECL model requires several data inputs. This increases the risk of irrelevant data used to create assumptions in the model.  b) Model estimations - Inherently judgmental models are used to estimate impairment loss allowance on loans which involves determining Probabilities of Default, Loss Given Default, and Exposures at Default. The Probabilities of Default and the Loss Given Default are the key drivers of estimation complexity in ECL model and hence are considered the most significant judgmental aspect of the Company's modelling approach.  c) Economic scenario: Ind AS 109 requires the Company to measure impairment loss allowance on loans in an unbiased forward- looking basis reflecting a range of future economic scenarios. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence:  <b>Testing of design and operating effectiveness of controls:</b>  Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of impairment loss allowance on loans. Testing the relevant manual, general IT and application controls over key systems used in the impairment of loss allowance on loans.  Key aspects of our testing of the design, implementation and operating effectiveness involves the following:  a) Testing the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.  b) Testing the key 'Governance Framework' controls over evaluation, implementation and model monitoring.  c) Testing the key controls over the application of the staging criteria.  d) Testing the key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights.  e) Testing the key controls operating over the information used in the computation of impairment loss allowance on loans including system access, change management, program development and computer operations.





## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

The key audit matter	How the matter was addressed in our audit
<p>d) Post model adjustments / additional provision: Adjustments to the model-driven ECL results as additional provision are recorded by the Company to address risks not captured by models for specific exposures. Significant judgement is involved in estimating additional provision.</p> <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company.</p> <p>Disclosure</p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key estimates, judgements and inputs used in Impairment loss allowance on loans.</p> <p>Given the size of loan portfolio relative to the balance sheet and the impact of impairment loss allowance on the financial statements, we have considered this as a key audit matter.</p>	<p>f) Testing management's controls over authorisation and computation of post model adjustments and additional provision.</p> <p>g) Testing the Company's controls on compliance with Ind AS 109 disclosures related to impairment loss allowance on loans.</p> <p><b>Test of details:</b></p> <p>Key aspects of our testing includes:</p> <p>Assessing the Company' rationale for determination of criteria for significant increase in credit risk.</p> <p>a) Testing of sample over key inputs, data and assumptions impacting ECL model to assess relevance of data, economic forecasts, weights, and model assumptions applied.</p> <p>b) Testing computation of model driven impairment loss allowance on loans through re-performance on a sample basis.</p> <p>c) Assessing adequacy of disclosures included in the financial statements in respect of expected credit losses.</p> <p>d) Testing details of post model adjustments/ additional provision recorded considering the size and complexity involved.</p> <p><b>Involvement of specialists</b></p> <p>We involved financial risk modelling specialists for the following:</p> <p>a) Evaluating the Company's Ind AS 109 impairment methodologies and assumptions used.</p> <p>b) Evaluating the relevance of inputs used in the model for computation of impairment loss allowance on loans.</p> <p>c) For models which were changed or updated during the year, evaluating the changes by assessing the updated model methodology.</p>

## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

### Information Technology systems and controls

The key audit matter	How the matter was addressed in our audit
<p>Information Technology (IT) systems and controls</p> <p>The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems.</p> <p>There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated.</p> <p>We have identified 'IT systems and controls' as a key audit matter considering the high level of automation and the complexity of the IT architecture. Further, it impacts on overall financial reporting process and regulatory expectation on automation.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence for scoped in application by involving our IT specialist:</p> <ol style="list-style-type: none"><li>1. Evaluating and testing the design, implementation and operating effectiveness of the significant accounts related to IT applications controls relevant to the accuracy of system computation, and the consistency of data transmission.</li><li>2. Evaluating and testing the design, implementation and operating effectiveness of key General IT Controls. This includes controls on Access management, Change management and Computer Operations.</li><li>3. Testing the design and operating effectiveness of key controls over user access management. This includes access authentication through password configuration management, granting or modification of user access, creating new users, deactivating user access for exiting users, user access and privileged access examination basis their role and function.</li><li>4. Testing the design, implementation and operating effectiveness of the IT automated controls which are relevant to the accuracy of system computation.</li><li>5. Testing the controls over changes to applications including access to configure changes, approvals required to deploy the changes, segregation of environment and segregation of duties in change management.</li><li>6. Testing the design and operating effectiveness of audit trail (edit log) feature for the in-scope applications i.e. where books of accounts are maintained in an electronic mode using an accounting software.</li><li>7. Tested the controls over computer operations including controls over backup of data, controls on operating system and database viz. authorized access, password management and changes.</li></ol> <p>Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.</p>





## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

### Other Information

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

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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

### Management's and Board of Directors'/Board of Trustees' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards

(Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company and Board of Trustees of the Trust are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The respective Board of Directors/Board of Trustees are responsible for overseeing the financial reporting process of the Company and Trust.

### 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

## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

### Other Matter

- a. The financial statements of the Company for the year ended 31 March 2024 were audited by the predecessor auditor who had expressed an unmodified opinion on 24 May 2024.

### 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 Section 143(11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2A. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - 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 flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 1 April 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director

in terms of Section 164(2) of the Act.

- f. the observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A) (b) above on reporting under Section 143(3) (b) of the Act and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- g. 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**".
- B. 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:
  - a. The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its financial statements - Refer Note 61 to the financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d. (i) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the Note 62(K) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly

## Arohan Financial Services Limited

Independent Auditors' Report of even date on the financial statements of Arohan Financial Services Limited for the year ended March 31, 2025 (cont'd)

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.

- (ii) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the Note 62(K) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, 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 (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- f. Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of accounts which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares except that that the

feature of recording of audit trail (edit log) facility was not enabled at the database level for the software used for origination of loans for the period 1 April 2024 to 8 April 2024, to log any direct data changes. Further, where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting softwares, we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail (edit log) has been preserved by the Company as per the statutory requirements for record retention except for the database level for software used for origination of loans.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

We draw attention to Note 48 G to the financial statements for the year ended 31 March 2025 according to which the managerial remuneration paid / payable to the Other directors of the Company (amounting to INR 359 lakhs) for the financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by INR 213.92 lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the company proposes to obtain in the forthcoming Annual general Meeting. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No.:101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No.: 123493  
ICAI UDIN:25123493BMNXDT3924

Place: Kolkata  
Date: 23 May 2025





## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report on the Financial Statements of Arohan Financial Services Limited for the year ended 31 March 2025

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

- (i) agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment except for depreciation charge for the current year and sufficient description for identification of the individual furniture and office equipment in the Property, Plant and Equipment ('PPE') register. As represented to us by the management, the Company is in the process of updating its Property, Plant and Equipment register to reflect these details.
- (B) The Company has maintained proper records showing full particulars of intangible assets except for sufficient description for identification of individual Intangible Assets in the PPE register. As represented to us by the management, the Company is in the process of updating its records to reflect these details.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases

## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report on the Financial Statements of Arohan Financial Services Limited for the year ended 31 March 2025 (cont'd)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) (cont'd)

- companies, firms, limited liability partnership or other parties during the year. The Company has made investments, granted loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments
- made during the year and the terms and conditions of the grant of loans provided during the year are not prejudicial to the interest of the Company. Further the Company, has not provided any guarantee or security or advances in the nature of loans to companies, firms, limited liability partnership or other parties during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

Counts of loans	Amount (Rs. in lakhs)	Due Date	Extent of delay #	Remarks, if any
22,022	4,682	Various due dates	1 to 30 days	-
26,842	5,777	Various due dates	31 to 60 days	-
24,875	5,512	Various due dates	61 to 90 days	-
93,889	16,453	Various due dates	91 days and above	-

# Extent of delay is based on days past due status of loans as on 31 March 2025.

Further, the Company has not given any advance in the nature of loan to any party during the year.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 6,223.54 lakhs (principal amount) and Rs 1,512.13 lakhs (interest) overdue for more than ninety days as at 31 March 2025. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Further, the Company has not given any advance in the nature of loan to any party during the year.





## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report on the Financial Statements of Arohan Financial Services Limited for the year ended 31 March 2025 (cont'd)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) (cont'd)

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.

(vii)

(a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Professional Tax or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Professional Tax or Cess or other statutory dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	6.18	AY 2012- 13	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	22.89	AY 2014- 15	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	9.13	AY 2017- 18	Commissioner of Income Tax (Appeals)	-

## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report on the Financial Statements of Arohan Financial Services Limited for the year ended 31 March 2025 (cont'd)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) (cont'd)

Name of the statute	Nature of the dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	91.65	AY 2017- 18	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	5.9	AY 2019- 20	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	3.1	AY 2022- 23	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	0.54	AY 2023- 24	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	1.32	AY 2024- 25	Commissioner of Income Tax (Appeals)	-
The Goods and Service Tax Act, 2017	Goods and Service Tax	299.07	FY 2019- 20	Appellate Authority	-

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix)

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

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

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, other than Rs 27,000 Lakhs which remain unutilised as at 31 March 2025 because the funds were received towards the end of the year. The Company has temporarily maintained such unutilised balance in current accounts as at 31 March 2025.





## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report on the Financial Statements of Arohan Financial Services Limited for the year ended 31 March 2025 (cont'd)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) (cont'd)

- (d) According to the information and explanations given to 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) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2025. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2025. Accordingly, clause 3(ix)(f) is not applicable.
- (x)
- (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi)
- (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except as disclosed in note 48(x) of the financial statements there were 2,526 instances of cash embezzlement fraud amounting to Rs.396 lakhs, 90 instances relating to fictitious documents submitted for availing the loan amounting to Rs.134 lakhs and 52 instances of snatching of cash amounting to Rs. 38 lakhs in the year under audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (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 our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv)
- (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

## Arohan Financial Services Limited

Annexure A to the Independent Auditor's Report on the Financial Statements of Arohan Financial Services Limited for the year ended 31 March 2025 (cont'd)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) (cont'd)

- (xvi)
- (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, 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 the 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.
- Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Annual report is expected to be made available to us after the date of this auditor's report.
- (xx)
- (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No.:101248W/W-100022  
**Nitesh Shetty**  
Partner  
Membership No.: 123493  
ICAI UDIN:25123493BMNXDT3924

Place: Kolkata  
Date: 23 May 2025





## Arohan Financial Services Limited

Annexure B to the Independent Auditor's Report on the financial statements of Arohan Financial Services Limited for the year ended 31 March 2025

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of Arohan Financial Services Limited ("the Company") as of 31 March 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 the company's policies,

the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements 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.

## Arohan Financial Services Limited

Annexure B to the Independent Auditor's Report on the financial statements of Arohan Financial Services Limited for the year ended 31 March 2025 (cont'd)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act (cont'd)

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) (cont'd)

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

### Meaning of Internal Financial Controls with Reference to Financial Statements

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

or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No.:101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No.: 123493  
ICAI UDIN:25123493BMNXDT3924

Place: Kolkata  
Date: 23 May 2025





## Arohan Financial Services Limited

### Balance Sheet as at March 31, 2025

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at March 31, 2025	As at March 31, 2024
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	43,647.55	93,896.05
Bank balance other than cash and cash equivalents	5	23,693.24	32,865.07
Trade receivables	6	837.89	1,452.38
Loans	7	5,70,510.84	6,61,573.79
Investments	8	36,334.60	9,016.08
Other financial assets	9	1,555.73	3,389.88
		<b>6,76,579.85</b>	<b>8,02,193.25</b>
<b>Non-financial assets</b>			
Current tax assets (net)	10	1,030.72	1,198.48
Deferred tax assets (net)	11	8,013.85	5,589.42
Property, plant and equipment	12	891.70	752.48
Intangible assets under development	13	29.50	55.13
Other intangible assets	13	389.40	414.31
Right of use asset	14	600.66	736.64
Other non-financial assets	15	1,043.16	604.35
		<b>11,998.99</b>	<b>9,350.81</b>
<b>Total assets</b>		<b>6,88,578.84</b>	<b>8,11,544.06</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	2,751.52	2,809.81
(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	17	21,303.69	40,903.81
Borrowings (other than debt securities)	18	4,09,070.54	5,20,796.16
Subordinated liabilities	19	39,966.14	39,884.29
Other financial liabilities	22	7,338.14	11,241.43
		<b>4,80,430.03</b>	<b>6,15,635.50</b>
<b>Non-financial liabilities</b>			
Provisions	23	3,896.65	2,687.60
Other non-financial liabilities	24	1,739.33	1,745.27
		<b>5,635.98</b>	<b>4,432.87</b>
<b>Equity</b>			
Equity share capital	25	15,891.23	15,741.23
Other equity	26	1,86,621.60	1,75,734.46
		<b>2,02,512.83</b>	<b>1,91,475.69</b>
<b>Total liabilities and equity</b>		<b>6,88,578.84</b>	<b>8,11,544.06</b>

The accompanying annexures and notes are an integral part of the Financial Statement

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No 123493

Place: Kolkata  
Date: May 23, 2025

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

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

**Anirudh Singh G Thakur**  
Company Secretary  
Place: Kolkata  
Date: May 23, 2025

**Anurag Agrawal**  
Director  
(DIN: 02385780)  
Place: Kolkata

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

## Arohan Financial Services Limited

### Statement of Profit and Loss for the year ended March 31, 2025

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended March 31, 2025	Year ended March 31, 2024
<b>Revenue from operations</b>			
Interest income	28	1,58,117.79	1,41,768.58
Dividend income	29	12.50	-
Fees and commission income	30	9,653.75	16,885.91
Net gain on derecognition of financial instruments under amortised cost category	31	1,167.91	4,132.58
Other operating income	32	222.75	82.16
<b>Total revenue from operations</b>		<b>1,69,174.70</b>	<b>1,62,869.23</b>
Other income	33	351.37	594.09
<b>Total Income</b>		<b>1,69,526.07</b>	<b>1,63,463.32</b>
<b>Expenses</b>			
Finance costs	34	63,195.84	59,223.26
Impairment on financial instruments	35	39,751.41	17,875.97
Employee benefits expenses	36	38,920.00	32,471.95
Depreciation and amortization	37	685.39	568.34
Other expenses	38	13,164.93	12,080.50
<b>Total Expenses</b>		<b>1,55,717.57</b>	<b>1,22,220.02</b>
<b>Profit before tax</b>		<b>13,808.50</b>	<b>41,243.30</b>
<b>Income tax expenses:</b>	40		
- Current tax			
- for current year		5,223.42	3,412.65
- for earlier years		(191.70)	66.50
- Deferred tax expense/(credit)		(2,191.80)	6,381.98
<b>Total tax expenses</b>		<b>2,839.92</b>	<b>9,861.13</b>
<b>Net profit after tax for the year</b>		<b>10,968.58</b>	<b>31,382.17</b>
<b>Other comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(i) Remeasurement of post employment benefit obligations		(924.32)	(494.64)
(ii) Income tax relating to above items		232.63	124.49
<b>Other comprehensive Income</b>		<b>(691.69)</b>	<b>(370.15)</b>
<b>Total comprehensive income for the year</b>		<b>10,276.89</b>	<b>31,012.02</b>
<b>Earnings per equity share</b>	41		
Face value per share (₹)		10.00	10.00
Basic (₹)		7.20	26.62
Diluted (₹)		7.18	26.57

The accompanying annexures and notes are an integral part of the Financial Statement

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No 123493

Place: Kolkata  
Date: May 23, 2025

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

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

**Anirudh Singh G Thakur**  
Company Secretary  
Place: Kolkata  
Date: May 23, 2025

**Anurag Agrawal**  
Director  
(DIN: 02385780)  
Place: Kolkata  
**Milind R Nare**  
Chief Financial Officer  
Place: Kolkata





Arohan Financial Services Limited

Statement of change in equity for the Year ended March 31, 2025

(All amounts in ₹ lakhs unless otherwise stated)

(a) Equity share capital [Refer note 25]

(i) Equity share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	15,741.23	12,117.73
Changes in equity share capital during the year	150.00	3,623.50
Balance at the end of the year	15,891.23	15,741.23

(ii) Compulsorily convertible preference share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	-	2,921.12
Changes in Compulsorily convertible preference shares capital during the year	-	(2,921.12)
Balance at the end of the year	-	-

(b) Other equity [Refer note 26]

Particulars	Reserves and Surplus						Total other equity
	Securities premium	Statutory reserves	Retained Earnings	General reserve	Share option outstanding account	Treasury shares	
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
Total comprehensive income for the year:							
Profit for the year (net of taxes)	-	-	31,382.17	-	-	-	31,382.17
Other comprehensive income (net of taxes)	-	-	(370.15)	-	-	-	(370.15)
Transactions with owners of the Company:							
Share based payments to employees	8.28	-	-	-	507.48	9.81	525.57
Issue of equity shares to ESOP trust	798.00	-	-	-	-	(868.00)	(70.00)
Issue of equity shares on conversion of compulsorily convertible preference shares	47,897.20	-	-	-	-	-	47,897.20
Issue of compulsorily convertible preference shares	23,489.29	-	-	-	-	-	23,489.29
Conversion of compulsorily convertible preference shares (**)	(45,397.67)	-	-	-	-	-	(45,397.67)
Dividend payable on compulsorily convertible preference shares (**)	-	-	(0.06)	-	-	-	(0.06)
Share issue expenses	(485.55)	-	-	-	-	-	(485.55)
Transfer to statutory reserve (*)	-	6,276.43	(6,276.43)	-	-	-	-
Balance as at April 01, 2024	1,20,226.78	15,715.55	45,670.93	80.27	1,940.55	(7,899.62)	1,75,734.46
Total comprehensive income for the year:							
Profit for the year (net of taxes)	-	-	10,968.58	-	-	-	10,968.58
Other comprehensive income (net of taxes)	-	-	(691.69)	-	-	-	(691.69)
Transactions with owners of the Company:							
Share based payments to employees	-	-	-	-	760.25	-	760.25
Issue of equity shares to ESOP trust	2,075.25	-	-	-	-	(2,225.25)	(150.00)
Share issue expenses	-	-	-	-	-	-	-
Transfer to statutory reserve (*)	-	2,193.72	(2,193.72)	-	-	-	-
Balance as at March 31, 2025	1,22,302.03	17,909.27	53,754.10	80.27	2,700.80	(10,124.87)	1,86,621.60

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

(\*\*) In pursuant to the provisions of the Company's Act, 2013, the Company as per the circular resolution passed by the Board of Directors on March 22, 2024, converted all the compulsorily convertible preference shares into equity shares of the company, at ₹10/- each, as per the share subscription agreements (SSA) and as per the approval of the shareholders ranking pari passu with the existing equity shares of the Company.

This is the statement of changes in equity referred to in our report of even date

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No 123493

Place: Kolkata  
Date: May 23, 2025

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

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

**Anirudh Singh G Thakur**  
Company Secretary  
Place: Kolkata  
Date: May 23, 2025

**Anurag Agrawal**  
Director  
(DIN: 02385780)  
Place: Kolkata

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

Arohan Financial Services Limited

Statement of Cash Flow for the year ended March 31, 2025

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2025	Year ended March 31, 2024
(A) Cash flows from operating activities		
Profit before tax	13,808.50	41,243.30
Adjusted for:		
Depreciation and amortization	476.72	364.27
Depreciation on right of use assets	208.67	204.07
Interest on lease liability (net)	77.39	68.90
Impairment loss allowance on loans	37,402.41	13,905.31
Impairment loss allowance on security receipts	2,344.00	4,118.10
Impairment loss allowance on trade receivables	-	(147.44)
Net gain on derecognition of financial instruments	(1,167.91)	(4,132.58)
Share based payments to employees	760.25	515.76
Interest income accrued	(1,41,863.81)	(1,29,088.05)
Finance cost accrued	59,557.69	49,737.11
Unwinding impact on security deposit	0.28	0.21
Operating profit before working capital changes	(28,395.81)	(23,211.04)
Adjustment in:		
Decrease/ (increase) in loans	52,711.41	(1,96,114.70)
Decrease in trade receivables	614.49	319.74
Decrease in other financial assets	3,007.03	3,418.59
(Increase) in other non-financial assets	(444.07)	(39.04)
(Decrease)/ increase in trade payables	(58.29)	23.76
(Decrease)/ increase in other financial liabilities	(3,775.30)	2,641.98
Increase/ (decrease) in provisions	284.73	(275.33)
(Decrease)/ increase in other non-financial liabilities	(5.94)	675.64
Cash generated from/ (used in) operating activities	23,938.25	(2,12,560.40)
Interest received	1,42,812.94	1,27,945.60
Interest paid	(60,581.81)	(49,897.06)
Income taxes paid (net of refunds)	(4,863.96)	(408.89)
Net cash generated from / (used in) operating activities (A)	1,01,305.42	(1,34,920.75)
(B) Cash flows from investing activities		
Purchase of property, plant and equipment	(480.78)	(479.02)
Proceeds from sale of property, plant and equipment	1.04	2.25
Proceeds from fixed deposits	14,076.29	18,713.49
Investment in fixed deposits	(4,904.46)	(13,778.47)
Proceeds from investments	19,130.71	5,176.80
Purchase of investments	(48,805.73)	(10,433.98)
Proceeds from dividend from investments	12.50	-
Purchase of intangible assets	(14.20)	(286.23)
Purchase of intangible assets under development	(71.46)	(33.27)
Net cash used in investing activities (B)	(21,056.09)	(1,118.43)
(C) Cash flows from financing activities		
Proceeds from issue of equity shares (including premium)	-	9.81
Proceeds from Issue of compulsorily convertible preference shares (including premium)	-	26,621.19
Share issue expenses (net)	-	(485.61)
Proceeds from debt securities (*)	-	20,497.20
Repayment of debt securities (*)	(19,002.83)	(9,870.00)
Proceeds from borrowings (other than debt securities) (*)	10,64,150.41	9,26,322.35
Repayment of borrowings (other than debt securities) (*)	(11,75,446.33)	(7,86,139.12)
Proceeds from subordinated liabilities (*)	78.97	-
Repayment of subordinated liabilities (*)	-	(2,415.17)
Payment of interest on lease liabilities	(66.70)	(70.60)
Payment of principal on lease liabilities	(211.35)	(190.88)
Net cash (used in)/ generated from financing activities (C)	(1,30,497.83)	1,74,279.17
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(50,248.50)	38,239.99
Cash and cash equivalents as at the beginning of the year	93,896.05	55,656.06
Cash and cash equivalents as at the end of the year	43,647.55	93,896.05
Components of cash and cash equivalents:		
Cash on hand	11.25	24.84
Bank balances and deposits with banks	43,636.30	93,871.21
Cash and cash equivalents considered for cash flow	43,647.55	93,896.05

(\*) Refer note 20 for reconciliation of liabilities arising from financing activities

Note: The Cash Flows from Operating activities are computed under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows. The accompanying annexures and notes are an integral part of the Financial Statement

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No 123493

Place: Kolkata  
Date: May 23, 2025

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

**Manoj Kumar N Nambiar**  
Managing Director  
(DIN: 03172919)  
Place: Kolkata  
**Anirudh Singh G Thakur**  
Company Secretary  
Place: Kolkata  
Date: May 23, 2025

**Anurag Agrawal**  
Director  
(DIN: 02385780)  
Place: Kolkata  
**Milind R Nare**  
Chief Financial Officer  
Place: Kolkata





# Arohan Financial Services Limited

## Notes to financial statements for the year ended March 31, 2025

### Summary of material accounting policies and other explanatory information to Financial Statement

#### 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 July 08, 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 January 10, 2014. The Company has converted itself into a public limited company and changed its name to Arohan Financial Services Limited and has received a fresh certificate of incorporation dated May 25, 2018.

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

#### 2 Basis of preparation

The Audited Financial Statement of the Company comprise of the Statement of Assets and Liabilities as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2025 and the Material Accounting Policies and explanatory notes (collectively, the 'Financial Statement').

The Financial Statement have been compiled from:

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

Audited Ind AS financial statements of the Company as at and for year ended March 31, 2025 are prepared in accordance with Ind AS, as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended by the companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended), other applicable guidelines issued by the RBI and the financial statements presented as per format prescribed under division III to Schedule III of Companies Act, 2013. which have been approved by the Board of Directors at their meeting held on May 23, 2025.

##### (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, net defined benefit assets/ liability and share based payments which are measured at fair values as explained in relevant accounting policies.

The financial statement were approved by the Company's Board of Directors and authorised for issue on May 23, 2025.

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

# Arohan Financial Services Limited

## Notes to financial statements for the year ended March 31, 2025 (Contd.)

not inconsistent with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended.

#### 3 Material accounting policies

##### (i) Estimates, judgements and assumptions

The preparation of audited 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 year. Actual results may differ from these estimates. 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.

##### a Estimates and assumptions:

In preparing these financial statements, management has made certain estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the financial year. Management believes that the estimates used in the preparation of the financial statements

are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about the assumptions, the Company makes about the future and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment of the carrying amount of the assets and liabilities within the next financial year.

##### 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.

##### Provisions

Provisions created in respect of a range of future obligations such as litigation. Some of the provisions involve significant estimated 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.

##### Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

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.

##### Impairment of loan portfolio

Management estimates the amount and timing of future cash flows when determining an impairment allowance for loans and advances. 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. The Company makes estimation of management overlay considering internal and external factors.

##### b Judgements:

Key areas of judgement at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included classification of financial assets which includes assessment of the business model within which the assets are held for sale, held for sale and maturity and held for maturity.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying

amounts of assets and liabilities are included in the following notes:

##### 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.

##### 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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

whether there has been a change in business model and accordingly prospective change to the classification of those assets are made. 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. The Company makes judgments on management overlay considering internal and external factors.

##### 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 including management overlay.

#### (ii) Property, plant and equipment

##### Recognition and initial measurement

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with

the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss.

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

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

Asset class	Useful life
Office equipment	5 years
Computer equipment	3 years
Computer Software	5 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.





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

##### 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.

#### (iii) Intangible assets

##### Recognition and initial measurement

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

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

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

##### Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and repair the asset to be

capable of operating in the manner intended by management. These are recognised as assets when the company demonstrate following recognition requirements:

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

#### (iv) Revenue recognition

##### Revenue from contracts with customers - fees and commission

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) as set out in Ind AS 115 'Revenue from contracts with customers'.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered as part of the contract. Revenue is recognised for a contract with a customer only when all of the following criteria are met:

- Identify the contract,
- Identify performance obligations,
- Determine the transaction price,

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

- Allocate the transaction price and
- Recognize revenue when a performance obligation is satisfied 'transaction price' as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

##### 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 reasonably certain that the ultimate collection will be made.

The EIR is that rate that exactly discounts estimated future receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets.

In calculating the interest income the effective interest rate (EIR) is applied to the gross carrying amount of the asset when such assets are not credit-impaired. However if the financial assets that have become credit-impaired subsequently to initial recognition and is regarded as 'stage 3', interest income is calculated by applying the EIR to the net amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

##### Income from assignment transactions

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the

applicable rate at which the direct assignment is entered into with the assignee, also known as excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

##### Interest on fixed deposits and investments

Interest income on deposits with banks and investments 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.

#### (v) 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. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

##### (vi) Income tax

Income tax comprises current and deferred tax:

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

**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.

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

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

##### (vii) 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 defined contribution plan is a post-employment benefit plan where the Company's legal or constructive obligation is limited to the

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

amount that it contributes to a separate legal entity.

The Company makes specified monthly contributions towards Government administered provident fund scheme.

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

##### Defined benefit plans

The Company has an obligation towards gratuity and pension fund, defined benefit plan covering eligible employees. Under the defined benefit plans, the amount that an employee will receive is defined by reference to the employee's length of service and last drawn salary which is calculated periodically by a qualified actuary using the projected unit credit method. 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.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate determined by reference to market yields at the end of the reporting period

on government bonds. This rate is applied on the net defined benefit liability (asset), both as determined at the start of the annual reporting period, taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments.

##### 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 based on projected unit credit method. 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.

##### (viii) 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





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

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.

#### (ix) 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.

#### (x) 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/credit-impaired** (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.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

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

#### Trade receivables

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

#### Other financial assets

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

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

increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### Write off

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect 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.

#### (xi) 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.

#### (xii) 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





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

- 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.

#### (xiii) 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 tenure 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.

#### (xiv) 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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. A trade receivables without significant financing component is initially measured at transaction price. Subsequent measurement of financial assets and financial liabilities are described below.

##### Financial assets carried at amortised cost

All financial assets are required to be initially measured at fair value plus or minus the transaction costs.

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

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

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

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

A financial asset is measured at FVOCI if both

the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI (sole payment of principal and interest) 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 mandatorily measured at fair value through profit and loss (FVTPL).

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

Investment in dated Government securities and treasury bills and measured at fair value through amortised cost and they intend to hold till maturity.

#### De-recognition of financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or,





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

- ii. the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### 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.

#### (xv) Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### (xvi) Segment information

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.

#### (xvii) Foreign currency

##### Functional and presentation currency

Items included in the audited financial statement of the Company are measured using the currency

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

#### 3 Material accounting policies (Contd.)

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.

#### (xviii) Events after reporting date

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

#### (xix) Dividend payment

Interim dividend declared to equity/ preference shareholders, if any, is recognized as liability in the year 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.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 4: Cash and cash equivalents (at amortised cost)	As at March 31, 2025	As at March 31, 2024
Cash on hand	11.25	24.84
Balances with banks		
- Balance with banks in current accounts (#)	10,945.49	36,367.07
- Deposits for original maturity of less than 3 months	32,690.81	57,504.14
<b>Total</b>	<b>43,647.55</b>	<b>93,896.05</b>

(#) Balance in current accounts includes Nil (March 31, 2024: ₹0.06 lakhs) earmarked for unpaid dividend, ₹6.31 lakhs (March 31, 2024: ₹0.15 lakhs) earmarked for unpaid corporate social responsibility, ₹153.64 lakhs (March 31, 2024: ₹341.49 lakhs) earmarked for unpaid gratuity and ₹8.01 lakhs (March 31, 2024: ₹3.74 lakhs) earmarked for unpaid debenture interest.

Note 5: Bank balance other than cash and cash equivalents (at amortised cost)	As at March 31, 2025	As at March 31, 2024
<b>Bank balances other than cash and cash equivalents:</b>		
In deposits with original maturity of more than 3 months	4,231.24	2,962.55
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees ( <i>Refer note below</i> )		
- with maturity more than 3 months but less than 12 months	11,910.59	13,279.62
- with maturity more than 12 months	7,551.41	16,622.90
<b>Total</b>	<b>23,693.24</b>	<b>32,865.07</b>

The deposits are under lien as security against term loans from banks and financial Institutions, overdraft facilities, bank guarantee, assets securitised, and secured non convertible debenture etc as below:

Particulars	As at March 31, 2025	As at March 31, 2024
Term loans from banks and financial Institutions	17,869.73	21,305.01
Overdraft facilities	13.48	46.01
Bank guarantee	27.47	25.80
Collateral against securitisations	1,332.99	8,316.68
Secured non convertible debenture	218.33	209.02
<b>Total</b>	<b>19,462.00</b>	<b>29,902.52</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 6: Trade receivables	As at March 31, 2025	As at March 31, 2024
(unsecured)		
(i) Undisputed trade receivables – considered good (#)	46.57	225.91
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-
(iii) Undisputed trade receivables – credit impaired	-	-
(iv) Disputed trade receivables – considered good	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-
(vi) Disputed trade receivables – credit impaired	-	-
(vii) Unbilled	791.32	1,226.47
<b>Total trade receivables</b>	<b>837.89</b>	<b>1,452.38</b>
Less: Impairment loss allowance	-	-
<b>Net trade receivables</b>	<b>837.89</b>	<b>1,452.38</b>

#### Ageing of trade receivables

##### As at March 31, 2025

Particulars	Unbilled	Not yet due	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 (#)	791.32	42.83	3.74	-	-	-	-	837.89
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-	-
(vii) Unbilled	-	-	-	-	-	-	-	-
<b>Total</b>	<b>791.32</b>	<b>42.83</b>	<b>3.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>837.89</b>

##### As at March 31, 2024

Particulars	Unbilled	Not yet due	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 (#)	1,226.47	188.81	37.10	-	-	-	-	1,452.38
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-	-
(vii) Unbilled	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,226.47</b>	<b>188.81</b>	<b>37.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,452.38</b>

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





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 7: Loans (at amortised cost)	As at March 31, 2025	As at March 31, 2024
<b>Term loans</b>		
Secured loans (*)	35,288.19	19,706.76
Unsecured loans	5,58,141.76	6,58,912.70
<b>Gross loans</b>	<b>5,93,429.95</b>	<b>6,78,619.46</b>
Less: Impairment loss allowance (#)	(22,919.11)	(17,045.67)
<b>Net loans</b>	<b>5,70,510.84</b>	<b>6,61,573.79</b>
(i) Secured by tangible assets (*)	35,288.19	19,706.76
(ii) Secured by intangible assets	-	-
(iii) Covered by bank/ Government guarantees	-	-
(iv) Unsecured	5,58,141.76	6,58,912.70
<b>Gross loans</b>	<b>5,93,429.95</b>	<b>6,78,619.46</b>
Less: Impairment loss allowance (#)	(22,919.11)	(17,045.67)
<b>Net loans</b>	<b>5,70,510.84</b>	<b>6,61,573.79</b>
<b>Loans in India</b>		
(i) Public sector	-	-
(ii) Others	5,93,429.95	6,78,619.46
<b>Gross loans</b>	<b>5,93,429.95</b>	<b>6,78,619.46</b>
Less: Impairment loss allowance (#)	(22,919.11)	(17,045.67)
<b>Net loans</b>	<b>5,70,510.84</b>	<b>6,61,573.79</b>

(\*) Note:

- Represents maximum exposure to credit risk at the end of the year without taking account of any collateral held or other credit enhancements.
- Secured against standard book debts except for a loan against which security is credit-impaired amounting to ₹21.47 lakhs as at March 31, 2025 (March 31, 2024: ₹31.51 lakhs) which are fully provided.
- No significant changes in the quality of above collateral mentioned in point 2.
- There is no unrecognised loss allowance because of the collateral.

(#) Impairment allowance includes management overlay of ₹4,634.78 lakhs as on March 31, 2025 (March 31, 2024: ₹4,083.18 lakhs).

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 8: Investments	As at March 31, 2025			As at March 31, 2024		
	At amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Total	At amortised cost	At fair value through profit and loss
<b>1. Government securities</b>						
a. Investment in dated G-sec	19,551.11	-	-	19,551.11	-	-
b. Investment in T-bills	14,902.29	-	-	14,902.29	-	-
<b>2. Equity instruments</b>						
<b>Unquoted equity instruments</b>						
50,000 (March 31, 2024: 50,000) equity shares in Alpha Micro Finance Consultant Private Limited of ₹ 10 each, fully paid-up.	-	5.00	-	5.00	-	5.00
<b>3. Others</b>						
<b>Security receipts (*)</b>						
8,00,000 security receipts under Phoenix Trust-FY 23-16 at face value ₹456/- each (March 31, 2024: 8,00,000 security receipts at face value of ₹ 706/- each)	-	2,704.00	-	2,704.00	-	5,648.00
10,43,400 security receipts under Phoenix Trust-FY 23-36 at face value ₹450/- each (March 31, 2024: 10,43,400 security receipts at face value of ₹ 717/- each)	-	2,577.20	-	2,577.20	-	5,363.08
<b>Gross investment</b>	<b>34,453.40</b>	<b>5,286.20</b>	<b>-</b>	<b>39,739.60</b>	<b>-</b>	<b>11,011.08</b>
Less: Impairment loss allowance (#)	-	(3,405.00)	-	(3,405.00)	-	(2,000.00)
<b>Net investment</b>	<b>34,453.40</b>	<b>1,881.20</b>	<b>-</b>	<b>36,334.60</b>	<b>-</b>	<b>9,011.08</b>
Investments in India	34,453.40	5,286.20	-	39,739.60	-	11,011.08
Investments outside India	-	-	-	-	-	-
<b>Gross investment</b>	<b>34,453.40</b>	<b>5,286.20</b>	<b>-</b>	<b>39,739.60</b>	<b>-</b>	<b>11,011.08</b>
Less: Impairment loss allowance (#)	-	(3,405.00)	-	(3,405.00)	-	(2,000.00)
<b>Net investment</b>	<b>34,453.40</b>	<b>1,881.20</b>	<b>-</b>	<b>36,334.60</b>	<b>-</b>	<b>9,011.08</b>

(\*) The Company has sold loans to an Asset Reconstruction Company (ARC) on June 28, 2023 and December 29, 2022. SRs were received as considerations for the transfer of loans. However, as the legal form of the asset has changed from loans to investments, it is accounted under investments. SRs have followed the same measurement/ classification approach and ECL has been recognised in a similar manner as applicable to the underlying loans.

(#) Impairment allowance includes management overlay of ₹3,400.00 lakhs on security receipts as on March 31, 2025 (March 31, 2024: ₹2,000.00 lakhs), further ₹5.00 lakhs (March 31, 2024: nil) of impairment allowance made on unquoted equity instruments in Alpha Micro Finance Consultant Private Limited on the occasion of voluntary liquidation.

Note: The security receipt Phoenix Trust-FY23-36 rated affirmed at "IND RR3" on a recovery rating scale issued by India Ratings & Research with report dated February 24, 2025 and for Phoenix Trust-FY23-16 which is downgraded to "IND RR3" from "IND RR2" with report dated February 24, 2025 (March 31, 2024: The security receipts are rated "IND RR2" and "IND RR3" on a recovery rating scale issued by India Ratings & Research with report dated February 28, 2024 and December 22, 2023 respectively).



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 9: Other financial assets	As at March 31, 2025	As at March 31, 2024
<i>(Measured at amortised cost- unsecured considered good)</i>		
Security deposits	371.48	306.27
Receivable on assigned loans	501.29	2,680.61
Insurance receivables	65.63	90.36
Others (*)	682.96	403.00
	<b>1,621.36</b>	<b>3,480.24</b>
Less: Impairment loss allowance on insurance receivables	(65.63)	(90.36)
<b>Total</b>	<b>1,555.73</b>	<b>3,389.88</b>

(\*) includes ₹653.79 lakhs (March 31, 2024: ₹307.42) lakhs towards collection receivables from digital channel partners.

Note 10: Current tax assets (net)	As at March 31, 2025	As at March 31, 2024
Advance tax and TDS (net of provisions)	1,030.72	1,198.48
<b>Total</b>	<b>1,030.72</b>	<b>1,198.48</b>

Note 11: Deferred tax assets (net)	As at March 31, 2025	As at March 31, 2024
<b>Deferred tax assets for deductible temporary differences on:</b>		
Impairment loss allowance on loan assets	4,907.38	3,552.03
Impairment loss allowance on investments	856.97	503.36
Provision for employee benefits	980.69	676.40
Financial assets measured at amortised cost	903.92	818.90
Provision for expense allowed for tax purpose on payment basis	357.71	357.65
Difference in written down value as per books and as per income tax act	25.35	35.97
Right of use asset	18.82	16.81
	<b>8,050.84</b>	<b>5,961.12</b>
<b>Deferred tax liabilities for taxable temporary differences on:</b>		
Income for tax purpose on receipt basis	36.99	371.70
	<b>36.99</b>	<b>371.70</b>
<b>Deferred tax assets (net)</b>	<b>8,013.85</b>	<b>5,589.42</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Movement in deferred tax assets for the year ended March 31, 2025

Particulars	As at April 01, 2024	Statement of profit and loss	Other comprehensive income	As at March 31, 2025
<b>Deferred tax assets for deductible temporary differences on:</b>				
Impairment loss allowance on loan assets	3,552.03	1,355.35	-	4,907.38
Impairment loss allowance on investments	503.36	353.61	-	856.97
Provision for employee benefits	676.40	71.66	232.63	980.69
Financial assets measured at amortised cost	818.90	85.02	-	903.92
Provision for expense allowed for tax purpose on payment basis	357.65	0.06	-	357.71
Difference in written down value as per books and as per income tax act	35.97	(10.62)	-	25.35
Right of use asset	16.81	2.01	-	18.82
	<b>5,961.12</b>	<b>1,857.09</b>	<b>232.63</b>	<b>8,050.84</b>
<b>Deferred tax liabilities for taxable temporary differences on:</b>				
Income for tax purpose on receipt basis	371.70	(334.71)	-	36.99
	<b>371.70</b>	<b>(334.71)</b>	-	<b>36.99</b>
<b>Deferred tax assets (net)</b>	<b>5,589.42</b>	<b>2,191.80</b>	<b>232.63</b>	<b>8,013.85</b>

#### Movement in deferred tax assets for the year ended March 31, 2024

Particulars	As at April 01, 2023	Statement of profit and loss	Other comprehensive income	As at March 31, 2024
<b>Deferred tax assets for deductible temporary differences on:</b>				
Impairment loss allowance on loan assets	6,586.17	(3,034.14)	-	3,552.03
Impairment loss allowance on investments	-	503.36	-	503.36
Provision for employee benefits	621.20	(69.29)	124.49	676.40
Financial assets measured at amortised cost	539.78	279.12	-	818.90
Provision for expense allowed for tax purpose on payment basis	27.15	330.50	-	357.65
Difference in written down value as per books and as per income tax act	32.19	3.78	-	35.97
Unabsorbed tax loss	4,327.71	(4,327.71)	-	-
Right of use asset	13.92	2.89	-	16.81
	<b>12,148.12</b>	<b>(6,311.49)</b>	<b>124.49</b>	<b>5,961.12</b>
<b>Deferred tax liabilities for taxable temporary differences on:</b>				
Income for tax purpose on receipt basis	301.21	70.49	-	371.70
	<b>301.21</b>	<b>70.49</b>	-	<b>371.70</b>
<b>Deferred tax assets (net)</b>	<b>11,846.91</b>	<b>(6,381.98)</b>	<b>124.49</b>	<b>5,589.42</b>





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 12: Property, plant and equipment	Motor vehicle	Furniture and fixtures	Computer and accessories	Office equipment	Total
<b>Gross carrying value</b>					
Balance as at April 01, 2023	-	393.37	905.80	307.61	1,606.78
Additions for the year	21.45	83.12	242.29	132.16	479.02
Disposals for the year	-	1.06	27.39	12.07	40.52
<b>Balance as at March 31, 2024</b>	<b>21.45</b>	<b>475.43</b>	<b>1,120.70</b>	<b>427.70</b>	<b>2,045.28</b>
Additions for the year	-	118.01	215.39	147.38	480.78
Disposals for the year	-	0.99	0.45	11.34	12.78
<b>Balance as at March 31, 2025</b>	<b>21.45</b>	<b>592.45</b>	<b>1,335.64</b>	<b>563.74</b>	<b>2,513.28</b>
<b>Accumulated depreciation</b>					
Up to April 01, 2023	-	170.73	696.04	209.21	1,075.98
Depreciation charge for the year	2.66	46.45	136.36	69.62	255.09
Adjustment on account of disposal	-	1.00	26.04	11.23	38.27
<b>Up to March 31, 2024</b>	<b>2.66</b>	<b>216.18</b>	<b>806.36</b>	<b>267.60</b>	<b>1,292.80</b>
Depreciation charge for the year	2.68	50.32	204.97	82.55	340.52
Adjustment on account of disposal	-	0.91	0.07	10.76	11.74
<b>Up to March 31, 2025</b>	<b>5.34</b>	<b>265.59</b>	<b>1,011.26</b>	<b>339.39</b>	<b>1,621.58</b>
<b>Net carrying value</b>					
Balance as at March 31, 2024	18.79	259.25	314.34	160.10	752.48
<b>Balance as at March 31, 2025</b>	<b>16.11</b>	<b>326.86</b>	<b>324.38</b>	<b>224.35</b>	<b>891.70</b>

Notes: 1. The Company has not revalued its property, plant and equipment during the current financial year.  
2. Refer note 61 on contractual commitments for the acquisition of property, plant and equipment.

Note 13 : Other intangible assets	Intangible assets	
	Under development	Others*
<b>Gross carrying value</b>		
Balance as at April 01, 2023	44.06	1,091.73
Additions for the year	33.27	308.44
Disposals for the year	22.20	-
<b>Balance as at March 31, 2024</b>	<b>55.13</b>	<b>1,400.17</b>
Additions for the year	71.46	111.29
Disposals for the year	97.09	-
<b>Balance as at March 31, 2025</b>	<b>29.50</b>	<b>1,511.46</b>
<b>Accumulated amortisation</b>		
Up to April 01, 2023	-	876.68
Amortisation charge for the year	-	109.18
Adjustment on account of disposal	-	-
<b>Up to March 31, 2024</b>	<b>-</b>	<b>985.86</b>
Amortisation charge for the year	-	136.20
Adjustment on account of disposal	-	-
<b>Up to March 31, 2025</b>	<b>-</b>	<b>1,122.06</b>
<b>Net carrying value</b>		
Balance as at March 31, 2024	55.13	414.31
<b>Balance as at March 31, 2025</b>	<b>29.50</b>	<b>389.40</b>

\* Others represents computer software

Note: 1. The Company has not revalued its intangible assets during the current financial year.  
2. Refer note 61 on contractual commitments for the acquisition of intangible asset

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 13 : Other intangible assets (Contd.)

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

As at March 31, 2025

Particulars	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 (*)	21.18	8.32	-	-	29.50
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>21.18</b>	<b>8.32</b>	<b>-</b>	<b>-</b>	<b>29.50</b>

As at March 31, 2024

Particulars	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 (*)	24.04	2.56	9.44	19.09	55.13
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>24.04</b>	<b>2.56</b>	<b>9.44</b>	<b>19.09</b>	<b>55.13</b>

(\*) There are no continuing projects where completion date are overdue or cost of project exceeds as compared to original plan.

Note 14: Right of use assets	Right of use assets
<b>Gross carrying value</b>	
Balance as at April 01, 2023	1,088.47
Additions for the year	461.72
Disposals for the year	30.63
<b>Balance as at March 31, 2024</b>	<b>1,519.56</b>
Additions for the year	91.14
Disposals for the year	36.89
<b>Balance as at March 31, 2025</b>	<b>1,573.81</b>
<b>Accumulated depreciation</b>	
Up to April 01, 2023	598.42
Depreciation for the year	204.07
Adjustment on account of disposal	19.57
<b>Up to March 31, 2024</b>	<b>782.92</b>
Depreciation for the year	208.67
Adjustment on account of disposal	18.44
<b>Up to March 31, 2025</b>	<b>973.15</b>
<b>Net carrying value</b>	
Balance as at March 31, 2024	736.64
<b>Balance as at March 31, 2025</b>	<b>600.66</b>

Note: The Company has not revalued its right-of-use assets during the current financial year.  
Refer Note 60 for disclosures pertaining to Ind AS 116 - Leases.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 15: Other non-financial assets	As at March 31, 2025	As at March 31, 2024
Prepaid expenses	378.60	348.38
Advances to employees	100.49	109.40
Balances with government authorities	39.96	48.58
Advance against expenses	116.76	55.60
Others (*)	407.35	42.39
<b>Total</b>	<b>1,043.16</b>	<b>604.35</b>

(\*) During the year ended March 31, 2025, an amount of ₹387.31 lakhs (March 31, 2024: nil) has been paid as legal and professional service for draft red hearing prospectus (DRHP) filing which has been presented under others.

Note 16: Trade payables	As at March 31, 2025	As at March 31, 2024
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	2,751.52	2,809.81
Other payable		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
<b>Total</b>	<b>2,751.52</b>	<b>2,809.81</b>

#### Trade Payables ageing schedule

As on March 31, 2025

Particulars	Not due	O/s for the following year				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 year	
Micro enterprises and small enterprises	-	-	-	-	-	-
Others	2,740.86	10.66	-	-	-	2,751.52
<b>Total</b>	<b>2,740.86</b>	<b>10.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,751.52</b>

As on March 31, 2024

Particulars	Not due	O/s for the following year				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 year	
Micro enterprises and small enterprises	-	-	-	-	-	-
Others	2,713.35	68.60	-	27.66	0.20	2,809.81
<b>Total</b>	<b>2,713.35</b>	<b>68.60</b>	<b>-</b>	<b>27.66</b>	<b>0.20</b>	<b>2,809.81</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 17: Debt securities	As at March 31, 2025	As at March 31, 2024
(Measured at amortised cost)		
Secured listed non convertible debentures	-	19,686.13
Secured unlisted non convertible debentures	21,303.69	21,217.68
<b>Total</b>	<b>21,303.69</b>	<b>40,903.81</b>
Debt securities in India	21,303.69	40,903.81
Debt securities outside India	-	-
<b>Total</b>	<b>21,303.69</b>	<b>40,903.81</b>

Refer note 21(a) for terms of repayment.

Non convertible debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on identified receivables arising out of its business operations and cash collateral to the extent of at least 100% of outstanding secured NCDs and pursuant to the terms of respective information memorandum.

#### Other terms and conditions:

Particulars	Repayment Schedule	As at March 31, 2025	As at March 31, 2024
11.86% Blue Orchard Microfinance Fund (Face Value ₹10 lakhs) - no. of units - nil (March 31, 2024 - 1,150 units).	Bullet repayment in June 2027 (prepaid in May 2024)	-	11,846.74
12.06% Japanese ASEAN Women Empowerment Fund (Face Value ₹10 lakhs) - no. of units - nil (March 31, 2024 - 650 units).	Repayment in three instalments on June 2023, December 2023 and June 2024.	-	3,360.39
10.09% British International Investment Plc (Face Value ₹10 lakhs) - no. of units - 600 (March 31, 2024 - 600 units).	Redeemed on a pro rata basis and shall be fully redeemed by March 2025.	-	4,479.00
10.71% Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (Face Value ₹1 lakh) - no. of units - 20,800 (March 31, 2024 - 20,800).	Repayment in four equal instalments on June 2025, December 2026, June 2027 and December 2027.	21,303.69	21,217.68
<b>Total</b>		<b>21,303.69</b>	<b>40,903.81</b>





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 18: Borrowings (other than debt securities)	As at March 31, 2025	As at March 31, 2024
(Measured at amortised cost)		
(Secured)		
(a) Term loans (refer note (i) below)		
- from banks	3,54,167.85	3,77,239.47
- from financial institution	53,967.91	1,02,558.31
(b) Loans repayable on demand		
Cash credit from banks [refer note (ii) below]	0.11	-
(b) Liability against securitisation (refer note (iii) below)		
- from banks	934.67	40,998.38
<b>Total</b>	<b>4,09,070.54</b>	<b>5,20,796.16</b>
Borrowings in India	4,09,070.54	5,20,796.16
Borrowings outside India	-	-
<b>Total (a+b)</b>	<b>4,09,070.54</b>	<b>5,20,796.16</b>

Refer note 21(b) for terms of repayment.

#### Nature of Security:

- All term loans from banks and financial institutions are secured by way of first and exclusive charge, both present & future, over the eligible designated current assets, eligible designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company.
- Cash credit facilities and working capital demand loans from banks are secured by way of first and exclusive charge, both present & future, over the eligible designated current assets, eligible designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company.
- Liabilities against securitisation represents amounts received in respect of securitisation transactions (net of repayments & investment therein) as these transactions do not meet the de-recognition criteria specified under Ind AS 109. These are secured by way of hypothecation of designated assets on finance receivables.

Note 19: Subordinated liabilities	As at March 31, 2025	As at March 31, 2024
(Measured at amortised cost)		
(Unsecured)		
Non-convertible debentures	32,394.98	32,317.73
Term loans:		
- from banks	5,057.33	5,057.33
- from financial institution	2,513.83	2,509.23
<b>Total</b>	<b>39,966.14</b>	<b>39,884.29</b>
Subordinated liabilities in India	39,966.14	39,884.29
Subordinated liabilities outside India	-	-
<b>Total</b>	<b>39,966.14</b>	<b>39,884.29</b>

Refer note 21(a) for terms of repayment.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 19 : Subordinated liabilities (cont'd)

##### Details of subordinated liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
(a) <b>Term loans</b> (unsecured)		
- from banks	5,057.33	5,057.33
- from financial institution	2,513.83	2,509.23
<b>Subtotal</b>	<b>7,571.16</b>	<b>7,566.56</b>
(b) <b>Non-convertible debentures</b> (unsecured)		
13.50% Northern Arc Capital Limited (Face Value ₹10 lakhs) 650 debentures; maturing in April 2025 (March 31, 2024 - 650 units)	6,510.52	6,500.98
12.85% Karvy Capital Limited (Face Value ₹10 each) 2,50,00,000 debentures, maturing in October 2026 (March 31, 2024 - 2,50,00,000 units)	2,486.36	2,472.20
13.50% Northern Arc Capital Limited (Face Value ₹10 each) 3,50,00,000 debentures; maturing in September 2025 (March 31, 2024 - 3,50,00,000 units)	3,500.05	3,491.82
13.65% Piramal Structured Credit Opportunity Fund (Face Value ₹100 lakhs) 200 debentures; maturing in June 2027 (March 31, 2024 - 200 units)	19,898.05	19,852.73
<b>Subtotal</b>	<b>32,394.98</b>	<b>32,317.73</b>
<b>Total (a+b)</b>	<b>39,966.14</b>	<b>39,884.29</b>

#### Note 20: Reconciliation of liabilities arising from financing activities

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

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Total
<b>As on March 31, 2023</b>	<b>30,084.77</b>	<b>3,80,936.33</b>	<b>42,327.83</b>	<b>4,53,348.93</b>
<i>Cash flows:</i>				
Proceeds	20,538.02	9,14,425.52	-	9,34,963.54
Repayment	(9,870.00)	(7,86,139.12)	(2,500.00)	(7,98,509.12)
<i>Non cash:</i>				
Amortisation of upfront fees and interest accrual	151.02	11,573.43	56.46	11,780.91
<b>As on March 31, 2024</b>	<b>40,903.81</b>	<b>5,20,796.16</b>	<b>39,884.29</b>	<b>6,01,584.26</b>
<i>Cash flows:</i>				
Proceeds	-	10,63,152.37	-	10,63,152.37
Repayment	(19,250.00)	(11,66,622.91)	-	(11,85,872.91)
<i>Non cash:</i>				
Amortisation of upfront fees and interest accrual	(350.12)	(8,255.08)	81.85	(8,523.35)
<b>As on March 31, 2025</b>	<b>21,303.69</b>	<b>4,09,070.54</b>	<b>39,966.14</b>	<b>4,70,340.37</b>



Note 21(a): Terms of repayment of debt securities and subordinated liabilities

As on March 31, 2025:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Bi-monthly	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	9% to 12%	1	5,200.00	1	5,200.00	2	10,400.00	-	-	-	-	20,800.00
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	3	15,000.00	1	2,500.00	2	22,500.00	-	-	-	-	40,000.00
Total			20,200.00		7,700.00		32,900.00		-		-	60,800.00

As on March 31, 2024:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Bi-monthly	9% to 12%	6	4,500.00	-	-	-	-	-	-	-	-	4,500.00
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	9% to 12%	-	-	1	5,200.00	1	5,200.00	2	10,400.00	-	-	20,800.00
	12% to 15%	1	3,250.00	-	-	-	-	-	-	-	-	3,250.00
	12% to 15%	-	-	3	15,000.00	1	2,500.00	2	22,500.00	-	-	40,000.00
Bullet	Above 15%	-	-	-	-	-	-	1	11,500.00	-	-	11,500.00
Total			7,750.00		20,200.00		7,700.00		44,400.00		-	80,050.00

Notes:

All the above repayments disclosed as per the contractual maturities of debt securities and subordinate liabilities at gross carrying value. There have been no defaults in repayment of debt securities and subordinate liabilities taken from banks and others. The company has utilised the proceeds from debt securities and subordinated liabilities for the purpose for which it was obtained except temporary deployment pending application of proceeds.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 21(b): Terms of repayment of Borrowings (other than debt securities)

As on March 31, 2025:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	9	1,499.99	2	333.35	-	-	-	-	-	-	1,833.34
	9% to 12%	625	1,73,693.96	431	1,07,849.89	99	15,424.97	-	-	-	-	2,96,968.82
	12% to 15%	8	872.52	-	-	-	-	-	-	-	-	872.52
Bi-monthly	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	Up to 9%	2	500.00	4	1,000.00	2	500.00	-	-	-	-	2,000.00
	9% to 12%	60	38,258.15	48	30,575.51	19	13,645.04	-	-	-	-	82,478.70
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	9% to 12%	6	9,033.74	7	11,784.34	2	3,677.50	-	-	-	-	24,495.58
	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Bullet	Variable rates	-	10.60	-	-	-	-	-	-	-	-	10.60
	9% to 12%	2	935.18	-	-	-	-	-	-	-	-	935.18
Total			2,24,804.14		1,51,543.09		33,247.51		-		-	4,09,594.74

(\*) Represents securitised liability

As on March 31, 2024:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Up to 9%	48	11,816.09	11	1,833.34	-	-	-	-	-	-	13,649.43
	9% to 12%	693	1,92,475.58	453	1,27,695.14	122	27,024.12	-	-	-	-	3,47,194.84
	12% to 15%	55	14,748.00	6	539.19	-	-	-	-	-	-	15,287.19
Bi-monthly	9% to 12%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	81	55,324.01	43	25,135.97	3	1,101.66	-	-	-	-	81,561.64
	12% to 15%	17	8,529.14	-	-	-	-	-	-	-	-	8,529.14
Semi-annually	9% to 12%	5	7,762.50	4	7,012.42	-	-	-	-	-	-	14,774.92
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
	12% to 15%	-	-	-	-	-	-	-	-	-	-	-
Bullet	Above 15%	-	-	-	-	-	-	-	-	-	-	-
	9% to 13%	61	39,567.41	3	1,436.14	-	-	-	-	-	-	41,003.55
Total			3,30,222.73		1,63,652.20		28,125.78		-		-	5,22,000.71

(\*) Represents securitised liability.

Notes:

All the above repayments disclosed as per the contractual maturities of borrowings other than debts securities at gross carrying value. There have been no defaults in repayment of any instalments of term loan taken from banks and others. The company has utilised the proceeds from other borrowings for the purpose for which it was obtained except temporary deployment pending application of proceeds.





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 22: Other financial liabilities	As at March 31, 2025	As at March 31, 2024
<i>(Measured at amortised cost)</i>		
Payable towards assignment transactions	2,963.98	6,575.07
Employees dues	3,223.30	2,923.74
Lease liabilities (Refer Note 60)	675.41	803.40
Other payables (*)	475.45	939.22
<b>Total</b>	<b>7,338.14</b>	<b>11,241.43</b>

(\*) Includes payable to insurance partners ₹326.14 lakhs for March 31, 2025 (March 31, 2024: ₹741.69 Lakhs).

Note 23: Provisions	As at March 31, 2025	As at March 31, 2024
<b>Provision for employees benefits:</b>		
Provision for gratuity	2,239.46	1,416.96
Provision for pension fund	-	28.21
Provision for compensated absences	1,657.19	1,242.43
<b>Total</b>	<b>3,896.65</b>	<b>2,687.60</b>

Refer note 39 on employee benefits

Note 24: Other non-financial liabilities	As at March 31, 2025	As at March 31, 2024
Statutory dues	939.65	1,002.84
Advance from customers	569.63	546.09
Others	230.05	196.34
<b>Total</b>	<b>1,739.33</b>	<b>1,745.27</b>

Note 25: Share capital	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
a. <i>Equity shares of ₹ 10 each</i>				
At the beginning of the year	19,50,00,000	19,500.00	19,50,00,000	19,500.00
Additions during the year	8,00,00,000	8,000.00	-	-
Deletion during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>27,50,00,000</b>	<b>27,500.00</b>	<b>19,50,00,000</b>	<b>19,500.00</b>
b. <i>Compulsorily convertible preference shares of ₹ 10 each</i>				
At the beginning of the year	8,00,00,000	8,000.00	8,00,00,000	8,000.00
Additions during the year	-	-	-	-
Deletion during the year	(8,00,00,000)	(8,000.00)	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>8,00,00,000</b>	<b>8,000.00</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 25: Share capital (cont'd)

##### (A) Equity share capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
<b>Issued, subscribed and fully paid up equity shares</b>				
<i>Equity shares of ₹ 10 each</i>				
At the beginning of the year	15,74,12,320	15,741.23	12,11,77,303	12,117.73
Additions during the year (*)	15,00,000	150.00	3,62,35,017	3,623.50
<b>Balance at the end of the year</b>	<b>15,89,12,320</b>	<b>15,891.23</b>	<b>15,74,12,320</b>	<b>15,741.23</b>

##### (\*) Additions made in equity shares during the year

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
1. Arohan ESOP Trust	15,00,000	150.00	7,00,000	70.00
2. On account of conversion of compulsorily convertible preference shares into equity shares				
Teachers Insurance and Annuity Association of America (TIAA)	-	-	1,11,10,966	1,111.10
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	-	-	1,09,42,420	1,094.24
Danish Sustainable Development Goals Investment Fund K/S (IFU)	-	-	1,34,81,631	1,348.16
<b>Total additions during the year</b>	<b>15,00,000</b>	<b>150.00</b>	<b>3,62,35,017</b>	<b>3,623.50</b>

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Balance at the beginning of the year	49,68,112	1,199.64	42,98,115	341.45
Add: Equity shares issued to ESOP trust (*)	15,00,000	2,225.25	7,00,000	868.00
Less: Equity shares allotted to employees during the year (**)	-	-	30,003	9.81
<b>Outstanding at the end of the year</b>	<b>64,68,112</b>	<b>3,424.89</b>	<b>49,68,112</b>	<b>1,199.64</b>

(\*) During the year ended March 31, 2025, the Company has issued 15,00,000 (March 31, 2024: 7,00,000) equity shares of 10.00 each under the Arohan ESOP plan 2021 (grant 2024) aggregating to ₹2,225.25 lakhs (March 31, 2024: ₹868.00 lakhs) including premium.

(\*\*) During the year ended March 31, 2025 Arohan ESOP Trust has not transferred any shares under any scheme [March 31, 2024, Arohan ESOP Trust has transferred 30,000 equity shares at ₹32.69/- to Mr. Prashant Rai under ESOP 2017 schemes of Arohan Financial Services Limited and 3 equity shares to Mr. Ketan Agrawal at ₹162.80/- under ESOP 2018 (grant 2019) schemes of Arohan Financial Services Limited.]



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 25: Share capital (cont'd)

##### (A) Equity share capital (cont'd)

##### (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.

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 March 31, 2025		As at March 31, 2024		% change during the year
Particulars	No. of shares	% of total shares	No. of shares	% of total shares	
1. Aavishkaar Venture Management Services Private Limited	60,94,083	3.83%	2,34,26,590	14.88%	(11.05%)
2. Intellectual Capital Advisory Services Private Limited	1,64,72,146	10.37%	1,64,72,146	10.46%	(0.10%)

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	percentage (%)	Number	percentage (%)
<b>Equity shares of ₹10 each</b>				
Teachers Insurance And Annuity Association Of America (TIAA)	1,92,20,332	12.09%	1,17,79,558	7.48%
Aavishkaar Goodwell India Microfinance Development Company II Limited	1,85,39,529	11.67%	1,85,39,529	11.78%
Tano India Private Equity Fund II	1,66,87,029	10.50%	1,66,87,029	10.60%
Intellectual Capital Advisory Services Private Limited	1,64,72,146	10.37%	1,64,72,146	10.46%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	1,57,28,114	9.90%	1,16,11,012	7.38%
Maj Invest Financial Inclusion Fund II	1,54,01,267	9.69%	1,54,01,267	9.78%
Danish Sustainable Development Goals Investment Fund K/S (IFU)	1,34,81,631	8.48%	1,34,81,631	8.56%
TR Capital III Mauritius	97,18,722	6.12%	97,18,722	6.17%
Aavishkaar Venture Management Services Private Limited	-	-	2,34,26,590	14.88%

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 25: Share capital (cont'd)

##### (A) Equity share capital (cont'd)

##### (f) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

There are no class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash nor any class of shares allotted as fully paid up by way of bonus shares nor any class of shares bought back during the during the period of five years immediately preceding the reporting date.

##### (B) Compulsorily convertible preference shares

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
<b>Issued, subscribed and fully paid up compulsorily convertible preference shares</b>				
Compulsorily convertible preference shares of ₹ 10 each				
At the beginning of the year	-	-	2,92,11,177	2,921.12
Additions during the year (**)	-	-	3,13,19,059	3,131.90
Conversion of compulsorily convertible preference shares into equity shares (***)	-	-	(6,05,30,236)	(6,053.02)
<b>Balance at the end of the year</b>	-	-	-	-

(\*\*) Additions made in compulsorily convertible preference shares during the year

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	-	-	77,89,648	778.96
Danish Sustainable Development Goals Investment Fund K/S (IFU)	-	-	2,35,29,411	2,352.94
<b>Total additions during the year</b>	-	-	<b>3,13,19,059</b>	<b>3,131.90</b>

(\*\*\*) In pursuant to the provisions of the Companies Act, 2013, the Company as per the circular resolution passed by the Board of Directors on March 22, 2024, converted all the Compulsorily Convertible Preference Shares ("CCPS") having face value of ₹ 6,053.02 lakhs were allotted to the CCPS holder for an aggregate amount of ₹ 51,450.70 lakhs, into equity shares (face value of ₹ 10 each) as per the Share Subscription Agreements (SSA) and as per the approval of the shareholders ranking pari-passu with the existing equity shares of the Company. During the year ended March 31, 2024, the Company has allotted 3,55,35,017 equity shares (face value of ₹ 10 each) pursuant to the compulsory conversion of these CCPS.





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 26: Other equity	As at March 31, 2025	As at March 31, 2024
Securities premium	1,22,302.03	1,20,226.78
Statutory reserves	17,909.27	15,715.55
Retained earnings	53,754.10	45,670.93
General reserve	80.27	80.27
Share option outstanding account	2,700.80	1,940.55
Treasury shares	(10,124.87)	(7,899.62)
<b>Total</b>	<b>1,86,621.60</b>	<b>1,75,734.46</b>

#### Nature and purpose of reserves:

##### Securities premium

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

##### Statutory reserves

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

##### Retained earnings

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

##### General reserve

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

##### Share option outstanding account

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

##### Treasury shares

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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 27: 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 75,00,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme.

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

- A. ESOP 2017
- B. ESOP 2018 (grant 2018)
- C. ESOP 2018 (grant 2019)
- D. ESOP 2018 (grant 2020)
- E. ESOP 2021 (grant 2021)
- F. ESOP 2021 (grant 2022)
- G. ESOP 2021 (grant 2023)
- H. ESOP 2021 (grant 2024)

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

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (Grant 21)	ESOP 2021 (Grant 22)	ESOP 2021 (Grant 23)	ESOP 2021 (Grant 24)
Date of Grant	August 29, 2017	May 16, 2018	May 16, 2019	August 04, 2020	June 05, 2021	August 19, 2022	August 30, 2023	August 30, 2024
Date of Board approval	May 19, 2017	April 27, 2018	May 15, 2019	June 26, 2020	June 04, 2021	May 11, 2022	May 12, 2023	May 24, 2024
Date of committee meeting where grant of options were approved	May 19, 2017	April 27, 2018	February 18, 2019	June 26, 2020	June 04, 2021	May 11, 2022	May 12, 2023	May 24, 2024
Date of shareholders' approval	August 29, 2017	May 15, 2018	March 18, 2019	August 03, 2020	February 08, 2021	August 11, 2022	August 07, 2023	August 06, 2024
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867	9,97,942	13,91,143	18,07,444
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting conditions	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.	1. Continued employment with the Company on relevant date of vesting 2. Board may specify certain performance criteria.
Vesting period	12 months from date of grant of option.	36 months from date of grant of option.	36 months from date of grant of option.	36 months from date of grant of option.	36 months from date of grant of option.	36 months from date of grant of option.	36 months from date of grant of option.	36 months from date of grant of option.
Exercise period	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.	For KMP and others: 10 year from the date of vesting.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 27: Employee stock option scheme ('ESOP Scheme') (cont'd)

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

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (Grant 21)	ESOP 2021 (Grant 22)	ESOP 2021 (Grant 23)	ESOP 2021 (Grant 24)
Number of options granted	2,29,280	5,97,264	7,69,528	8,42,858	9,82,867	9,97,942	13,91,143	18,07,444
Outstanding number of options as on March 31, 2025	98,000	3,74,824	4,76,305	5,31,549	6,56,551	7,36,508	11,81,683	15,74,964
Exercisable number of options as at March 31, 2025	98,000	3,74,824	4,76,305	5,31,549	6,56,551	4,91,005	3,93,894	-

##### (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 March 31, 2025	As at March 31, 2024
<b>ESOP 2017</b>		
Exercise price	84.70	84.70
Weighted average remaining contractual life (in years)	-	-
<b>ESOP 2018 (grant 2018)</b>		
Exercise price	130.00	130.00
Weighted average remaining contractual life (in years)	-	-
<b>ESOP 2018 (grant 2019)</b>		
Exercise price	162.80	162.80
Weighted average remaining contractual life (in years)	-	-
<b>ESOP 2018 (grant 2020)</b>		
Exercise price	170.00	170.00
Weighted average remaining contractual life (in years)	-	-
<b>ESOP 2021 (grant 2021)</b>		
Exercise price	210.00	210.00
Weighted average remaining contractual life (in years)	-	0.18
<b>ESOP 2021 (grant 2022)</b>		
Exercise price	153.94	153.94
Weighted average remaining contractual life (in years)	0.38	1.38
<b>ESOP 2021 (grant 2023)</b>		
Exercise price	124.00	124.00
Weighted average remaining contractual life (in years)	1.41	2.41
<b>ESOP 2021 (grant 2024)</b>		
Exercise price	148.35	-
Weighted average remaining contractual life (in years)	2.42	-

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 27: Employee stock option scheme ('ESOP Scheme') (cont'd)

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

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)	ESOP 2021 (grant 2023)	ESOP 2021 (grant 2024)
<b>Outstanding as at March 31, 2023</b>	<b>1,28,000</b>	<b>4,12,824</b>	<b>5,43,908</b>	<b>6,06,349</b>	<b>7,86,591</b>	<b>8,75,650</b>	-	-
Stock option issued during the year	-	-	-	-	-	-	13,91,143	-
Add: Stock option exercised and vested	30,000	-	3	-	-	-	-	-
Less: Stock option forfeited/ lapsed	-	24,000	35,200	46,000	62,200	57,975	38,850	-
<b>Outstanding as at March 31, 2024</b>	<b>98,000</b>	<b>3,88,824</b>	<b>5,08,705</b>	<b>5,60,349</b>	<b>7,24,391</b>	<b>8,17,675</b>	<b>13,52,293</b>	-
Stock option issued during the year	-	-	-	-	-	-	-	18,07,444
Add: Stock option exercised and vested	-	-	-	-	-	-	-	-
Less: Stock option forfeited/ lapsed	-	14,000	32,400	28,800	67,840	81,167	1,70,610	2,32,480
<b>Outstanding as at March 31, 2025</b>	<b>98,000</b>	<b>3,74,824</b>	<b>4,76,305</b>	<b>5,31,549</b>	<b>6,56,551</b>	<b>7,36,508</b>	<b>11,81,683</b>	<b>15,74,964</b>

(v) The Company has recognized share based payment expense of ₹760.25 Lakhs (March 31, 2024: ₹515.76 lakhs) during the year as proportionate cost (Refer note 36).

(vi) Following employees have received a grant in the reporting year of option amounting to 5% or more of total option granted against ESOP 2021 (grant 2024):

Name of Employee	Designation	Number of Options granted
Milind R Nare	Chief Financial Officer	1,02,000
Manoj Kumar N Nambiar	Managing Director	2,25,000

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

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

Particulars	ESOP 2017	ESOP 2018 (grant 2018)	ESOP 2018 (grant 2019)	ESOP 2018 (grant 2020)	ESOP 2021 (grant 2021)	ESOP 2021 (grant 2022)	ESOP 2021 (grant 2023)	ESOP 2021 (grant 2024)
(A) Date of grant of options	August 29, 2017	May 16, 2018	May 16, 2019	August 04, 2020	June 05, 2021	August 19, 2022	August 30, 2023	August 30, 2024
(B) Fair market value of option on the date of grant	14.71	37.61	49.53	56.83	75.94	47.26	76.30	87.85
(C) Exercise price (₹)	84.70	130.00	162.80	170.00	210.00	153.94	124.00	148.35
(D) Expected volatility (%)	35.95	34.25	39.02	47.60	46.31	51.08	50.43	47.85
(E) Expected forfeiture percentage on each vesting date	-	-	-	-	-	-	-	-
(F) Expected option life (weighted average)	1.04	2.50	2.50	2.57	3.00	2.50	7.01	7.01
(G) Expected dividends yield	-	-	-	-	-	-	-	-
(H) Risk free interest rate (%)	6.07%	7.51%	6.75%	4.39%	4.95%	6.57%	7.07%	6.66%

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





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 28: Interest income (Measured at amortised cost)	Year ended March 31, 2025	Year ended March 31, 2024
<b>Interest Income</b>		
Interest on loan portfolio	1,49,104.31	1,35,286.53
Interest on deposits with banks	6,010.92	5,521.08
Interest income on investments	2,165.00	-
Interest income on unwinding of assigned portfolio	822.34	948.38
Other interest Income	15.22	12.59
<b>Total</b>	<b>1,58,117.79</b>	<b>1,41,768.58</b>

Note 29: Dividend income (Measured at amortised cost)	Year ended March 31, 2025	Year ended March 31, 2024
Dividend Income	12.50	-
<b>Total</b>	<b>12.50</b>	<b>-</b>

Note 30: Fees and commission income	Year ended March 31, 2025	Year ended March 31, 2024
Income from cross sale business	1,354.49	15,912.22
Income from insurance commission	4,573.45	973.69
Other insurance related income	3,725.81	-
<b>Total</b>	<b>9,653.75</b>	<b>16,885.91</b>

**Note:**

- Revenue from fees and commission are generated in India and at a fixed rate which are recognised at a point in time.
- Payments are received as per the agreed credit period.
- There are no adjustments made to the contract price.

Note 31: Net gain on derecognition of financial instruments under amortised cost category	Year ended March 31, 2025	Year ended March 31, 2024
Gain on sale of loan portfolio through assignment	1,167.91	4,132.58
<b>Total</b>	<b>1,167.91</b>	<b>4,132.58</b>

Note 32: Other operating income	Year ended March 31, 2025	Year ended March 31, 2024
Other operating income (*)	222.75	82.16
<b>Total</b>	<b>222.75</b>	<b>82.16</b>

(\*) Other operating income includes ₹168.95 lakhs (March 31, 2024: nil) towards reimbursement of expenses.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 33: Other income	Year ended March 31, 2025	Year ended March 31, 2024
Miscellaneous income	351.37	594.09
<b>Total</b>	<b>351.37</b>	<b>594.09</b>

Note 34: Finance costs (Measured at amortised cost)	Year ended March 31, 2025	Year ended March 31, 2024
Interest on debt securities	3,323.18	3,791.37
Interest on borrowings (other than debt securities)	53,000.89	48,144.32
Interest on subordinated liabilities	5,527.49	5,763.59
Interest on leasing arrangements (Refer note 60)	79.40	70.61
Other interest expenses	1,264.88	1,453.37
<b>Total</b>	<b>63,195.84</b>	<b>59,223.26</b>

Note 35: Impairment on financial instruments	Year ended March 31, 2025		
	On financial assets measured at fair value through profit & loss	On financial instruments measured at amortised Cost	Total
Impairment loss allowance on loans (*)	-	5,385.21	5,385.21
Impairment loss allowance on security receipts	2,344.00	-	2,344.00
Impairment loss allowance on investments	5.00	-	5.00
Bad debt written off (net of recoveries) (**)	-	32,017.20	32,017.20
<b>Total</b>	<b>2,349.00</b>	<b>37,402.41</b>	<b>39,751.41</b>

Note 35: Impairment on financial instruments (cont'd)	Year ended March 31, 2024		
	On financial assets measured at fair value through profit & loss	On financial instruments measured at amortised Cost	Total
Impairment loss allowance on loans (*)	-	(11,908.10)	(11,908.10)
Impairment on security receipts	4,118.10	-	4,118.10
Impairment loss allowance on trade receivables	-	(147.44)	(147.44)
Bad debt written off (net of recoveries) (**)	-	25,813.41	25,813.41
<b>Total</b>	<b>4,118.10</b>	<b>13,757.87</b>	<b>17,875.97</b>

(\*) Impairment loss allowance on loans excludes impairment of ₹240.23 Lakhs (March 31, 2024: ₹334.43 lakhs) relating to interest on credit impaired assets, which is netted off from interest income in accordance with Ind AS 109 of Financial Instrument.

(\*\*) It includes insurance receivables written off amounting to ₹465.68 lakhs after netting off bad debt loan recoveries of ₹7,935.85 lakhs. (March 31, 2024: It includes insurance receivables written off amounting to ₹485.54 lakhs after netting off bad debt recoveries of ₹21,794.27 lakhs including consideration of ₹12,000.00 lakhs towards transfer of stressed assets).



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 36: Employee benefits expenses	Year ended March 31, 2025	Year ended March 31, 2024
Salaries and wages	34,040.07	28,465.65
Contribution to provident and other funds (Refer note 39)	3,486.21	2,862.67
Share based payments to employees (Refer note 27)	760.25	515.76
Staff welfare expenses	633.47	627.87
<b>Total</b>	<b>38,920.00</b>	<b>32,471.95</b>

Note 37: Depreciation and amortization	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation on property, plant and equipment	340.52	255.09
Depreciation on right of use assets	208.67	204.07
Amortisation of intangible assets	136.20	109.18
<b>Total</b>	<b>685.39</b>	<b>568.34</b>

Note 38: Other expenses	Year ended March 31, 2025	Year ended March 31, 2024
Rent (Refer note 60)	1,933.51	1,558.83
Repairs and maintenance	1,469.94	1,185.75
Insurance	850.55	666.40
Power and fuel	216.27	193.14
Rates and taxes	56.42	1,353.28
Office expenses	366.01	282.60
Membership and subscription	100.75	74.88
Office maintenance	557.17	460.94
Printing and stationery	249.46	284.46
Legal and professional expenses	2,031.02	1,787.35
Director's commission (Refer note 47)	372.23	223.45
Recruitment and induction expenses	342.71	300.34
Communication expenses	116.60	139.36
Travelling and conveyance	3,890.46	3,366.45
Payment to auditors [Refer note (a) below]	161.54	117.43
Corporate social responsibility expenses (Refer note 58)	390.22	-
Miscellaneous expenses	60.07	85.84
<b>Total</b>	<b>13,164.93</b>	<b>12,080.50</b>
<b>Note (a)</b>		
<b>Payments to auditors (excluding applicable taxes)</b>		
Statutory audit including limited reviews	140.00	85.00
Tax audit (other than statutory auditors)	1.77	1.76
<b>In other capacity</b>		
Other services (*)	1.00	27.13
Reimbursement of expenses	18.77	3.54
<b>Total</b>	<b>161.54</b>	<b>117.43</b>

(\*) During the year ended March 31, 2025, an amount of ₹114.76 lakhs (March 31, 2024: nil) has been paid as statutory auditor's professional services for draft red hearing prospectus (DRHP) filing which has been presented under other non financial assets.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: 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 March 31, 2025	Year ended March 31, 2024
Employers contribution to provident and other fund	3,486.21	2,862.67

##### 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	Year ended March 31, 2025	Year ended March 31, 2024
Present value of obligation	4,061.94	2,935.46
Fair value of plan assets	1,822.48	1,518.50
<b>Net obligation recognised in balance sheet as provision</b>	<b>2,239.46</b>	<b>1,416.96</b>





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: Employee benefits (cont'd)

##### b) Defined benefit plans (cont'd)

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Current service cost	433.09	350.90
Net interest cost on defined benefit obligation	510.83	67.42
<b>Net impact on profit (before tax)</b>	<b>943.92</b>	<b>418.32</b>

Amount recognised in the other comprehensive income:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Actuarial losses recognized in OCI	924.32	494.64

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Present value of defined benefit obligation as at the beginning of the year	2,935.46	2,334.71
Current service cost	433.09	350.90
Interest cost	191.88	155.26
Benefits paid	(388.64)	(356.65)
Actuarial (gain)/ loss on obligation		
Actuarial (gain)/ loss on arising from change in financial assumption	298.81	85.82
Actuarial (gain)/ loss on demographic assumptions	-	19.27
Actuarial (gain)/ loss on arising from experience adjustment	591.34	346.15
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>4,061.94</b>	<b>2,935.46</b>

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Funds managed by LIC of India	100%	100%

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: Employee benefits (cont'd)

##### b) Defined benefit plans (cont'd)

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Fair value of plan assets at beginning of the year	1,518.50	966.01
Interest income on plan assets	114.14	87.84
Employer's contribution	612.65	864.69
Benefits paid	(388.64)	(356.65)
Return on plan assets	(34.17)	(43.39)
<b>Fair value of plan assets at the end of the year</b>	<b>1,822.48</b>	<b>1,518.50</b>

##### (vi) Actuarial assumptions

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Discounting rate	6.50%	7.20%
Future salary increase	8.00%	8.00%
Retirement age (in years)	60	60
Withdrawal rate		
upto 5 years of service	50%	50%
More than 5 years of service	1%	1%
Weighted average duration (in years)	11	12

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	Year ended March 31, 2025	Year ended March 31, 2024
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	(566.61)	(394.08)
- Impact due to decrease of 1%	707.85	491.18
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	701.00	481.24
- Impact due to decrease of 1%	(572.15)	(394.15)

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.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: Employee benefits (cont'd)

##### b) Defined benefit plans (cont'd)

##### (viii) Maturity profile of defined benefit obligation (discounted)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Year		
0 to 1 year	385.45	227.95
1 to 2 year	108.45	219.42
2 to 3 year	117.90	68.62
3 to 4 year	99.98	80.82
4 to 5 year	70.76	67.23
5 year onwards	719.69	649.68
<b>Total</b>	<b>1,502.23</b>	<b>1,313.72</b>

##### (ix)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Expected employer contributions for next financial year	541.99	433.09

##### (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	Year ended March 31, 2025	Year ended March 31, 2024
Present value of obligation	-	28.21
<b>Net obligation recognised in balance sheet as provision</b>	<b>-</b>	<b>28.21</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: Employee benefits (cont'd)

##### b) Defined benefit plans (cont'd)

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Current service cost	-	-
Past service cost	-	-
Settlement credit	-	-
Net interest on net defined benefit liability/ (asset)	-	1.32
Immediate recognition of (gains)/ losses	-	(0.03)
Payment made during the year	-	(8.39)
<b>Net impact on profit (before tax)</b>	<b>-</b>	<b>(7.10)</b>

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Present value of defined benefit obligation as at the beginning of the year	28.21	35.31
Current service cost	(28.21)	-
Interest cost	-	1.32
Benefits paid	-	(8.39)
Actuarial loss/ (gain) on obligation		
Actuarial (gain)/loss on arising from change in financial assumption	-	-
Actuarial loss on arising from experience adjustment	-	(0.03)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>-</b>	<b>28.21</b>

##### (iv) Actuarial assumptions

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Discounting rate	-	7.20%
Future salary increase	-	Not applicable
Retirement age (in years)	-	-
Withdrawal rate	-	-
upto 5 years of service	-	Not applicable
More than 5 years of service	-	Not applicable
Weighted average duration (in years)	-	1





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: Employee benefits (cont'd)

##### b) Defined benefit plans (cont'd)

##### (v) Sensitivity analysis for pension fund

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 1%	-	(0.01)
- Impact due to decrease of 1%	-	0.02

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.

##### (vi) Maturity profile of defined benefit obligation (discounted)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Year		
0 to 1 year	-	28.33
1 to 2 year	-	-
2 to 3 year	-	-
3 to 4 year	-	-
4 to 5 year	-	-
5 to 6 year	-	-
<b>Total</b>	<b>-</b>	<b>28.33</b>

##### (c) Compensated absences

The Company has a defined compensated absence plan. Every employee are entitled to compensated absences as per the provisions of the scheme. The liability of compensated absences is recognized on the basis of actuarial valuation.

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Present value of obligation	1,657.19	1,242.43
Fair value of plan assets	-	-
<b>Net obligation recognised in balance sheet as provision</b>	<b>1,657.19</b>	<b>1,242.43</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 39: Employee benefits (cont'd)

##### (c) Compensated absences (cont'd)

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Current service cost	143.44	239.97
Past service cost	-	-
Net interest on net defined benefit liability/ (asset)	64.99	57.11
Immediate recognition of (gains)/ losses	231.21	
Actuarial (gain)/ loss due to DBO experience	170.22	84.87
Actuarial (gain)/ loss due to DBO assumption change	60.99	20.16
Payment made during the year	(256.09)	(223.96)
<b>Net impact on profit (before tax)</b>	<b>414.76</b>	<b>178.15</b>

#### Note 40: Tax expense

(a) Income tax recognised in the Statement of Profit and Loss:	Year ended March 31, 2025	Year ended March 31, 2024
Current tax		
- for current year	5,223.42	3,412.65
- for earlier years	(191.70)	66.50
Deferred tax expense/ (credit)	-	-
Attributable to -		
1. Origination and reversal of temporary differences	(1,857.03)	2,314.28
2. Recognition of previously unrecognised tax losses	-	4,327.71
3. Recognition of previously unrecognised deductible temporary differences	(334.77)	(260.01)
<b>Total tax expenses</b>	<b>2,839.92</b>	<b>9,861.13</b>

(b) Reconciliation of income tax expense and the accounting profit for the year:	Year ended March 31, 2025	Year ended March 31, 2024
Profit before tax	13,808.50	41,243.30
Enacted tax rates (%)	25.17%	25.17%
Income tax expense calculated at corporate tax rate	3,475.32	10,380.11
<b>Reconciliation items</b>		
Impact of tax relating to earlier years	(191.70)	66.50
Impact due to different tax rate	3.78	0.91
Tax impact of expenses not deductible	98.58	1.17
Impact on account of deductions claimed under Income Tax Act	(786.60)	(790.03)
Others (*)	240.54	202.47
<b>Total tax expenses</b>	<b>2,839.92</b>	<b>9,861.13</b>

(\*) includes items taxable on cash basis.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 41: Earning per equity share (EPS)	Year ended March 31, 2025	Year ended March 31, 2024
Net profit attributable to equity shareholders	10,968.58	31,382.17
Nominal value of equity share (₹)	10.00	10.00
<b>Number of equity shares (Refer note 25A)</b>	15,74,12,320	12,11,77,303.00
Less: impact of treasury shares	49,68,112	42,98,115.00
Add: Weighted average number of fresh equity share	-	9,70,902.00
<b>Weighted average number of equity shares for basic earning per share</b>	15,24,44,208	11,78,50,090
Add: Diluting effect of potential equity shares issued as employee stock options	2,82,371	2,38,523
Weighted average number of equity shares for diluted earning per share	15,27,26,579	11,80,88,613
<b>Earnings per share</b>		
- Basic earnings per share (₹)	7.20	26.62
- Diluted earnings per share (₹)	7.18	26.57

### Note 42: 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, 2025

Particulars	Note	At fair value through profit and loss	At fair value through other comprehensive income	At amortised Cost	Total
<b>Financial assets:</b>					
Cash and cash equivalents	4	-	-	43,647.55	43,647.55
Other bank balances	5	-	-	23,693.24	23,693.24
Trade receivables	6	-	-	837.89	837.89
Loans	7	-	-	5,70,510.84	5,70,510.84
Investments	8	1,881.20	-	34,453.40	36,334.60
Other financial assets	9	-	-	1,555.73	1,555.73
<b>Total</b>		<b>1,881.20</b>	<b>-</b>	<b>6,74,698.65</b>	<b>6,76,579.85</b>
<b>Financial liabilities:</b>					
Trade payables (other than micro enterprises and small enterprises)	16	-	-	2,751.52	2,751.52
Debt securities	17	-	-	21,303.69	21,303.69
Borrowings (other than debt securities)	18	-	-	4,09,070.54	4,09,070.54
Subordinated liabilities	19	-	-	39,966.14	39,966.14
Others financial liabilities	22	-	-	7,338.14	7,338.14
<b>Total</b>		<b>-</b>	<b>-</b>	<b>4,80,430.03</b>	<b>4,80,430.03</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

### Note 42: Financial Instruments - fair value measurements (cont'd)

#### (A) Financial assets and liabilities (cont'd)

As at March 31, 2024

Particulars	Note	At fair value through profit and loss	At fair value through other comprehensive income	At amortised Cost	Total
<b>Financial assets:</b>					
Cash and cash equivalents	4	-	-	93,896.05	93,896.05
Other bank balances	5	-	-	32,865.07	32,865.07
Trade receivables	6	-	-	1,452.38	1,452.38
Loans	7	-	-	6,61,573.79	6,61,573.79
Investments	8	9,011.08	5.00	-	9,016.08
Other financial assets	9	-	-	3,389.88	3,389.88
<b>Total</b>		<b>9,011.08</b>	<b>5.00</b>	<b>7,93,177.17</b>	<b>8,02,193.25</b>
<b>Financial liabilities:</b>					
Trade payables (other than micro enterprises and small enterprises)	16	-	-	2,809.81	2,809.81
Debt securities	17	-	-	40,903.81	40,903.81
Borrowings (other than debt securities)	18	-	-	5,20,796.16	5,20,796.16
Subordinated liabilities	19	-	-	39,884.29	39,884.29
Others financial liabilities	22	-	-	11,241.43	11,241.43
<b>Total</b>		<b>-</b>	<b>-</b>	<b>6,15,635.50</b>	<b>6,15,635.50</b>

#### (B) Fair value hierarchy

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

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

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

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

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

As at March 31, 2025

Particulars	Level 1	Level 2	Level 3
Financial assets:			
Investments	36,334.60	-	-
<b>Total</b>	<b>36,334.60</b>	<b>-</b>	<b>-</b>





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 42: Financial Instruments - fair value measurements (cont'd)

##### (C) Financial assets and liabilities measured at fair value - recurring fair value measurements (cont'd)

As at March 31, 2024

Particulars	Level 1	Level 2	Level 3
Financial assets:			
Investments	9,016.08	-	-
<b>Total</b>	<b>9,016.08</b>	<b>-</b>	<b>-</b>

There are no such financial liabilities measured at fair value.

No transfers has been made for any assets and liabilities which are held between Level 1 and Level 2 of the fair value hierarchy.

##### Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Non credit impaired portfolio loans are valued by discounting the aggregate future cash flows (both principal and interest cash flows) with risk-adjusted discounting rate for the remaining portfolio tenor. The Company has considered the average valuation impact arrived using average lending rate of last quarter.
- For unquoted equity instruments, the Company has used earning capitalisation method (fair value approach) discounted at a rate to reflect the risk involved in the business.
- For security receipts, the Company has used the net asset value (NAV) on the basis of the statement received from the investee party.
- All the borrowing facilities are fair valued by discounting the aggregate future cash flows (both principal and interest cash flows) with risk-adjusted discounting rate for the remaining loan tenor.

##### (D) Fair value of instruments measured at amortised cost

The financial assets such as cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables and other financial assets and financial liabilities i.e. other financial liabilities approximates their carrying value to their fair value.

Fair value of loans, investments, debt securities, borrowings (other than debt securities) and subordinated liabilities measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 2 inputs.

Particulars	As at March 31, 2025		As at March 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Investments	36,334.60	39,235.85	9,016.08	11,016.08
Loans	5,70,510.84	5,78,286.04	6,61,573.79	6,62,101.05
<b>Total</b>	<b>6,06,845.44</b>	<b>6,17,521.89</b>	<b>6,70,589.87</b>	<b>6,73,117.13</b>
<b>Financial liabilities</b>				
Debt securities	21,303.69	21,272.91	40,903.81	42,261.53
Borrowings (other than debt securities)	4,09,070.54	4,09,027.73	5,20,796.16	5,18,902.83
Subordinated liabilities	39,966.14	41,409.19	39,884.29	42,250.92
<b>Total</b>	<b>4,70,340.37</b>	<b>4,71,709.83</b>	<b>6,01,584.26</b>	<b>6,03,415.28</b>

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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: 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, security receipts and certificate of deposits.	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) Financial assets that expose the entity to credit risk

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

##### Cash and cash equivalents and bank balance other than cash and cash equivalents

The Company holds cash and cash equivalents and bank balance of ₹67,339.80 lakhs at March 31, 2025 (March 31, 2024: ₹1,26,761.12 lakhs). This also includes earmarked funds as on March 31, 2025 of ₹167.96 lakhs (March 31, 2024: ₹345.44 lakhs) which does not possess any credit risk. The rest of cash and cash equivalents including fixed deposits are held with bank and financial institution counterparties with sound credit ratings.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### A. Credit risk (cont'd)

##### Expected credit loss on trade receivables and other financial assets

Trade receivables of ₹837.89 lakhs (March 31, 2024: ₹1,452.38 lakhs) primarily includes receivables against fees and commission income and are measured at amortised cost. These receivables are of short term in nature and there has been no impairment allowance on the same.

Other financial asset as on March 31, 2025 of ₹1,621.36 lakhs (March 31, 2024: ₹3,480.24 lakhs) are measured at amortised cost and there has been no impairment allowance on the same except for Insurance receivables of ₹65.63 lakhs as on March 31, 2025 (March 31, 2024: ₹90.36 Lakhs).

##### Expected credit loss on Investment

The following table provides information about the exposure to credit risk and expected credit loss for investments

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit impaired
<b>As at March 31, 2025</b>				
Current (not past due)	39,739.60	8.57%	3,405.00	No
Upto 30 days overdue	-	-	-	NA
More than 30 days and upto 60 days overdue	-	-	-	NA
More than 60 days and upto 90 days overdue	-	-	-	NA
More than 90 days overdue	-	-	-	NA
<b>As at March 31, 2024</b>				
Current (not past due)	11,016.08	18.16%	2,000.00	No
Upto 30 days overdue	-	-	-	NA
More than 30 days and upto 60 days overdue	-	-	-	NA
More than 60 days and upto 90 days overdue	-	-	-	NA
More than 90 days overdue	-	-	-	NA

##### Loans measured at amortised cost

The following table provides information about the exposure to credit risk and expected credit loss for loans

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit impaired
<b>As at March 31, 2025</b>				
Current (not past due)	5,61,114.25	0.85%	4,778.84	No
Upto 30 days overdue	4,658.81	17.84%	831.26	No
More than 30 days and upto 60 days overdue	5,752.18	23.51%	1,352.36	No
More than 60 days and upto 90 days overdue	5,491.83	41.24%	2,264.97	No
More than 90 days overdue	16,412.88	83.42%	13,691.68	Yes
<b>As at March 31, 2024</b>				
Current (not past due)	6,61,085.22	0.56%	3,685.99	No
Upto 30 days overdue	2,275.00	19.49%	443.36	No
More than 30 days and upto 60 days overdue	2,225.72	27.99%	622.90	No
More than 60 days and upto 90 days overdue	1,875.74	60.54%	1,135.64	No
More than 90 days overdue	11,157.78	100.00%	11,157.78	Yes

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### A. Credit risk (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.

##### 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	Total
<b>Gross carrying amount as at March 31, 2023</b>	<b>4,65,644.48</b>	<b>27,320.44</b>	<b>13,721.20</b>	<b>5,06,686.12</b>
Assets originated (*)	5,48,819.92	-	-	5,48,819.92
Net transfer between stages				
Transfer to stage 1	7.84	(6.34)	(1.50)	-
Transfer to stage 2	(10,525.71)	10,540.22	(14.51)	-
Transfer to stage 3	(15,023.42)	(6,961.52)	21,984.94	-
Assets derecognised or collected (excluding write offs)	(3,25,222.96)	(2,671.02)	(1,870.45)	(3,29,764.43)
Write - offs (including death cases & settlements)	(339.93)	(24,120.32)	(22,661.90)	(47,122.15)
<b>Gross carrying amount as at March 31, 2024</b>	<b>6,63,360.22</b>	<b>4,101.46</b>	<b>11,157.78</b>	<b>6,78,619.46</b>
Assets originated (*)	3,78,647.86	-	-	3,78,647.86
Net transfer between stages				
Transfer to stage 1	7.45	(5.37)	(2.08)	-
Transfer to stage 2	(11,236.05)	11,236.60	(0.55)	-
Transfer to stage 3	(41,362.15)	(3,538.07)	44,900.22	-
Assets derecognised or collected (excluding write offs)	(4,23,644.24)	(550.61)	(155.12)	(4,24,349.97)
Write - offs (including death cases & settlements)	(0.03)	-	(39,487.37)	(39,487.40)
<b>Gross carrying amount as at March 31, 2025</b>	<b>5,65,773.06</b>	<b>11,244.01</b>	<b>16,412.88</b>	<b>5,93,429.95</b>

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





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### A. Credit risk (cont'd)

##### Reconciliation of loss allowance from beginning to end of financial year:

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Loss allowance on March 31, 2023</b>	<b>4,593.20</b>	<b>11,072.63</b>	<b>12,798.34</b>	<b>28,464.17</b>
Increase of provision due to assets originated during the year	3,415.64	-	-	3,415.64
Net transfer between stages				
Transfer to stage 1	0.05	(2.18)	(1.49)	(3.62)
Transfer to stage 2	(65.05)	3,628.04	(14.49)	3,548.50
Transfer to stage 3	(92.82)	(2,392.28)	21,964.94	19,479.84
Assets derecognised or collected	(2,029.29)	(923.11)	(1,884.38)	(4,836.78)
Impact of ECL on exposures transferred between stages during the year	(1,352.45)	14,495.77	956.75	14,100.07
Write - offs (including death cases & settlements)	(339.93)	(24,120.33)	(22,661.89)	(47,122.15)
<b>Loss allowance on March 31, 2024</b>	<b>4,129.35</b>	<b>1,758.54</b>	<b>11,157.78</b>	<b>17,045.67</b>
Increase of provision due to assets originated during the year	7,373.26	-	-	7,373.26
Net transfer between stages				
Transfer to stage 1	3.91	(1.83)	(2.08)	-
Transfer to stage 2	(940.19)	940.74	(0.55)	-
Transfer to stage 3	(3,544.60)	(1,113.88)	4,658.48	-
Assets derecognised or collected	(5,931.43)	(967.83)	(3,162.78)	(10,062.04)
Impact of ECL on exposures transferred between stages during the year	4,519.83	3,001.59	40,528.20	48,049.62
Write - offs (including death cases & settlements)	(0.03)	-	(39,487.37)	(39,487.40)
<b>Loss allowance on March 31, 2025 (*)</b>	<b>5,610.10</b>	<b>3,617.33</b>	<b>13,691.68</b>	<b>22,919.11</b>

\* Impairment allowance on investment in security receipts as on March 31, 2025 of ₹3,400 lakhs (March 31, 2024: ₹2,000.00 lakhs), was not included in the above table. In addition to that there was an impairment loss as on March 31, 2025 of ₹ 944 lakhs (March 31, 2024: ₹2,118.1 lakhs) on account of change in NAV of security receipts.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### A. Credit risk (cont'd)

##### (b) Concentration of loans

Particulars	As at March 31, 2025	As at March 31, 2024
Micro finance loans	5,58,141.76	6,58,912.70
Secured term loans to corporates (#)	35,288.19	19,706.76
<b>Total</b>	<b>5,93,429.95</b>	<b>6,78,619.46</b>

(#) The secured term loans disbursed to corporates are all secured by book debts.

##### B. Liquidity risk

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

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

##### (i) Financing arrangements

The Company has access to the following funding facilities:

As at March 31, 2025	Total facility	Drawn	Undrawn
- Expiring within one year	85,000.00	19,101.00	65,899.00
- Expiring beyond one year	-	-	-
<b>Total</b>	<b>85,000.00</b>	<b>19,101.00</b>	<b>65,899.00</b>

As at March 31, 2024	Total facility	Drawn	Undrawn
- Expiring within one year	2,03,000.00	99,200.00	1,03,800.00
- Expiring beyond one year	-	-	-
<b>Total</b>	<b>2,03,000.00</b>	<b>99,200.00</b>	<b>1,03,800.00</b>

##### (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.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### B. Liquidity risk (cont'd)

##### (ii) Maturities of financial assets and liabilities (cont'd)

The amounts disclosed in the table are the contractual undiscounted cash flows:

As at March 31, 2025

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial assets</b>					
<b>Non derivative financial assets</b>					
Cash and cash equivalents	43,726.10	-	-	-	43,726.10
Other bank balances	16,796.63	7,467.57	905.00	338.44	25,507.64
Trade receivables	837.89	-	-	-	837.89
Loans	5,01,964.74	1,64,685.19	10,830.40	15,276.86	6,92,757.19
Investments (#)	19,005.65	16,532.20	-	5,281.20	40,819.05
Other financial assets	1,435.02	1.05	9.08	110.58	1,555.73
<b>Total undiscounted financial assets</b>	<b>5,83,766.03</b>	<b>1,88,686.01</b>	<b>11,744.48</b>	<b>21,007.08</b>	<b>8,05,203.60</b>
<b>Financial liabilities</b>					
<b>Non derivative financial liabilities</b>					
Trade payables (other than micro enterprises and small enterprises)	2,751.52	-	-	-	2,751.52
Debt Securities	6,574.75	6,852.45	11,198.00	-	24,625.20
Borrowings other than debt securities	2,47,898.83	1,61,296.05	34,493.24	-	4,43,688.12
Subordinated liabilities	17,877.67	5,848.53	24,005.07	-	47,731.27
Other financial liabilities	6,799.48	111.03	105.66	321.97	7,338.14
<b>Total undiscounted financial liabilities</b>	<b>2,81,902.25</b>	<b>1,74,108.06</b>	<b>69,801.97</b>	<b>321.97</b>	<b>5,26,134.25</b>
<b>Net undiscounted financial assets/ (liabilities)</b>	<b>3,01,863.78</b>	<b>14,577.95</b>	<b>(58,057.49)</b>	<b>20,685.11</b>	<b>2,79,069.35</b>

(#) Investment includes security receipts, the cash flow of which is difficult to estimate hence classified as per the residual maturity allowed by RBI.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### B. Liquidity risk (cont'd)

As at March 31, 2024

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial assets</b>					
<b>Non derivative financial assets</b>					
Cash and cash equivalents	94,032.61	-	-	-	94,032.61
Other bank balances	16,753.76	11,002.15	3,131.84	4,681.16	35,568.91
Trade receivables	1,452.38	-	-	-	1,452.38
Loans	5,51,362.66	2,41,662.88	10,519.03	9,934.77	8,13,479.34
Investments (#)	-	-	-	11,016.08	11,016.08
Other financial assets	3,261.05	212.95	184.96	460.99	4,119.95
<b>Total undiscounted financial assets</b>	<b>6,66,862.46</b>	<b>2,52,877.98</b>	<b>13,835.83</b>	<b>26,093.00</b>	<b>9,59,669.27</b>
<b>Financial liabilities</b>					
<b>Non derivative financial liabilities</b>					
Trade payables (other than micro enterprises and small enterprises)	2,781.95	-	27.66	0.20	2,809.81
Debt Securities	12,129.85	8,732.42	8,460.83	22,853.80	52,176.90
Borrowings other than debt securities	3,66,458.87	1,74,016.40	29,132.92	-	5,69,608.19
Subordinated liabilities	5,459.41	18,717.88	5,769.32	23,244.07	53,190.68
Other financial liabilities	10,631.76	128.36	85.05	396.26	11,241.43
<b>Total undiscounted financial liabilities</b>	<b>3,97,461.84</b>	<b>2,01,595.06</b>	<b>43,475.78</b>	<b>46,494.33</b>	<b>6,89,027.01</b>
<b>Net undiscounted financial assets/ (liabilities)</b>	<b>2,69,400.62</b>	<b>51,282.92</b>	<b>(29,639.95)</b>	<b>(20,401.33)</b>	<b>2,70,642.26</b>

(#) Investment includes security receipts, the cash flow of which is difficult to estimate hence classified as per the residual maturity allowed by RBI.

##### 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, 2025, the Company is exposed to changes in market interest rates through debt securities, other borrowings and subordinated liabilities at variable interest rates.





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### C. Market risk (cont'd)

##### Interest rate risk exposure

Below is the overall exposure (\*) of the Company to interest rate risk:

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Variable rate liabilities</b>		
Debt securities	-	-
Borrowings (other than debt securities)	3,89,548.08	4,37,343.51
Subordinated liabilities	-	-
<b>Fixed rate liabilities</b>		
Debt securities	20,800.00	40,050.00
Borrowings (other than debt securities)	19,111.48	43,653.65
Subordinated liabilities	40,000.00	40,000.00
Liability against securitisation	935.18	41,003.55
<b>Total</b>	<b>4,70,394.74</b>	<b>6,02,050.71</b>

(\*) Figures are presented at principal carrying value.

##### Sensitivity

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>Interest sensitivity*</b>		
Interest rates – increase by 0.50%	2,742.14	2,530.71
Interest rates – decrease by 0.50%	(2,742.14)	(2,530.71)

\* 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

##### (i) 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.

##### (ii) 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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 43: Financial risk management (cont'd)

##### C. Market risk (cont'd)

losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. As at March 31, 2025, 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.

#### Note 44: Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at March 31, 2025	As at March 31, 2024
Net debt (*)	4,70,340.37	6,01,584.26
Total equity	2,02,512.83	1,91,475.69
<b>Net debt to equity ratio</b>	<b>2.32</b>	<b>3.14</b>

(\*) Net debt includes debt securities, borrowings other than debt securities, subordinated liabilities, interest accrued and net off loan processing cost.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 45: 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 2025		As at 31 March 2024	
	Within 12 months	After 12 months	Within 12 months	After 12 months
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	43,647.55	-	93,896.05	-
Other bank balance	16,141.83	7,551.41	16,242.17	16,622.90
Trade receivables	837.89	-	1,452.38	-
Loans	4,15,757.29	1,54,753.55	4,41,774.84	2,19,798.95
Investments	17,948.69	18,385.91	-	9,016.08
Other financial assets	1,435.02	120.71	3,261.05	128.83
	<b>4,95,768.27</b>	<b>1,80,811.58</b>	<b>5,56,626.49</b>	<b>2,45,566.76</b>
<b>Non-financial assets</b>				
Current tax assets (Net)	1,030.72	-	1,198.48	-
Deferred tax assets (Net)	-	8,013.85	-	5,589.42
Property, Plant and Equipment	320.58	571.12	248.46	504.02
Intangible assets under development	29.50	-	55.13	-
Other Intangible assets	118.72	270.68	120.56	293.75
Right to use asset	143.09	457.57	201.14	535.50
Other non-financial assets	1,009.14	34.02	521.88	82.47
	<b>2,651.75</b>	<b>9,347.24</b>	<b>2,345.65</b>	<b>7,005.16</b>
<b>Total assets</b>	<b>4,98,420.02</b>	<b>1,90,158.82</b>	<b>5,58,972.14</b>	<b>2,52,571.92</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Payables				
(i) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,751.52	-	2,809.81	-
(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	-	-	-	-
Borrowings (other than debt securities)	2,24,441.47	1,84,629.07	3,29,485.66	1,91,310.50
Debt Securities	5,755.89	15,547.80	8,728.54	32,175.27
Subordinated liabilities	15,034.76	24,931.38	96.11	39,788.18
Others financial liabilities	6,799.48	538.66	10,631.76	609.67
	<b>2,54,783.12</b>	<b>2,25,646.91</b>	<b>3,51,751.88</b>	<b>2,63,883.62</b>
<b>Non-financial liabilities</b>				
Provisions	479.32	3,417.33	387.14	2,300.46
Other non-financial liabilities	1,714.33	25.00	1,330.12	415.15
	<b>2,193.65</b>	<b>3,442.33</b>	<b>1,717.26</b>	<b>2,715.61</b>
<b>TOTAL LIABILITIES</b>	<b>2,56,976.77</b>	<b>2,29,089.24</b>	<b>3,53,469.14</b>	<b>2,66,599.23</b>
<b>Net Equity</b>	<b>2,41,443.25</b>	<b>(38,930.42)</b>	<b>2,05,503.00</b>	<b>(14,027.31)</b>

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 46: Transferred financial assets

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. The Company has securitised its loan assets to an unrelated, related and other entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee 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

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount of securitised assets	2,752.49	41,673.59
Gross carrying amount of associated liabilities	935.18	41,003.55
Carrying value and fair value of securitised assets	2,752.49	41,673.59
Carrying value and fair value of associated liabilities	935.18	41,003.55
<b>Net position</b>	<b>1,817.31</b>	<b>670.04</b>

#### Note 47: Related party disclosure

##### A. Names of the related party and nature of relationship:

Description of relationship	Name
Key Managerial Personnel (KMP)	Manoj Kumar N Nambiar (Managing Director)
	Milind R Nare (Chief Financial Officer)
	Anirudh Singh G Thakur (Company Secretary)
Nominee Director	Nitish Chawla (Non Executive - Nominee Director)
	Rupa Rajul Vora (Non Executive - Nominee Director)
	Vemuru Chandramouli (Non Executive - Nominee Director)
	Vineet Chandra Rai (Promoter Nominee Director)
	Anurag Agrawal (Promoter Nominee Director)
	Karina Isabel Alva Alfaro (Non Executive - Nominee Director)
	Wilhelmus Marthinus Maria Van Der Beek (Non Executive Nominee Director)
	Stephen Dongwon Lee (Non Executive - Nominee Director)
Independent Director	Piyush Goenka (Non Executive Nominee Director)
	Dinesh Kumar Mittal (Non Executive Independent Director)
	Jose Joseph Kattoor (Non Executive - Independent Director from September 28, 2024)
	Narasimha Kummamuri Murthy (Non Executive-Independent Director from February 12,2025) (*)
	Rajat Mohan Nag (Non Executive - Independent Director till January 31,2025)
	John Arunkumar Diaz (Non-Executive-Independent Director)
	Ulhas Sharadkumar Deshpande (Non Executive - Independent Director)

(\*) Appointment was regularised as an Independent Director by the shareholders of the Company at its meeting held on April 22, 2025





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 47: Related party disclosure (cont'd)

##### B. Summary of related party transactions during the year

Name of party with nature of transaction	Year ended 31 March 2025	Year ended 31 March 2024
<b>Director's commission (*) (**)</b>		
Dinesh Kumar Mittal	50.00	40.00
Matangi Gowrishankar	-	20.00
Rajat Mohan Nag	21.00	25.00
Sumantra Banerjee	-	20.00
Nitish Chawla	-	7.50
Rupa Vora	20.00	12.50
Vineet Chandra Rai	150.00	30.00
Anurag Agrawal	48.00	20.00
Wilhelmus Marthinus Maria Van Der Beek	-	10.00
Piyush Goenka	-	10.00
John Arun kumar Diaz	30.00	5.00
Jose Joseph Kattoor	15.00	-
Ulhas Sharad kumar Deshpande	25.00	5.00
<b>Remuneration</b>		
Manoj Kumar N Nambiar	346.92	275.84
Milind R Nare	197.02	159.56
Anirudh Singh G Thakur	171.82	112.03
<b>Sitting Fees (*)</b>		
Dinesh Kumar Mittal	6.75	7.15
Matangi Gowrishankar	-	6.65
Rajat Mohan Nag	6.25	9.40
Sumantra Banerjee	-	7.50
Ulhas Sharadkumar Deshpande	6.00	1.25
John Arun Kumar Diaz	9.75	2.00
Rupa Rajul Vora	4.00	2.50
Vemuru Chandramouli	0.50	-
Josh Joseph Kattoor	2.75	-
Piyush Goenka	4.00	-
Vineet Chandra Rai	3.50	-
Anurag Agrawal	4.50	-

(\*) The above amounts are excluding taxes

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 47: Related party disclosure (cont'd)

##### C. Short-term employee benefits for key management personnel

Name of party with nature of transaction	Year ended March 31, 2025	Year ended March 31, 2024
Short-term employee benefits (including remunerations)	378.53	281.29
Post-employment benefits	337.23	266.14

##### D. Outstanding balances with related parties:

Name of the party with nature of balances	As at March 31, 2025	As at March 31, 2024
<b>Payable to Directors (*)</b>		
Dinesh Kumar Mittal	50.00	40.00
Matangi Gowrishankar	-	20.00
Rajat Mohan Nag	21.00	25.00
Sumantra Banerjee	-	20.00
Vineet Chandra Rai	52.42	30.00
Anurag Agrawal	16.77	20.00
Nitish Chawla	-	7.50
Rupa Rajul Vora	20.00	12.50
Wilhelmus Marthinus Maria Van Der Beek	-	10.00
Piyush Goenka	-	10.00
John Arun kumar Diaz	30.00	5.00
Jose Joseph Kattoor	15.00	-
Ulhas Sharad kumar Deshpande	25.00	5.00

(\*) The above amounts are excluding taxes

(\*\*) The remuneration paid/ payable by the Company to its other directors during the current year is INR 359 lakhs. The limit on such remuneration prescribed under Section 197 read with Schedule V to the Companies Act, 2013 ("the Act") is INR 145.08 lakhs. The excess remuneration is primarily attributable to the value of commission payable to the other directors for the current year. The Company is in the process of obtaining approval from its shareholders at the forthcoming Annual General Meeting for the same by way of special resolution in accordance with the requirements of the Act. As per management's assessment, the approval from shareholders for excess remuneration is probable.

##### Additional disclosures for transaction with entities having common director

Description of relationship	Name
Transaction with entities having common director	Ashv Finance Limited
	Aavishkaar Venture Management Services Private Limited
	Bharti Airtel Limited (till March 12, 2024)
	Shivalik Small Finance Bank
	Aavishkaar Foundation



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 47: Related party disclosure (cont'd)

Name of party with nature of transaction	Year ended March 31, 2025	Year ended March 31, 2024
<b>Reimbursement of expenses received (expense reimbursement)</b>		
Ashv Finance Limited	-	8.04
<b>Communication expenses</b>		
Bharti Airtel Limited	-	41.11
<b>Business Support fees</b>		
Aavishkaar Venture Management Services Private Limited	101.68	82.82
Ashv Finance Limited	0.99	1.04
<b>Loan repaid (Including interest)</b>		
Shivalik Small Finance Bank	421.45	565.23
<b>Accrued finance cost on loan availed (gross)</b>		
Shivalik Small Finance Bank	-	4.04
<b>Loan processing charges on loan availed (gross)</b>		
Shivalik Small Finance Bank	-	2.73
<b>Fixed deposit created (principal)</b>		
Shivalik Small Finance Bank	316.05	-
<b>Fixed deposit matured</b>		
Shivalik Small Finance Bank	599.20	1,607.98
<b>Interest on fixed deposit (net of taxes including accrued interest)</b>		
Shivalik Small Finance Bank	33.31	200.81
<b>Corporate social responsibility</b>		
Aavishkaar Foundation (#)	364.89	46.42
(#) Includes CSR contribution by Arohan employees of ₹52.89 lakhs (March 31, 2024: ₹46.42 Lakhs)		
<b>Consideration received against assignment transactions</b>		
Shivalik Small Finance Bank	1.84	42.15
<b>Principal and interest paid towards assignment transactions</b>		
Shivalik Small Finance Bank	160.47	5,756.74
<b>Assignor's share received on account assignment transactions</b>		
Shivalik Small Finance Bank	32.22	1,266.34
<b>Paid towards securitisation transaction</b>		
Shivalik Small Finance Bank	1,422.72	3,862.21

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 47: Related party disclosure (cont'd)

Name of the party with nature of balances	Year ended March 31, 2025	Year ended March 31, 2024
<b>Other receivables</b>		
Ashv Finance Limited	-	6.92
<b>Fixed Deposit</b> (including accrued Interest)		
Shivalik Small Finance Bank	-	301.13
<b>Payable towards securitisation transaction</b>		
Shivalik Small Finance Bank	-	1,397.11
<b>Receivable on assigned loans</b>		
Shivalik Small Finance Bank	0.10	17.48
<b>Payable towards assignment transactions (*)</b>		
Shivalik Small Finance Bank	0.70	103.48
(*) includes both principal and interest		
<b>Other payables</b> (net of receivables)		
Aavishkaar Venture Management Services Private Limited	-	41.04
Bharti Airtel Limited	-	0.01
<b>Loan availed</b>		
Shivalik Small Finance Bank	-	408.38

#### Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24

##### i) Capital to risk asset ratio (CRAR)

Particulars	As at March 31, 2025	As at March 31, 2024
Capital to risk weighted assets ratio (CRAR) (%)	34.09%	29.01%
CRAR - Tier I Capital (%)	31.82%	26.85%
CRAR - Tier II Capital (%)	2.27%	2.16%
Amount of subordinated debt raised as Tier-II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### ii) Investments

Particulars	As at March 31, 2025	As at March 31, 2024
<b>A. Value of Investments</b>		
Gross value of investments:		
a) In India	39,739.60	11,016.08
b) Outside India	-	-
Provisions for depreciation:		
a) In India	3,405.00	2,000.00
b) Outside India	-	-
Net Value of Investments:		
a) In India	36,334.60	9,016.08
b) Outside India	-	-
<b>B. Movement of provisions held towards depreciation on investments</b>		
Opening balance	2,000.00	2,000.00
Add: Provisions made during the year	1,405.00	-
Less: Write-off /Write-back of excess provisions during the year	-	-
Closing balance	3,405.00	2,000.00

#### iii) Derivatives

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

#### iv) Disclosures relating to Securitisation

##### A) Securitisation

Particulars	As at March 31, 2025	As at March 31, 2024
1) No of SPEs holding assets for securitisation transactions originated by the originator	2	7
2) Total amount of securitised assets as per books of the SPEs (*)	935.18	49,372.03
3) Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
A) Off-balance sheet exposures		
(i) First loss	-	-
(ii) Others	-	-

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### iv) Disclosures relating to Securitisation (cont'd)

A) Securitisation (cont'd)	As at March 31, 2025	As at March 31, 2024
B) On-balance sheet exposures		
(a) First loss in the form of	3,278.76	14,557.96
(i) Fixed deposits	1,228.53	6,189.48
(ii) Over collateral	2,050.23	8,368.48
(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	19,614.28	94,561.61
6. Outstanding value of services provided by way of, liquidity support, post-securitisation asset servicing, etc. (*)	935.18	49,372.03
7. Performance of facility provided viz. credit enhancement, liquidity support, servicing agent etc.		
<b>Credit enhancement:</b>		
(a) Amount paid	4035.90 (18.00%)	19,599.99 (18.15%)
(b) Repayment received	757.14 (3.38%)	5,042.03 (4.67%)
(c) Outstanding amount	3,278.76 (14.62%)	14,557.96 (13.48%)
<b>Servicing agent:</b>		
(a) Amount paid	2.00	2.50
(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 ₹2,050.23 lakhs (March 31, 2024: ₹8,368.48 lakhs)



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### iv) Disclosures relating to Securitisation (cont'd)

##### B) Details of financial assets sold to securitisation/ reconstruction company for asset reconstruction

Refer point number D below on details of non-performing financial assets purchased/sold

##### C) Details of assignment transactions undertaken by the Company

Details of loan transferred/ acquired during the year ended March 31, 2025 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, 2025:

Particulars	To Banks/ NBFC's
Number of loans	66,712
Aggregate amount of loans transferred (₹ in lakhs)	14,950.79
Sale consideration (₹ in lakhs)	14,950.79
Weighted average residual maturity (in months) (*)	14.46
Weighted average holding period by the originator (in months)	8.82
Retention of beneficial economic interest by the originator	13.20% to 15.45%
Tangible security coverage	-
Rating-wise distribution of rated loans	-
Number of instances where it has agreed to replace loans transferred to transferee(s)	-
Number of instances where it has agreed to pay damages arising out of any representation or warranty	-

(\*) residual maturity from the time of transfer

(ii) The Company has not acquired any stressed loans during the financial year ended March 31, 2025.

(iii) The Company has acquired loans not in default during the financial year ended March 31, 2025.

Particulars	Amount
Aggregate principal outstanding of loans acquired	17,615.41
Aggregate consideration paid	17,615.41
Weighted average residual tenor of loans acquired (in months)	15.59%

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

- The Company has not purchased any non-performing financial assets during the current and previous financial year
- The Company has not transferred/ sold any non-performing financial assets during the current financial year (March 31 2024: The Company had entered into an agreement with Phoenix ARC Private Limited on June 28, 2023 to sell a portfolio of ₹15,384.18 Lakhs (net book value), for an aggregate purchase consideration of ₹12,000 Lakhs out of which the company has invested in 10,43,400 security receipts at a face value of ₹1000/- each).

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### D) Details of non-performing financial assets purchased/sold (cont'd)

- Security Receipt's (SR's) held and recovery ratings assigned to such SR's by the credit rating agency (Refer note 8).

Particulars	Category of recovery ratings	As at March 31, 2025 (₹ in lakhs)
Security Receipts under trust floated by ARC (FY 23-16)	IND RR3 (50%-75%)	2,704.00
Security Receipts under trust floated by ARC (FY 23-36)	IND RR3 (50%-75%)	2,577.20

The Company has not transferred any stressed loans to Asset Reconstruction Companies ('ARCs') during the year ended March 31, 2025. The Company had sold loans to an ARC in previous financial years and Security Receipts ('SRs') were received as considerations for the transfer of loans. However, as the legal form of the asset has changed from loans to investments, it is accounted under investments. SRs have followed the same measurement / classification approach and ECL has been recognized in a similar manner as applicable to the underlying loans. As at March 31, 2025, gross carrying amount of SRs is ₹5,281.20 lakhs, impairment loss allowance on SR is ₹3,400 lakhs and net carrying amount of SR is ₹1,881.20 lakhs.

##### E) Details of Credit Default Swaps - Nil

##### v) Asset Liability Management

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in note 53.

##### vi) Exposures

###### A) Exposure to Real Estate Sector

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

###### B) Exposure to Capital Market

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

###### C) Details of financing of parent company products

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

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

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

###### E) Unsecured Advances - Refer note 7.

##### vii) Miscellaneous

###### A) Registration obtained from other financial sector regulators

The Company has obtained a certificate of registration under registration number CA0891 dated January 04, 2024 to act as Corporate Agent (Composite) under Insurance Regulatory and Development Authority of India (IRDA) and having Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

###### B) Disclosure of penalties imposed by RBI and other regulators

No penalties (March 31, 2024: nil) has been paid to Reserve Bank of India.

###### C) Disclosure of intra-group exposures

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

###### D) Disclosure of unhedged foreign currency exposure

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





Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (cont'd)**

**vii) Miscellaneous (cont'd)**

**E) Related party transactions**

Related Party/items	Key Management Personnel		Directors Other than KMP (**)		Entities exercising significant influence over the Company		Entities having common director		Others		Total		Closing balance		Maximum during the year	
	FY 24-25	FY 23-24	FY 24-25	FY 23-24	FY 24-25	FY 23-24	FY 24-25	FY 23-24	FY 24-25	FY 23-24	FY 24-25	FY 23-24	As on March 31, 2025	As on March 31, 2024	FY 24-25	FY 23-24
Borrowings (*) (#)	-	-	-	-	-	-	-	-	-	-	-	-	-	(408.38)	-	-
Repayment of borrowings	-	-	-	-	-	-	421.45	565.23	-	-	421.45	565.23	-	-	421.45	565.23
Loan processing fees	-	-	-	-	-	-	-	2.73	-	-	-	2.73	-	-	-	-
Placement of deposits (#)	-	-	-	-	-	-	-	-	316.05	-	316.05	-	-	301.13	-	-
Deposits matured	-	-	-	-	-	-	-	-	599.20	1,607.98	599.20	1,607.98	-	-	599.20	1,607.98
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received (*)	-	-	-	-	-	-	-	4.04	-	-	-	4.04	-	-	-	-
Remuneration	715.76	547.43	-	-	-	-	-	-	33.31	200.81	33.31	200.81	-	-	-	-
Consideration received against assignment transactions	-	-	-	-	-	-	1.84	42.15	-	-	715.76	547.43	-	(86.00)	715.76	547.43
Principal and interest paid towards assignment transactions (*)	-	-	-	-	-	-	160.47	5,756.74	-	-	160.47	5,756.74	-	-	-	-
Borrowed towards securitisation transaction (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,397.11)	-	-
Amount paid towards securitisation transaction (*)	-	-	-	-	-	-	1,422.72	3,862.21	-	-	1,422.72	3,862.21	-	-	-	-
Others (*)	-	-	-	407.00	241.45	-	32.22	1,266.34	-	-	439.22	1,507.79	(230.19)	(239.13)	439.22	1,507.79

(#) The Outstanding balances and the maximum amount during the year are disclosed

(\*) Represents material items separately disclosed in pursuant to the guidelines

(\*\*) Directors other than KMP includes director commission and sitting fees (excluding taxes) payable/ paid to both independent & Nominee Directors (\*\*\*)

(\*\*\*) Subjected to approval of shareholders at forthcoming Annual General Meeting.

Note: For details refer note 47 on related party disclosure

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (cont'd)**

**vii) Miscellaneous (cont'd)**

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

The details of ratings assigned by Credit Analysis & Research Limited (CARE) dated March 31, 2025 and ICRA Limited vide report dated January 14, 2025 during the year are as follows:

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

**G) Remuneration including sitting fees of Directors (other than Managing Director) (Refer note 47)**

Name of Directors	As at March 31, 2025	As at March 31, 2024
<b>A. Director's commission (*)</b>		
Dinesh Kumar Mittal	50.00	40.00
Matangi Gowrishankar	-	20.00
Rajat Mohan Nag	21.00	25.00
Sumantra Banerjee	-	20.00
Nitish Chawla	-	7.50
Rupa Vora	20.00	12.50
Vineet Chandra Rai	150.00	30.00
Anurag Agrawal	48.00	20.00
Wilhelmus Marthinus Maria Van Der Beek	-	10.00
Piyush Goenka	-	10.00
John Arun kumar Diaz	30.00	5.00
Jose Joseph Kattoor	15.00	-
Ulhas Sharad kumar Deshpande	25.00	5.00
<b>B. Sitting fees</b>		
Dinesh Kumar Mittal	6.75	7.15
Matangi Gowrishankar	-	6.65
Rajat Mohan Nag	6.25	9.40
Sumantra Banerjee	-	7.50
Ulhas Sharadkumar Deshpande	6.00	1.25
John Arun Kumar Diaz	9.75	2.00
Rupa Rajul Vora	4.00	2.50
Vemuru Chandramouli	0.50	-
Josh Joseph Kattoor	2.75	-
Piyush Goenka	4.00	-
Vineet Chandra Rai	3.50	-
Anurag Agrawal	4.50	-

(\*) The remuneration paid/ payable by the Company to its other directors during the current year is INR 359 lakhs. The limit on such remuneration prescribed under Section 197 read with Schedule V to the Companies Act, 2013 ("the Act") is INR 145.08 lakhs. The excess remuneration is primarily attributable to the value of commission payable to the other directors for the current year. The Company is in the process of obtaining approval from its shareholders at the forthcoming Annual General Meeting for the same by way of special resolution in accordance with the requirements of the Act. As per management's assessment, the approval from shareholders for excess remuneration is probable.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### viii) Additional Disclosures

##### A) Provisions and Contingencies

Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss	As at March 31, 2025	As at March 31, 2024
Provision towards standard assets	3,181.27	(9,473.13)
Provision towards non performing assets (*)	2,228.67	(2,440.21)
Provision towards investments	1,405.00	2,000.00
Provision made towards Income tax (including for earlier years and deferred tax)	2,839.92	9,861.13
Other provisions and contingencies (employee benefits)	1,209.05	219.31

(\*) 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

Particulars	As at March 31, 2025	As at March 31, 2024
<b>a) Concentration of Advances</b>		
Total Advances to twenty largest borrowers	32,365.90	19,863.44
Percentage of advances to twenty largest borrowers to total advances	5.41%	2.90%
<b>b) Concentration of Exposures</b>		
Total exposure to twenty largest borrowers/ customers	32,565.90	21,363.44
Percentage of exposures to twenty largest borrowers/ customers to total exposure	5.44%	3.12%
<b>c) Concentration of NPAs</b>		
Total exposure to top four NPA accounts	36.45	31.88

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### viii) Additional Disclosures (cont'd)

##### D) Sectoral exposure

Sectors	As at March 31, 2025			As at March 31, 2024		
	Total exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and allied activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services						
i. Secured term loan	35,288.19	32.51	0.09%	19,706.76	29.29	0.15%
ii. Others	-	-	-	-	-	-
<b>Total of services (i+ii)</b>	<b>35,288.19</b>	<b>32.51</b>	<b>0.09%</b>	<b>19,706.76</b>	<b>29.29</b>	<b>0.15%</b>
4. Personal loans						
i. Retail loans	13,684.22	63.73	0.47%	1,844.09	152.62	8.28%
ii. Others	-	-	-	-	-	-
<b>Total of personal loans (i+ii)</b>	<b>13,684.22</b>	<b>63.73</b>	<b>0.47%</b>	<b>1,844.09</b>	<b>152.62</b>	<b>8.28%</b>
5. Others (Microfinance loan)	5,44,457.54	16,833.42	3.09%	6,57,068.61	11,180.34	1.70%
<b>Total</b>	<b>5,93,429.95</b>	<b>16,929.66</b>	<b>2.85%</b>	<b>6,78,619.46</b>	<b>11,362.25</b>	<b>1.67%</b>

##### E) Sector-wise NPAs - Percentage of NPAs to total advances in that sector

Particulars	As at March 31, 2025	As at March 31, 2024
Agriculture & allied activities	Nil	Nil
MSME	Nil	Nil
Corporate borrowers (*)	Nil	Nil
Services	0.09%	0.15%
Unsecured personal loans	0.47%	8.28%
Microfinance Loan	3.09%	1.70%
Auto loans	Nil	Nil
Other personal loans	Nil	Nil

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





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### viii) Additional Disclosures (cont'd)

##### F) Movement of NPAs

Particulars	As at March 31, 2025	As at March 31, 2024
i) Net NPAs to net advances (%)	0.53%	0.00%
ii) Movement of gross NPA's		
a) Opening balance	11,362.25	14,513.51
b) Additions during the year	50,090.94	22,440.57
c) Reductions during the year	(44,523.53)	(25,591.83)
d) Closing balance	16,929.66	11,362.25
iii) Movement of net NPA's		
a) Opening balance	-	1,045.59
b) Additions during the year	7,781.52	-
c) Reductions during the year	(4,683.01)	(1,045.59)
d) Closing balance	3,098.51	-
iv) Movement of provisions for NPA's (excluding provisions on standard assets)		
a) Opening balance	11,362.25	13,467.92
b) Provisions made during the year	42,309.42	22,440.57
c) Write-off/ write-back of excess provision	(39,840.52)	(24,546.24)
d) Closing balance	13,831.15	11,362.25

##### G) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company did not have any overseas assets during the current and previous year.

##### H) Off-balance sheet SPVs sponsored

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

##### ix) Disclosure of customer complaints

Particulars	As at March 31, 2025	As at March 31, 2024
<b>a) Complaints received by the NBFC from its customers</b>		
1. Number of complaints pending at beginning of the year	28	21
2. Number of complaints received during the year	2,205	2,414
3. Number of complaints disposed during the year	2,211	2,407
3.1 Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	22	28

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### ix) Disclosure of customer complaints (cont'd)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>b) Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5. Number of maintainable complaints received by the NBFC from office of ombudsman	29	34
5.1 Of 5, number of complaints resolved in favour of the NBFC by office of ombudsman	29	33
5.2 Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by office of ombudsman	-	1
5.3 Of 5, number of complaints resolved after passing of awards by office of ombudsman against the NBFC	-	-
6. Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

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

##### c) Grounds of complaints

Particulars	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
<b>Year ended March 31, 2025</b>					
Non-observance of fair practices code	16	117	(69.53%)	2	-
Loans and advances	4	900	122.22%	12	-
Staff behaviour	1	247	22.28%	1	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	28	21.74%	-	-
Mis-selling	-	-	(100.00%)	-	-
Others	7	913	(34.03%)	7	-
	<b>28</b>	<b>2,205</b>		<b>22</b>	<b>-</b>
<b>Year ended March 31, 2024</b>					
Non-observance of fair practices code	6	384	10.66%	16	4
Loans and advances	3	405	72.34%	4	-
Staff behaviour	1	202	100.00%	1	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	23	35.29%	-	-
Mis-selling	-	16	45.45%	-	-
Others	11	1,384	113.25%	7	-
	<b>21</b>	<b>2,414</b>		<b>28</b>	<b>4</b>



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### x) Information on instances of fraud identified during the year

Particulars	As at March 31, 2025	As at March 31, 2024
Nature of fraud		
<b>A. Cash embezzlement</b>		
No. of cases	2,526	1,925
Amount of fraud	395.83	231.60
Recovery	68.28	31.49
Amount provided for	327.55	200.11
<b>B. Loans given against fictitious documents</b>		
No. of cases	90	49
Amount of fraud	134.15	169.38
Recovery	6.46	5.17
Amount provided for	127.69	164.21
<b>C. Others (Snatching etc.)</b>		
No. of cases	52	31
Amount of fraud	38.31	28.54
Recovery	13.34	4.36
Amount provided for	24.97	24.18

#### Liabilities side:

(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid (\*):

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) Debentures				
Secured	21,428.42	-	41,141.52	-
Unsecured	32,519.27	-	32,515.12	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
Secured	4,09,119.31	-	4,81,785.75	-
Unsecured	7,581.05	-	7,580.98	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (working capital loan and securitisation liability)	937.00	-	41,100.03	-

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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### Liabilities side (cont'd)

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

Particulars	As at March 31, 2025		As at March 31, 2024	
	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:

Particulars	As at March 31, 2025	As at March 31, 2024
a) Secured, gross	35,288.19	19,706.76
b) Unsecured, gross	5,58,141.76	6,58,912.70
<b>Total</b>	<b>5,93,429.95</b>	<b>6,78,619.46</b>

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

Particulars	As at March 31, 2025	As at March 31, 2024
(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	-	-





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### Assets side (cont'd)

##### (5) Breakup of investments

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Current Investments:</b>		
1. Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (treasury bills)	14,902.29	-
2. Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
<b>Long Term investments:</b>		
1. Quoted		
(i) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	19,551.11	-
(v) Others (treasury bills)	-	-
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)	5,281.20	11,011.08

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 48: Disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 (cont'd)**

#### Assets side (cont'd)

##### (6) Borrower group-wise classification of assets financed as in (2) and (3)

Particulars	Net of provision as at March 31, 2025		
Category	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	34,955.94	5,35,554.90	5,70,510.84
<b>Total</b>	<b>34,955.94</b>	<b>5,35,554.90</b>	<b>5,70,510.84</b>

Particulars	Net of provision as at March 31, 2024		
Category	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	19,567.91	6,42,005.88	6,61,573.79
<b>Total</b>	<b>19,567.91</b>	<b>6,42,005.88</b>	<b>6,61,573.79</b>

##### (7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Particulars	As at March 31, 2025		As at March 31, 2024	
	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	39,235.85	36,334.60	11,016.08	9,016.08
<b>Total</b>	<b>39,235.85</b>	<b>36,334.60</b>	<b>11,016.08</b>	<b>9,016.08</b>

##### (8) Other information

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Gross non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	16,929.66	11,362.25
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	3,098.51	-
(iii) Assets acquired on satisfaction of debt	-	-



Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

Note 49: Disclosures on restructured assets pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24

SL. No.	Type of Restructuring	As on March 31, 2025					As on March 31, 2024				
		Asset Classification				Others	Asset Classification				Others
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts at the beginning of the period (*)	-	-	-	-	-	93,034	-	-	-	93,034
		-	-	-	-	-	27,267.60	-	-	-	27,267.60
		-	-	-	-	-	8,028.68	-	-	-	8,028.68
2	Fresh restructuring during the period	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the period	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the period	-	-	-	-	-	-	15,321	-	-	15,321
		-	-	-	-	-	-	3,769.21	-	-	3,769.21
		-	-	-	-	-	-	3,769.21	-	-	3,769.21
6	Write-offs of restructured accounts during the period	-	-	-	-	-	75,366	15,321	-	-	90,687
		-	-	-	-	-	22,948.53	3,769.21	-	-	26,717.74
		-	-	-	-	-	22,948.53	3,769.21	-	-	26,717.74
7	Restructured accounts at the end of the period (*)	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-

\* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

1. The outstanding amount and number of borrowers are after considering recoveries made during the year

2. CDR and SME debt restructuring segments are nil.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 50: Disclosures on difference between Ind AS 109 provisions and IRACP norms pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24**

As on March 31, 2025

Asset Classification as per RBI Norms

Particulars	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS (**)	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
<b>Performing assets</b>						
Standard	Stage 1	5,65,698.96	5,604.99	5,60,093.97	2,247.93	3,357.06
	Stage 2	10,801.33	3,482.97	7,318.36	40.69	3,442.28
<b>Subtotal (A)</b>		<b>5,76,500.29</b>	<b>9,087.96</b>	<b>5,67,412.33</b>	<b>2,288.62</b>	<b>6,799.34</b>
<b>Non performing assets (NPA)</b>						
Substandard	Stage 1 (*)	74.10	5.11	69.00		
	Stage 2 (*)	442.68	134.36	308.32		
	Stage 3	15,842.62	13,121.42	2,721.20	5,235.14	8,025.75
Doubtful - up to 1 year	Stage 3	448.72	448.72	-	107.10	341.62
1 to 3 years	Stage 3	70.57	70.57	-	46.57	24.00
More than 3 years	Stage 3	50.97	50.97	-	26.86	24.11
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>16,929.66</b>	<b>13,831.15</b>	<b>3,098.52</b>	<b>5,415.67</b>	<b>8,415.48</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal (B)</b>		<b>16,929.66</b>	<b>13,831.15</b>	<b>3,098.52</b>	<b>5,415.67</b>	<b>8,415.48</b>
<b>Total (A+B)</b>	<b>Stage 1</b>	<b>5,65,773.06</b>	<b>5,610.10</b>	<b>5,60,162.96</b>	<b>2,247.93</b>	<b>3,362.17</b>
	<b>Stage 2</b>	<b>11,244.01</b>	<b>3,617.33</b>	<b>7,626.68</b>	<b>40.69</b>	<b>3,576.64</b>
	<b>Stage 3</b>	<b>16,412.88</b>	<b>13,691.68</b>	<b>2,721.20</b>	<b>5,415.67</b>	<b>8,276.01</b>
	<b>Total</b>	<b>5,93,429.95</b>	<b>22,919.11</b>	<b>5,70,510.84</b>	<b>7,704.29</b>	<b>15,214.82</b>





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 50: Disclosures on difference between Ind AS 109 provisions and IRACP norms pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (cont'd)**

As on March 31, 2024

#### Asset Classification as per RBI Norms

Particulars	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS (**)	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	(E=C-D)	(F)	(G=D-F)
<b>Performing assets</b>						
Standard	Stage 1	6,63,353.91	4,123.04	6,59,230.87	6,084.88	(1,961.84)
	Stage 2	3,903.30	1,560.38	2,342.92	34.25	1,526.13
<b>Subtotal (A)</b>		<b>6,67,257.21</b>	<b>5,683.42</b>	<b>6,61,573.79</b>	<b>6,119.13</b>	<b>(435.71)</b>
<b>Non performing assets (NPA)</b>						
Substandard	Stage 1 (*)	6.31	6.31	-		
	Stage 2 (*)	198.16	198.16	-		
	Stage 3	10,782.85	10,782.85	-	87.20	10,900.12
Doubtful - up to 1 year	Stage 3	32.43	32.43	-	8.35	24.08
1 to 3 years	Stage 3	315.48	315.48	-	29.30	286.18
More than 3 years	Stage 3	27.02	27.02	-	0.82	26.20
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>11,362.25</b>	<b>11,362.25</b>	<b>-</b>	<b>125.67</b>	<b>11,236.58</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal (B)</b>		<b>11,362.25</b>	<b>11,362.25</b>	<b>-</b>	<b>125.67</b>	<b>11,236.58</b>
<b>Total (A+B)</b>	<b>Stage 1</b>	<b>6,63,360.22</b>	<b>4,129.35</b>	<b>6,59,230.87</b>	<b>6,084.88</b>	<b>(1,955.53)</b>
	<b>Stage 2</b>	<b>4,101.46</b>	<b>1,758.54</b>	<b>2,342.92</b>	<b>34.25</b>	<b>1,724.29</b>
	<b>Stage 3</b>	<b>11,157.78</b>	<b>11,157.78</b>	<b>-</b>	<b>125.67</b>	<b>11,032.11</b>
	<b>Total</b>	<b>6,78,619.46</b>	<b>17,045.67</b>	<b>6,61,573.79</b>	<b>6,244.80</b>	<b>10,800.87</b>

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

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

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 51: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24**

#### (a) 1) Composition of the Board and change in composition of the Board during the financial year

Requirements	Response
NBFCs shall put up to the Board of Directors, at regular intervals, conformity with corporate governance standards, viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.	NBFCs has put up to the Board of Directors, at regular intervals, conformity with corporate governance standards, viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

#### 2) Details of non-compliance with requirements of Companies Act, 2013:

There are no default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

#### 3) Details of penalties and strictures:

The Reserve Bank of India (RBI), exercising its authority under section 45L(1)(b) of the Reserve Bank of India Act, 1934, issued an order on October 17, 2024, directing the company to cease and desist from sanctioning or disbursing loans, effective from the close of business on October 21, 2024. However, these business restrictions did not prevent the company from servicing its existing customers or conducting collection and recovery processes in accordance with the regulatory Order.

The Company initiated all necessary remedial action and submitted its various compliances to RBI and having been satisfied based on the submissions and in view of the adoption of revamped processes, systems and commitment to ensure adherence to the Regulatory Guidelines on an ongoing basis the order was vacated on January 03, 2025 with immediate effect.

**(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	Debenture trust deed date	Description of financial covenants	Limit required	Actual
Northern Arc Capital Limited	March 28, 2018 & August 14, 2018	PAR 90 as a percentage of gross loan portfolio (*) (**)	Not exceeding 2.00%	2.73%
		Positive net profit after tax maintained on quarterly basis (***)	Positive profit after tax	(4,250.90)

(\*) However the Company has obtained a financial covenant relaxation on maintaining portfolio overdue for more than 90 days percentage threshold permanently.

(\*\*) Gross loan portfolio overdue for more than 90 days as a percentage of gross loan portfolio as on March 31, 2025



# Arohan Financial Services Limited

## Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 51: Disclosures pursuant to Scale Based Regulation as per circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 (cont'd)**

**(d) Breach of financial covenant: (cont'd)**

(\*\*\*) Due to the cease and desist order issued on issued an order on October 17, 2024 by the Reserve Bank of India ('RBI'), the Company was unable to disburse new loans from October 22, 2024, until January 03, 2025. This restriction led to a reduction in the company's outstanding portfolio. Additionally, the company experienced a slight increase in delinquency levels during half year ended March 31, 2025, primarily driven by a deterioration in the overall quality of the microfinance industry's portfolio. As a result, the company had to consider additional provision and write offs due to which there is net loss during the quarter ended March 31, 2025. However, there is a cure period of 60 days from the date of breach.

**(ii) Borrowings (other than debt securities)**

Lender	Sanction date	Description of financial covenants	Limit required	Actual
1. Indusind Bank (*)	December 12, 2023	PAR 31-90 as a percentage of gross loan portfolio (refer note 1 & 4).	less than equal 1.50%	1.85%
2. Northern Arc	June 01, 2023	(PAR 90 + net write-off of 12 months)/ Gross loan portfolio (refer note 2 & 4).	less than 5.00%	8.59%
3. Bank of Baroda	September 02, 2024	Return on equity (refer note 3 & 4).	Greater than 10%	6.17%

(\*) However the Company has obtained a financial covenant relaxation on maintaining portfolio overdue for more than 30 days percentage till March 31, 2025.

**Note:**

- (1) Portfolio overdue for more than 30 days but less than 90 days as a percentage of gross loan portfolio as on March 31, 2025.
- (2) Aggregate of gross loan portfolio overdue for more than 90 days and net write-off of 12 months as a percentage of gross loan portfolio as on March 31, 2025.
- (3) Return on equity is computed on profit after tax as a percentage on two point yearly average network (equity share capital and other equity excluding statutory reserves and esop outstanding).
- (4) Gross loan portfolio represents assets under management (AUM)

There are no breach of financial covenant for debt securities and borrowings (other than debt securities) as on as on March 31, 2024.

**(e) Divergence in asset classification and provisioning**

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

**Note 52: Disclosures on loans to Directors, senior officers and relatives of Directors pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24**

Loans to Directors, senior officers and relatives of Directors	As at March 31, 2025	As at March 31, 2024
Directors and their relatives	Nil	Nil
Entities associated with directors and their relatives	Nil	Nil
Senior officers and their relatives (*)	1.85	8.51

(\*) The loan to the senior officer is as per the staff loan policy of the Company

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 53: Disclosures related to asset liability management (ALM) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24**

The company has adopted the liquidity risk framework as required under RBI regulation. The Board of Directors have delegated responsibility of balance sheet liquidity risk management to the asset liability committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. Liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the company.

**Maturity pattern of assets and liability as on March 31, 2025**

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	5,348.32	11,271.87	20,828.34	398.02	153.36	2,895.98	7,936.56	7,305.62	218.33	27.65	56,384.05
Advances (Micro Finance Portfolio)	11,544.43	18,471.10	16,162.21	36,508.66	35,723.25	1,00,010.60	1,62,972.42	1,38,140.81	3,090.21	-	5,22,623.69
Advances (Other than Micro Finance)	856.57	1,370.51	1,199.20	3,221.68	3,219.48	9,349.52	15,147.66	13,514.22	8.31	-	47,887.15
Investments	-	-	-	14,902.29	-	3,046.40	-	17,408.70	977.21	-	36,334.60
Borrowings	6,712.52	5,994.28	25,386.34	26,228.67	35,453.21	84,344.30	1,21,042.25	1,65,178.80	-	-	4,70,340.37
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

**Maturity pattern of assets and liability as on March 31, 2024**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	16,491.68	12,756.61	27,811.25	5,461.48	364.07	2,215.80	8,645.42	12,777.49	3,819.61	25.80	90,369.21
Advances (Micro Finance Portfolio)	11,522.43	18,435.89	16,131.40	37,945.41	37,321.58	1,09,843.61	1,98,792.68	2,10,683.91	-	-	6,40,676.91
Advances (Other than Micro Finance)	279.02	446.43	390.62	1,002.08	1,010.61	2,973.06	5,680.02	9,115.04	-	-	20,896.88
Investments	-	-	-	-	-	-	-	-	9,011.08	5.00	9,016.08
Borrowings	1,968.68	3,605.55	22,143.37	30,400.36	35,022.44	93,607.12	1,51,562.78	2,18,891.36	44,382.60	-	6,01,584.26
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

**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.





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 54: Disclosures related to significant counterparty pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24**

#### (i) Funding concentration based on significant counterparty on borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Number of significant counterparties	22	20
Amount of borrowed funds from significant counterparties (#)	4,26,757.98	5,05,108.99
Percentage (%) of total deposits	Not applicable	Not applicable
Percentage (%) of total liabilities	87.81%	81.46%

(#) Accrued interest on borrowings have been considered in above calculation

#### Notes:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

#### (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

Particulars	As at March 31, 2025	As at March 31, 2024
Amount of borrowed funds from top ten significant counterparties <sup>(1)</sup>	2,90,550.93	3,60,245.66
Percentage (%) of total borrowings <sup>(2)</sup>	61.77%	59.84%

#### 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 March 31, 2025		As at March 31, 2024	
	Amount (**)	Percentage of total liabilities	Amount (**)	Percentage of total liabilities
Debt securities	20,800.00	4.28%	29,120.00	6.22%
Borrowings (other than debt securities)	4,09,584.14	84.27%	3,81,080.96	81.43%
Subordinated liabilities	40,000.00	8.23%	42,500.00	9.08%

#### Note:

- A "significant instrument/ product" is defined as a single instrument/ product of group of similar instruments/ products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 54: Disclosures related to significant counterparty pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (cont'd)**

#### (iv) Funding concentration based on significant instrument/ product (cont'd)

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

#### (v) Stock ratios in percentage

Particulars	As at March 31, 2025	As at March 31, 2024
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	52.87%	57.00%
8. Other short-term liabilities as a percentage (%) of total assets	37.32%	43.56%
9. Other short-term liabilities as a percentage (%) of public fund	54.64%	58.76%

#### (vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/ limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/ approval/ ratification.



**Note 55: Disclosures related to Liquidity Coverage Ratio (LCR) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR. FIN.REC.No.45/03.10.119/2023-24**

Liquidity Coverage Ratio (LCR) is a tool for measuring and promoting short term resilience of the company to potential liquidity disruptions by ensuring maintenance of sufficient unencumbered high quality liquid assets (HQLAs) to survive at severe stress scenario lasting for 30 calendar days. Reserve Bank of India (RBI) introduced the LCR requirement for all non-deposit taking NBFC's with an asset size of ₹5,000 crore and above.

The ratio comprises of HQLAs as numerator and net cash outflows in next 30 calendar days as denominator.

HQLA computation consist of two parts i.e. (i) assets to be included as HQLA without any haircut i.e. cash, Government securities, etc. and (ii) assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments which are considered at prescribed haircuts.

In order to determine net cash outflows, the company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows or 75% of stressed outflow. accordingly, LCR would be computed by dividing company's stock of HQLA by its total net cash outflow.

The LCR requirement has been inducted in a phased manner with company required to maintain minimum LCR of 30% from December, 1, 2020 eventually increasing to 100% by December 31, 2024. the company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold for all the quarters during the current financial year. The company has maintained an average LCR of 127% for the quarter ended March 31, 2025 (for the quarter ended March 31, 2024: 843%) as against minimum regulatory requirement of 100% (March 31, 2024: 85%). the company has maintained average HQLA as of ₹36,245.98 lakhs for the quarter ended March 31, 2025 (for the quarter ended March 31, 2024: ₹96,513.16 lakhs).

The company has adopted the liquidity risk framework as required under RBI regulation. the Board of Directors have delegated responsibility of balance sheet liquidity Risk management to the asset liability committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the company.

Arohan Financial Services Limited

Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 55: Disclosures related to Liquidity Coverage Ratio (LCR) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (cont'd)**

**For financial year: 2024-2025**

Sl. No.	Particulars	As on June 30, 2024		As on September 30, 2024		As on December 31, 2024		As on March 31, 2025	
		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) (**)
1	High Quality Liquid Assets (#)								
(i)	High quality liquid assets (HQLA)								
(ii)	Cash and bank	16,728.43	16,728.43	3,572.47	3,572.47	4,419.68	4,419.68	5,332.75	5,332.75
(iii)	Un-encumbered demand deposits with scheduled commercial bank	-	-	-	-	-	-	-	-
(iii)	Government securities and treasury bills	22,196.24	22,196.24	36,150.39	36,150.39	33,620.94	33,620.94	30,915.72	30,915.72
	<b>Total High Quality Liquid Assets (HQLA)</b>	<b>38,924.67</b>	<b>38,924.67</b>	<b>39,722.86</b>	<b>39,722.86</b>	<b>38,040.62</b>	<b>38,040.62</b>	<b>36,248.47</b>	<b>36,248.47</b>
	<b>Cash Outflows:</b>								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	41,942.98	48,234.43	40,028.24	46,032.48	41,299.96	47,494.95	42,190.19	48,518.72
6	Other contractual funding obligations	8,247.26	9,484.35	3,639.13	4,185.00	4,136.41	4,756.87	4,481.11	5,153.28
7	Other contingent funding obligations	54,438.09	62,603.80	52,908.97	60,845.32	7,870.92	9,051.56	52,477.36	60,348.96
8	<b>Total cash outflows</b>	<b>1,04,628.33</b>	<b>1,20,322.58</b>	<b>96,576.34</b>	<b>1,11,062.80</b>	<b>53,307.29</b>	<b>61,303.38</b>	<b>99,148.66</b>	<b>1,14,020.96</b>
	<b>Cash Inflows:</b>								
9	Secured lending	41,780.22	31,335.17	28,521.74	21,391.31	3,478.26	2,608.70	25,555.56	19,166.67
10	Inflows from fully performing exposures	46,410.76	34,808.07	47,878.14	35,908.61	45,374.88	34,031.16	44,100.50	33,075.38
11	Other cash inflows	65,801.69	49,351.27	71,674.45	53,755.84	75,542.37	56,656.78	78,166.55	58,624.91
12	<b>Total cash inflows</b>	<b>1,53,992.67</b>	<b>1,15,494.51</b>	<b>1,48,074.33</b>	<b>1,11,055.76</b>	<b>1,24,395.51</b>	<b>93,296.64</b>	<b>1,47,822.61</b>	<b>1,10,866.96</b>
	<b>Total High Quality Liquid Assets (HQLA)</b>								
13	<b>Total High Quality Liquid Assets (HQLA)</b>								
14	<b>Total net outflows</b>								
15	<b>Liquidity coverage ratio (%)</b>								





(All amounts in ₹ lakhs unless otherwise stated)

Note 55: Disclosures related to Liquidity Coverage Ratio (LCR) pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (cont'd)

For financial year: 2023-2024

Sl. No.	Particulars	As on June 30, 2023		As on September 30, 2023		As on December 31, 2023		As on March 31, 2024	
		Total Unweighted Value (average) (*)	Total Weighted Value (average)(**)	Total Unweighted Value (average) (*)	Total Weighted Value (average)(**)	Total Unweighted Value (average) (*)	Total Weighted Value (average)(**)	Total Unweighted Value (average) (*)	Total Weighted Value (average)(**)
	<b>High Quality Liquid Assets (#)</b>								
1	High quality liquid assets (HQLA)								
(i)	Cash balance	88.01	88.01	142.49	142.49	211.04	211.04	24.84	24.84
(ii)	Cash on bank	1,561.81	1,561.81	1,122.26	1,122.26	2,080.53	2,080.53	36,021.63	36,021.63
(iii)	Un-encumbered demand deposits with scheduled commercial bank	74,402.75	74,402.75	82,799.17	82,799.17	87,144.27	87,144.27	60,466.69	60,466.69
	<b>Total high quality liquid assets (HQLA)</b>	<b>76,052.57</b>	<b>76,052.57</b>	<b>84,063.92</b>	<b>84,063.92</b>	<b>89,435.84</b>	<b>89,435.84</b>	<b>96,513.16</b>	<b>96,513.16</b>
	<b>Cash Outflows:</b>								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	34,334.96	39,485.20	37,321.79	42,920.06	27,741.13	31,902.30	27,717.60	31,875.24
6	Other contractual funding obligations	7,573.34	8,709.34	10,742.04	12,353.35	8,267.61	9,507.75	10,587.20	12,175.28
7	Other contingent funding obligations	-	-	-	-	450.00	517.50	1,500.00	1,725.00
8	<b>Total cash outflows</b>	<b>41,908.30</b>	<b>48,194.55</b>	<b>48,063.83</b>	<b>55,273.41</b>	<b>36,458.74</b>	<b>41,927.55</b>	<b>39,804.80</b>	<b>45,775.52</b>
	<b>Cash Inflows:</b>								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	36,448.66	27,336.50	38,557.88	28,918.41	42,317.52	31,738.14	47,205.79	35,404.34
11	Other cash inflows	1,457.56	1,093.17	4,237.08	3,177.81	2,079.93	1,559.95	1,851.33	1,388.50
12	<b>Total cash inflows</b>	<b>37,906.22</b>	<b>28,429.67</b>	<b>42,794.96</b>	<b>32,096.22</b>	<b>44,397.45</b>	<b>33,298.09</b>	<b>49,057.12</b>	<b>36,792.84</b>
	<b>Total high quality liquid assets (HQLA)</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
13			<b>76,052.57</b>		<b>84,063.92</b>		<b>89,435.84</b>		<b>96,513.16</b>
14	<b>Total net outflows</b>		<b>19,764.88</b>		<b>23,177.19</b>		<b>10,481.89</b>		<b>11,443.88</b>
15	<b>Liquidity coverage ratio (%)</b>		<b>385%</b>		<b>363%</b>		<b>853%</b>		<b>843%</b>

(\*) Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

(\*\*) Weighted values calculated after the application of respective stress factors on inflow and outflow.

(#) HQLA includes cash on hand, Government securities, treasury bills, callable demand deposit and callable fixed deposits with scheduled commercial banks.

Qualitative disclosure

(a) Intra-period changes as well as changes over time: The details of all four quarter are disclosed above.

(b) Composition of HQLA: The composition of HQLA are disclosed above.

(c) Derivative exposures and potential collateral calls: The company has no derivative exposure.

(d) Currency mismatch in the LCR: The company has no foreign currency borrowings, hence the currency mismatch in the LCR are not applicable.

(e) Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considered to be relevant for liquidity profile. All inflows/outflows considered relevant are considered in LCR calculation.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

**Note 56: Disclosures related to dividend declaration pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 - Nil**

#### Note 57: Foreign currency disclosure

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>(a) Earnings in foreign currency</b>		
Miscellaneous income (Sale of accumulated carbon credit)	28.17	-
Other operating income (reimbursement income)	183.12	74.12
	<b>211.29</b>	<b>74.12</b>
<b>(b) Expenditure in foreign currency (*)</b>		
Interest on debt securities (Loan processing charges)	-	243.09
Other finance charges	-	8.31
Recruitment and induction expenses	14.94	-
Legal and professional expenses	-	15.99
Miscellaneous expenses (Directors sitting fees)	-	2.73
	<b>14.94</b>	<b>270.12</b>

(\*) The above expenditure in foreign currency does not include an amount of ₹0.06 Lakhs (March 31, 2024: Nil) towards dividend paid at 0.001% per annum on conversion of compulsorily convertible preference shares into equity shares in earlier financial year and ₹87.32 lakhs (March 31, 2024: Nil) incurred towards draft red hearing prospectus (DRHP) filing which is shown in other non-financial assets (Refer note 15).

#### Note 58: Disclosure in respect of Corporate Social Responsibility under section 135 of the Act and Rules thereon

A CSR committee has been formed by the Company as prescribed under section 135 of the Act. CSR expenses have been incurred throughout the year on the activities as specified in schedule VII of the Act for the year ended March 31, 2025.

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
(a) Gross amount required to be spent during the year	390.22	-
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	383.91	-
(c) Shortfall at the end of the year	6.31	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall (**)	-	-
(f) Nature of CSR activities (*)	-	-
(g) 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	0.15	5.93
Fresh provision made during the year	6.31	-
Payment made during the year	0.15	5.78
At the closing of the year	6.31	0.15

(\*) CSR activities includes environmental and social initiatives. In environmental initiatives there are certain projects like disaster relief, financial literacy, promoting health checkup and youth entrepreneurship.

(\*\*) The amount not paid as agreed milestone have not yet achieved till the reporting date and the amount subsequently deposited into a separate bank account.



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 59: Operating segment

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108 "Segment Reporting". The Company operates in a single geographical segment i.e. domestic. The Company is not reliant on revenues from transactions with any single external customer.

The Company does not have operations outside India and hence there is no external revenue or assets which require disclosure.

The company does not derives revenue, from any single customer, 10% or more of company's total revenue.

#### Note 60: Lease related disclosures

##### (a) Company as a lessee

In the Statement of Profit and Loss for the current and previous year, operating lease expenses which were recognised as rental expenses is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. De-recognition of rental expenses and recognition of depreciation and finance cost have positively impacted EBITDA by ₹288.02 lakhs (March 31, 2024: ₹261.49 lakhs) and negatively impacted the PBT by ₹9.96 lakhs (March 31, 2024: ₹13.19 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, 2025**

Particulars	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	12	2 months to 92 months	25 months	4	-	-
Furniture	4	51 months to 88 months	60 months	4	-	-

**As on March 31, 2024**

Particulars	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	12	2 months to 104 months	25 months	4	-	-
Furniture	4	63 months to 100 months	73 months	4	-	-

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 60: Lease related disclosures (cont'd)

##### (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 March 31, 2025	Year ended March 31, 2024
Short-term leases	1,933.51	1,558.83

##### (d) Total future lease payments relating to underlying leases are as follows

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at March 31, 2025
Lease payments	200.21	161.99	145.31	134.74	84.42	172.32	<b>898.99</b>
Less: Finance cost	63.46	50.96	39.65	28.76	18.92	21.83	<b>223.58</b>
<b>Net present values</b>	<b>136.75</b>	<b>111.03</b>	<b>105.66</b>	<b>105.98</b>	<b>65.50</b>	<b>150.49</b>	<b>675.41</b>

Particulars	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	As at March 31, 2024
Lease payments	269.00	185.43	131.29	123.90	123.90	254.55	<b>1,088.07</b>
Less: Finance cost	75.27	57.07	46.24	37.44	27.93	40.72	<b>284.67</b>
<b>Net present values</b>	<b>193.73</b>	<b>128.36</b>	<b>85.05</b>	<b>86.46</b>	<b>95.97</b>	<b>213.83</b>	<b>803.40</b>

**(e)** Total cash outflow for leases for the year ended March 31, 2025 was ₹278.05 lakhs (March 31, 2024: ₹216.48 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%.





## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 61: Contingent liabilities and commitments

Particulars	As at March 31, 2025	As at March 31, 2024
<b>1. Contingent liabilities classified as:</b>		
(a) Claims against the company not acknowledged as debt		
Demand for income tax and GST received from respective 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	399.32	17.12
(b) Guarantees excluding financial guarantee	-	-
(c) Other money for which the company is contingently liable	-	-
<b>2. Commitments classified as:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Capital commitment for purchase/ development of tangible and intangible asset (net of advances).	10.66	62.68
(b) Uncalled liability on shares and other investments partly paid up.	-	-
(c) Other commitments (Sanctioned loan undisbursed)	509.79	1,500.00

#### Note 62: 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, 2025, are in agreement with the books of accounts.

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 62: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (cont'd)

##### E. Willful Defaulter

The Company has not been declared a Willful 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, 2013.

##### 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 year ended as at March 31, 2025 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
CDC	100447189	December 19, 2020	6,000.00	March 27, 2025
Federal Bank	100701891	March 20, 2023	5,000.00	March 30, 2025
Kookmin Bank	100561635	March 28, 2022	1,000.00	March 31, 2025
Kotak Mahindra bank	100734008	March 04, 2023	4,000.00	March 30, 2025
Manappuram Finance limited	100659264	December 17, 2022	4,000.00	March 31, 2025
Small Industries Development Bank of India (SIDBI) (**)	100548669	March 15, 2022	15,000.00	March 10, 2025
State Bank of India	100557840	March 30, 2022	15,000.00	March 29, 2025

\*All the charge satisfaction are filed subsequent to the reporting date.

(\*\*) Charge satisfaction pending as on date.

##### H. Compliance with number of layers of companies

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



## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 62: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (cont'd)

##### I. Ratios

Particulars	As at March 31, 2025	As at March 31, 2024	Percentage change in ratio	Explanation
(a) Debt equity <sup>(2)</sup> (refer note 44)	2.32	3.14	(26.00%)	Reduction in debt equity ratio is due to reduction in borrowings and repayment of borrowings.
(b) Return on equity ratio <sup>(3)</sup>	5.57%	19.30%	(71.00%)	Decrease in ratios are due to reduction in business volume as compared to the last year majorly due to the cease and desist order issued by Reserve Bank of India (RBI).
(c) Net profit ratio <sup>(4)</sup>	8.16%	25.92%	(69.00%)	
(d) Return on capital employed <sup>(5)</sup>	5.57%	19.30%	(71.00%)	
(e) Current ratio <sup>(1)</sup>	Not applicable		-	
(f) Debt service coverage ratio <sup>(1)</sup>	Not applicable		-	
(g) Inventory turnover ratio <sup>(1)</sup>	Not applicable		-	
(h) Trade receivables turnover ratio <sup>(1)</sup>	Not applicable		-	
(i) Trade payables turnover ratio <sup>(1)</sup>	Not applicable		-	
(j) Net capital turnover ratio <sup>(1)</sup>	Not applicable		-	
(k) Return on investment <sup>(1)</sup>	Not applicable		-	

##### Notes:

- (1) The Company is a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, hence these ratios are not applicable
- (2) Debt equity ratio = (debt securities + borrowings-other than debt securities + subordinated liabilities) / net worth, where net worth is aggregate of equity share capital and other equity.
- (3) Return on equity ratio = profit after tax / average net worth
- (4) Net profit ratio = profit before tax/ total revenue from operations
- (5) Return on capital employed = profit after tax / average networkth

##### J. Compliance with approved Scheme(s) of Arrangements

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

##### K. Utilisation of borrowed funds and share premium

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including

## Arohan Financial Services Limited

### Notes to financial statements for the year ended March 31, 2025 (Contd.)

(All amounts in ₹ lakhs unless otherwise stated)

#### Note 62: Additional regulatory information pursuant to Ministry of Company Affairs Notification dated March 24, 2021: (cont'd)

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 recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.

##### M. Corporate Social Responsibility (CSR)

Refer note 58

##### 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 63:** 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.

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

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Nitesh Shetty**  
Partner  
Membership No 123493

Place: Kolkata  
Date: May 23, 2025

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

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

**Anirudh Singh G Thakur**  
Company Secretary  
Place: Kolkata  
Date: May 23, 2025

**Anurag Agrawal**  
Director  
(DIN: 02385780)  
Place: Kolkata

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





**Arohan Financial Services Limited**

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