
Walker Chandiok & Co LLP

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Independent Auditor's Review Report on Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Arohan Financial Services Limited

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of **Arohan Financial Services Limited** ('the Company') for the quarter ended **30 September 2021** and the year to date results for the period 01 April 2021 to 30 September 2021, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('SEBI Regulations'), including relevant circulars issued by the SEBI from time to time. Attention is drawn to the fact that the figures for the preceding and corresponding quarter ended 30 June 2021 and 30 September 2020 have been approved by the Company's Board of Directors but have not been subjected to audit or review. Attention is drawn to the fact that the cash flow figures for the corresponding six-month period ended 30 September 2020 have been approved by the Company's Board of Directors but have not been subjected to audit or review.
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the SEBI Regulations, including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Arohan Financial Services Limited
Independent Auditor's Review Report on Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the SEBI Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to Note 4 to the accompanying Statement, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations and the impact on the impairment provisions recognized towards the loan assets outstanding as at 30 September 2021. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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Manish Gujral
Partner
Membership No:105117

UDIN:21105117AAAIG2356

Place: Mumbai
Date: 11 November 2021

Arohan Financial Services Limited						
Statement of unaudited financial results for the quarter and half year ended 30 September 2021						
Particulars	(₹ in lakhs)					
	Quarter ended			Half year ended		Year ended
	30 September 2021 (Unaudited)	30 June 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	31 March 2021 (Audited)
1 Revenue						
(a) Interest income	21,049.31	22,249.63	25,382.73	43,298.94	49,137.79	94,582.42
(b) Fees and commission income	852.99	1,039.75	313.25	1,892.74	418.78	2,324.54
(c) Net gain on derecognition of financial instruments	-	-	-	-	-	1,565.00
(d) Other operating income	21.92	34.31	4.78	56.23	42.16	147.25
Total revenue from operations	21,924.22	23,323.69	25,700.76	45,247.91	49,598.73	98,619.21
(e) Other income	647.81	728.47	667.25	1,376.28	1,140.52	2,748.31
Total revenue	22,572.03	24,052.16	26,368.01	46,624.19	50,739.25	1,01,367.52
2 Expenses						
(a) Finance costs	10,435.40	11,059.26	12,275.98	21,494.66	23,764.19	46,798.67
(b) Impairment on financial instruments	2,147.04	4,617.62	5,811.21	6,764.66	6,334.72	50,386.29
(c) Employee benefits expenses	5,636.75	4,907.55	4,953.31	10,544.30	9,389.30	18,897.61
(d) Depreciation and amortization expenses	155.35	148.89	167.25	304.24	339.60	668.52
(e) Other expenses	1,770.57	1,750.98	1,574.34	3,521.55	2,760.48	6,395.76
Total expenses	20,145.11	22,484.30	24,782.09	42,629.41	42,588.29	1,23,146.85
3 Profit/ (loss) before tax (1-2)	2,426.92	1,567.86	1,585.92	3,994.78	8,150.96	(21,779.33)
4 Tax expense						
(a) Current tax	(217.55)	1,483.41	1,800.94	1,265.86	3,332.75	6,222.38
(b) Deferred tax charge/ (credit)	929.83	(1,208.57)	(1,523.86)	(278.74)	(1,438.23)	(12,006.77)
5 Net Profit/ (loss) after tax (3-4)	1,714.64	1,293.02	1,308.84	3,007.66	6,256.44	(15,994.94)
6 Other Comprehensive Income						
(a) Items that will not be reclassified to profit or loss						
(i) Remeasurement of post employment benefit obligations	(273.26)	(15.61)	50.17	(288.87)	(134.11)	(166.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	68.77	3.93	(12.63)	72.70	33.75	41.81
(b) Items that will be reclassified to profit or loss						
(i) Fair valuation of financial assets	-	-	(1,635.49)	-	(1,362.37)	(1,389.86)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	411.66	-	342.90	320.52
Total Other Comprehensive Income (a+b)	(204.49)	(11.68)	(1,186.29)	(216.17)	(1,119.83)	(1,193.67)
Total Comprehensive Income for the period/ year (5+6)	1,510.15	1,281.34	122.55	2,791.49	5,136.61	(17,188.61)
7 Paid-up equity share capital (Face value of ₹ 10 each)	12,017.73	12,017.73	11,117.10	12,017.73	11,117.10	12,017.73
8 Earning per equity share (In ₹)						
(a) Basic (not annualised)	1.47	1.11	1.20	2.57	5.75	(14.56)
(b) Diluted (not annualised)	1.46	1.10	1.20	2.56	5.74	(14.56)

Arohan Financial Services Limited
Statement of unaudited financial results for the quarter and half year ended 30 September 2021
Balance Sheet

(₹ in lakhs)

Particulars	As at 30 September 2021 (Unaudited)	As at 31 March 2021 (Audited)
A ASSETS		
1 Financial assets		
(a) Cash and cash equivalents	74,738.85	1,15,801.75
(b) Other bank balances	24,481.34	19,249.42
(c) Trade receivables	122.05	113.67
(d) Loans	3,72,504.84	3,92,590.53
(e) Other financial assets	507.53	1,051.46
Total financial assets	4,72,354.61	5,28,806.83
2 Non-financial assets		
(a) Current tax assets (net)	1,611.84	635.96
(b) Deferred tax assets (net)	16,248.19	15,896.74
(c) Property, plant and equipment	448.82	502.28
(d) Intangible assets under development	32.45	52.55
(e) Other intangible assets	340.21	385.46
(f) Right of use asset	463.67	506.76
(g) Other non-financial assets	1,660.81	1,332.10
Total non-financial assets	20,805.99	19,311.85
TOTAL ASSETS	4,93,160.60	5,48,118.68
B LIABILITIES AND EQUITY		
Liabilities		
1 Financial liabilities		
(a) Payables		
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Debt securities	81,520.23	1,00,735.92
(c) Borrowings (other than debt securities)	2,78,917.10	3,19,775.64
(d) Subordinated liabilities	23,906.12	21,008.31
(e) Others financial liabilities	5,406.66	6,701.39
Total financial liabilities	3,89,750.11	4,48,221.26
2 Non-financial liabilities		
(a) Provisions	2,392.02	1,788.51
(b) Other non-financial liabilities	2,044.62	2,245.38
Total non-financial liabilities	4,436.64	4,033.89
Equity		
(a) Equity share capital	12,017.73	12,017.73
(b) Other equity	86,956.12	83,845.80
Total equity	98,973.85	95,863.53
TOTAL LIABILITIES AND EQUITY	4,93,160.60	5,48,118.68

Arohan Financial Services Limited

Statement of unaudited financial results for the quarter and half year ended 30 September 2021

Statement of cash flow

(₹ in lakhs)

Particulars	Half year ended 30 September 2021 (Unaudited)	Half year ended 30 September 2020 (Unaudited)
(A) Cash flows from operating activities		
Profit before tax	3,994.78	8,150.96
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	304.24	339.60
Interest on lease liability	27.95	38.77
Impairment on financial instruments & other financial assets	6,764.66	6,334.72
Interest income on unwinding of assigned portfolio	(296.53)	-
Expense on employee stock option scheme	194.78	126.89
Effective interest rate adjustment for financial instruments	(1,386.78)	596.76
Operating profit before working capital changes	9,623.10	15,587.70
Working capital adjustments		
<u>(Increase)/ decrease in assets</u>		
Loans	13,321.03	(11,032.20)
Trade receivables	(8.38)	363.52
Other bank balances	(5,231.92)	(3,008.91)
Other financial assets	842.76	220.50
Other non-financial assets	(331.24)	(23.08)
<u>Increase/ (decrease) in liabilities</u>		
Others financial liabilities	(1,251.83)	(1,732.06)
Provisions	314.64	83.10
Other non-financial liabilities	(200.76)	(92.91)
Cash generated from operating activities	17,077.40	365.66
Income taxes paid (net of refunds)	(2,241.74)	(1,258.35)
Net cash generated from/ (used in) operating activities (A)	14,835.66	(892.69)
(B) Cash flows from investing activities		
Purchase of property, plant and equipment	(48.31)	(60.04)
Purchase of intangible assets and intangible assets under development	(39.99)	(36.58)
Proceeds from sale of property, plant and equipment	2.65	-
Net cash (used in) investing activities (B)	(85.65)	(96.62)
(C) Cash flows from financing activities		
Proceeds from issue of equity shares including premium	124.05	-
Proceeds from debt securities	-	64,804.20
Repayment of debt securities	(17,260.00)	-
Proceeds from borrowings (other than debt securities)	2,17,056.22	1,67,873.64
Repayment of borrowings (other than debt securities)	(2,58,080.70)	(1,85,647.64)
Proceeds from subordinated liabilities	2,472.75	-
Payment of lease liabilities	(125.23)	(136.44)
Net cash (used in)/ generated from financing activities (C)	(55,812.91)	46,893.76
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(41,062.90)	45,904.45
Cash and cash equivalents as at the beginning of the period	1,15,801.75	68,858.30
Cash and cash equivalents as at the end of the period	74,738.85	1,14,762.75
Components of cash and cash equivalents:		
Cash on hand	151.87	332.35
Balances and deposits with banks	74,586.98	1,14,430.40
	74,738.85	1,14,762.75

Arohan Financial Services Limited

Notes:-

- The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of Arohan Financial Services Limited (the Company) at their meetings held on 10 November 2021 and 11 November 2021 respectively.
- The unaudited financial results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016.
- The above unaudited financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 52 of the SEBI Listing Obligations and Disclosure Requirements Regulations 2015 ("Listing Regulations"). The statutory auditors have expressed an unmodified conclusion on these financial results. The figures for the preceding and corresponding quarter ended 30 June 2021 and 30 September 2020 and the cash flow figures for the corresponding six-month period ended 30 September 2020 have been approved by the Company's Board of Directors but have not been subjected to audit or review.
- Consequent to the outbreak of the COVID-19 pandemic, the Indian Government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdown/ restriction continued to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restriction of business and individual activities led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. This has led to the rise in the number of borrower defaults and consequently an increase in corresponding provisions. The extent to which COVID-19 pandemic, including the "second wave" that has significantly increased the number of cases in India, continued to impact the Company's performance and would depend on future developments which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. The Company has recognized provisions as on 30 September 2021 towards its loan assets, based on the information available at this point of time, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic condition. The Company's capital and liquidity position remains sufficient and would continue to be the focus area for the Company; accordingly, the Company does not expect a stress on its liquidity situation in the immediate future.
- On 24 August 2021, the State Government of Assam had signed a memorandum of understanding (MOU) with the Company including other microfinance lenders for implementation of the Assam Micro Finance Incentive and Relief Scheme (AMFIRS), 2021 as one-time special relief for providing financial assistance to stressed microfinance borrowers. The Scheme prescribes settlement of claims categorized into current, overdues and non-performing assets (NPA) buckets, subject to review and approval by the authorities. The Company is in the process of providing the required data to the Government, thereafter the Government would assess the appropriateness of such claims and extend the benefit to the Company/borrowers. Accordingly, no adjustments have been made to the financial results for the current quarter and half year ended 30 September 2021.
- During the period, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the one-time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020 and 5th May 2021

(i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 Resolution Framework 1.0

(₹ in lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	6,48,491	1,46,585.81	-	-	5,125.13
Total	6,48,491	1,46,585.81	-	-	5,125.13

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(**) represents microfinance loans to customer

(₹ in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year (#)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	1,16,785.00	5,597.87	-	84,072.49	27,114.64
Total	1,16,785.00	5,597.87	-	84,072.49	27,114.64

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(**) represents microfinance loans to customer

(#) Includes loans aggregating ₹71,334.14 lakhs which has been subject to restructuring pursuant to RBI's notification no. RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 05 May 2021 on COVID-19 Resolution Framework 2.0.

(ii) Disclosures pursuant to RBI's notification no. RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 05 May 2021 on COVID-19 Resolution Framework 2.0

(₹ in lakhs)

Type of borrower	A Number of requests received for invoking resolution process under Part A	B Number of accounts where resolution plan has been implemented under this window	C Exposure to accounts mentioned at (B) before implementation of the plan	D Of (C), aggregate amount of debt that was converted into other securities	E Additional funding sanctioned, if any, including between invocation of the plan and implementation	F Increase in provisions on account of the implementation of the resolution plan
Personal Loans (**)	6,07,918	5,42,934	1,27,013.76	-	-	1,848.27
Business Loans	-	-	-	-	-	-
Small businesses	-	-	-	-	-	-

(**) represents microfinance loans to customer

- As per Regulation 54(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), debenture are secured by first charge ranking pari-passu with each other on the Company's book debt and loan installment receivables. The total asset cover is hundred percent or above of the principal amount of the said debentures.
- The Company is primarily engaged in the business of financing - a single business segment in terms of Ind AS108 "Operating segments"; consistent with the internal reporting provided to the Chief Operating Decision Maker.

By order of the Board
For Arohan Financial Services Limited
Manoj Kumar
Narayan Nambiar

Manoj Kumar Nambiar
Managing Director
DIN: 03172919

Place: Kolkata
Date: 11 November 2021

Arohan Financial Services Limited						
Statement of unaudited financial results for the quarter and half year ended 30 September 2021						
Particulars	(₹ in lakhs)					
	Quarter ended			Half year ended		Year ended
	30 September 2021 (Unaudited)	30 June 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	31 March 2021 (Audited)
1 Revenue						
(a) Interest income	21,049.31	22,249.63	25,382.73	43,298.94	49,137.79	94,582.42
(b) Fees and commission income	852.99	1,039.75	313.25	1,892.74	418.78	2,324.54
(c) Net gain on derecognition of financial instruments	-	-	-	-	-	1,565.00
(d) Other operating income	21.92	34.31	4.78	56.23	42.16	147.25
Total revenue from operations	21,924.22	23,323.69	25,700.76	45,247.91	49,598.73	98,619.21
(e) Other income	647.81	728.47	667.25	1,376.28	1,140.52	2,748.31
Total revenue	22,572.03	24,052.16	26,368.01	46,624.19	50,739.25	1,01,367.52
2 Expenses						
(a) Finance costs	10,435.40	11,059.26	12,275.98	21,494.66	23,764.19	46,798.67
(b) Impairment on financial instruments	2,147.04	4,617.62	5,811.21	6,764.66	6,334.72	50,386.29
(c) Employee benefits expenses	5,636.75	4,907.55	4,953.31	10,544.30	9,389.30	18,897.61
(d) Depreciation and amortization expenses	155.35	148.89	167.25	304.24	339.60	668.52
(e) Other expenses	1,770.57	1,750.98	1,574.34	3,521.55	2,760.48	6,395.76
Total expenses	20,145.11	22,484.30	24,782.09	42,629.41	42,588.29	1,23,146.85
3 Profit/ (loss) before tax (1-2)	2,426.92	1,567.86	1,585.92	3,994.78	8,150.96	(21,779.33)
4 Tax expense						
(a) Current tax	(217.55)	1,483.41	1,800.94	1,265.86	3,332.75	6,222.38
(b) Deferred tax charge/ (credit)	929.83	(1,208.57)	(1,523.86)	(278.74)	(1,438.23)	(12,006.77)
5 Net Profit/ (loss) after tax (3-4)	1,714.64	1,293.02	1,308.84	3,007.66	6,256.44	(15,994.94)
6 Other Comprehensive Income						
(a) Items that will not be reclassified to profit or loss						
(i) Remeasurement of post employment benefit obligations	(273.26)	(15.61)	50.17	(288.87)	(134.11)	(166.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	68.77	3.93	(12.63)	72.70	33.75	41.81
(b) Items that will be reclassified to profit or loss						
(i) Fair valuation of financial assets	-	-	(1,635.49)	-	(1,362.37)	(1,389.86)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	411.66	-	342.90	320.52
Total Other Comprehensive Income (a+b)	(204.49)	(11.68)	(1,186.29)	(216.17)	(1,119.83)	(1,193.67)
Total Comprehensive Income for the period/ year (5+6)	1,510.15	1,281.34	122.55	2,791.49	5,136.61	(17,188.61)
7 Paid-up equity share capital (Face value of ₹ 10 each)	12,017.73	12,017.73	11,117.10	12,017.73	11,117.10	12,017.73
8 Earning per equity share (In ₹)						
(a) Basic (not annualised)	1.47	1.11	1.20	2.57	5.75	(14.56)
(b) Diluted (not annualised)	1.46	1.10	1.20	2.56	5.74	(14.56)

Arohan Financial Services Limited
Statement of unaudited financial results for the quarter and half year ended 30 September 2021
Balance Sheet

(₹ in lakhs)

Particulars	As at 30 September 2021 (Unaudited)	As at 31 March 2021 (Audited)
A ASSETS		
1 Financial assets		
(a) Cash and cash equivalents	74,738.85	1,15,801.75
(b) Other bank balances	24,481.34	19,249.42
(c) Trade receivables	122.05	113.67
(d) Loans	3,72,504.84	3,92,590.53
(e) Other financial assets	507.53	1,051.46
Total financial assets	4,72,354.61	5,28,806.83
2 Non-financial assets		
(a) Current tax assets (net)	1,611.84	635.96
(b) Deferred tax assets (net)	16,248.19	15,896.74
(c) Property, plant and equipment	448.82	502.28
(d) Intangible assets under development	32.45	52.55
(e) Other intangible assets	340.21	385.46
(f) Right of use asset	463.67	506.76
(g) Other non-financial assets	1,660.81	1,332.10
Total non-financial assets	20,805.99	19,311.85
TOTAL ASSETS	4,93,160.60	5,48,118.68
B LIABILITIES AND EQUITY		
Liabilities		
1 Financial liabilities		
(a) Payables		
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Debt securities	81,520.23	1,00,735.92
(c) Borrowings (other than debt securities)	2,78,917.10	3,19,775.64
(d) Subordinated liabilities	23,906.12	21,008.31
(e) Others financial liabilities	5,406.66	6,701.39
Total financial liabilities	3,89,750.11	4,48,221.26
2 Non-financial liabilities		
(a) Provisions	2,392.02	1,788.51
(b) Other non-financial liabilities	2,044.62	2,245.38
Total non-financial liabilities	4,436.64	4,033.89
Equity		
(a) Equity share capital	12,017.73	12,017.73
(b) Other equity	86,956.12	83,845.80
Total equity	98,973.85	95,863.53
TOTAL LIABILITIES AND EQUITY	4,93,160.60	5,48,118.68

Arohan Financial Services Limited

Statement of unaudited financial results for the quarter and half year ended 30 September 2021

Statement of cash flow

(₹ in lakhs)

Particulars	Half year ended 30 September 2021 (Unaudited)	Half year ended 30 September 2020 (Unaudited)
(A) Cash flows from operating activities		
Profit before tax	3,994.78	8,150.96
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	304.24	339.60
Interest on lease liability	27.95	38.77
Impairment on financial instruments & other financial assets	6,764.66	6,334.72
Interest income on unwinding of assigned portfolio	(296.53)	-
Expense on employee stock option scheme	194.78	126.89
Effective interest rate adjustment for financial instruments	(1,386.78)	596.76
Operating profit before working capital changes	9,623.10	15,587.70
Working capital adjustments		
<u>(Increase)/ decrease in assets</u>		
Loans	13,321.03	(11,032.20)
Trade receivables	(8.38)	363.52
Other bank balances	(5,231.92)	(3,008.91)
Other financial assets	842.76	220.50
Other non-financial assets	(331.24)	(23.08)
<u>Increase/ (decrease) in liabilities</u>		
Others financial liabilities	(1,251.83)	(1,732.06)
Provisions	314.64	83.10
Other non-financial liabilities	(200.76)	(92.91)
Cash generated from operating activities	17,077.40	365.66
Income taxes paid (net of refunds)	(2,241.74)	(1,258.35)
Net cash generated from/ (used in) operating activities (A)	14,835.66	(892.69)
(B) Cash flows from investing activities		
Purchase of property, plant and equipment	(48.31)	(60.04)
Purchase of intangible assets and intangible assets under development	(39.99)	(36.58)
Proceeds from sale of property, plant and equipment	2.65	-
Net cash (used in) investing activities (B)	(85.65)	(96.62)
(C) Cash flows from financing activities		
Proceeds from issue of equity shares including premium	124.05	-
Proceeds from debt securities	-	64,804.20
Repayment of debt securities	(17,260.00)	-
Proceeds from borrowings (other than debt securities)	2,17,056.22	1,67,873.64
Repayment of borrowings (other than debt securities)	(2,58,080.70)	(1,85,647.64)
Proceeds from subordinated liabilities	2,472.75	-
Payment of lease liabilities	(125.23)	(136.44)
Net cash (used in)/ generated from financing activities (C)	(55,812.91)	46,893.76
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(41,062.90)	45,904.45
Cash and cash equivalents as at the beginning of the period	1,15,801.75	68,858.30
Cash and cash equivalents as at the end of the period	74,738.85	1,14,762.75
Components of cash and cash equivalents:		
Cash on hand	151.87	332.35
Balances and deposits with banks	74,586.98	1,14,430.40
	74,738.85	1,14,762.75

Arohan Financial Services Limited

Notes:-

- The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of Arohan Financial Services Limited (the Company) at their meetings held on 10 November 2021 and 11 November 2021 respectively.
- The unaudited financial results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016.
- The above unaudited financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 52 of the SEBI Listing Obligations and Disclosure Requirements Regulations 2015 ("Listing Regulations"). The statutory auditors have expressed an unmodified conclusion on these financial results. The figures for the preceding and corresponding quarter ended 30 June 2021 and 30 September 2020 and the cash flow figures for the corresponding six-month period ended 30 September 2020 have been approved by the Company's Board of Directors but have not been subjected to audit or review.
- Consequent to the outbreak of the COVID-19 pandemic, the Indian Government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdown/ restriction continued to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restriction of business and individual activities led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. This has led to the rise in the number of borrower defaults and consequently an increase in corresponding provisions. The extent to which COVID-19 pandemic, including the "second wave" that has significantly increased the number of cases in India, continued to impact the Company's performance and would depend on future developments which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. The Company has recognized provisions as on 30 September 2021 towards its loan assets, based on the information available at this point of time, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic condition. The Company's capital and liquidity position remains sufficient and would continue to be the focus area for the Company; accordingly, the Company does not expect a stress on its liquidity situation in the immediate future.
- On 24 August 2021, the State Government of Assam had signed a memorandum of understanding (MOU) with the Company including other microfinance lenders for implementation of the Assam Micro Finance Incentive and Relief Scheme (AMFIRS), 2021 as one-time special relief for providing financial assistance to stressed microfinance borrowers. The Scheme prescribes settlement of claims categorized into current, overdues and non-performing assets (NPA) buckets, subject to review and approval by the authorities. The Company is in the process of providing the required data to the Government, thereafter the Government would assess the appropriateness of such claims and extend the benefit to the Company/borrowers. Accordingly, no adjustments have been made to the financial results for the current quarter and half year ended 30 September 2021.
- During the period, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the one-time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020 and 5th May 2021

(i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 Resolution Framework 1.0

(₹ in lakhs)

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	6,48,491	1,46,585.81	-	-	5,125.13
Total	6,48,491	1,46,585.81	-	-	5,125.13

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(**) represents microfinance loans to customer

(₹ in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year (#)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
	Personal Loans	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others (**)	1,16,785.00	5,597.87	-	84,072.49	27,114.64
Total	1,16,785.00	5,597.87	-	84,072.49	27,114.64

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(**) represents microfinance loans to customer

(#) Includes loans aggregating ₹71,334.14 lakhs which has been subject to restructuring pursuant to RBI's notification no. RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 05 May 2021 on COVID-19 Resolution Framework 2.0.

(ii) Disclosures pursuant to RBI's notification no. RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 05 May 2021 on COVID-19 Resolution Framework 2.0

(₹ in lakhs)

Type of borrower	A	B	C	D	E	F
	Number of requests received for invoking resolution process under Part A	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (B) before implementation of the plan	Of (C), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans (**)	6,07,918	5,42,934	1,27,013.76	-	-	1,848.27
Business Loans	-	-	-	-	-	-
Small businesses	-	-	-	-	-	-

(**) represents microfinance loans to customer

- As per Regulation 54(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), debenture are secured by first charge ranking pari-passu with each other on the Company's book debt and loan installment receivables. The total asset cover is hundred percent or above of the principal amount of the said debentures.
- The Company is primarily engaged in the business of financing - a single business segment in terms of Ind AS108 "Operating segments"; consistent with the internal reporting provided to the Chief Operating Decision Maker.

By order of the Board
For **Arohan Financial Services Limited**

Manoj Kumar Nambiar
Managing Director
DIN: 03172919

Place: Kolkata
Date: 11 November 2021

Arohan Financial Services Limited

Statement of unaudited financial results for the quarter and half year ended 30 September 2021

Sl. No	Particulars	Ratios
A	Debt-equity ratio as at 30 September 2021 (Total Debts / Shareholder's fund)	3.88
B	Debt service coverage ratio	Not Applicable
C	Interest service coverage ratio	Not Applicable
D	Debenture redemption reserve as at 30 September 2021	Not Applicable
E	Net worth (₹ in lakhs) as at 30 September 2021	98,973.85
F	Net profit after tax (₹ in lakhs)	
	(i) For the quarter ended 30 September 2021	1,714.64
	(ii) For the half year ended 30 September 2021	3,007.66
G	Earnings per share - Basic and Diluted (in ₹)	
	(i) Basic (not annualised) :	
	Quarterly	1.47
	Half yearly	2.57
	(ii) Diluted (not annualised) :	
	Quarterly	1.46
	Half yearly	2.56
H	Current ratio	Not Applicable
I	Long term debt to working capital	Not Applicable
J	Bad debts to account receivable ratio as at 30 September 2021	1.92%
K	Current liability ratio	Not Applicable
L	Total debts to total assets as at 30 September 2021	77.93%
M	Debtors turnover	Not Applicable
N	Inventory turnover	Not Applicable
O	Operating margin (%)	Not Applicable
P	Net profit margin (%)	
	(i) For the quarter ended 30 September 2021	7.60%
	(ii) For the half year ended 30 September 2021	6.45%
Q	Sector specific equivalent ratios, as applicable	
	(i) Capital Adequacy Ratio as at 30 September 2021	23.97%
	(ii) Gross Stage 3 Ratio as at 30 September 2021	11.91%
	(iii) Net Stage 3 Ratio as at 30 September 2021	3.14%

By order of the Board
For Arohan Financial Services Limited

Manoj Kumar
Narayan Nambiar
Digitally signed by Manoj Kumar
Narayan Nambiar
Date: 2021.11.11 15:49:50 +05'30'
Manoj Kumar Nambiar
Managing Director
DIN: 03172919

Place: Kolkata
Date: 11 November 2021

Registered Office: PTI Building, DP Block, DP-9, 4th Floor, Sector - V, Salt Lake, Kolkata - 700091.
CIN: U74140WB1991PLC053189; **Website:** www.arohan.in