

**Independent Auditor's Review Report on Unaudited Quarterly and Year to date Financial Results of Arohan Financial Service Limited pursuant to the Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Board of Directors of Arohan Financial Service Limited**

1. We have reviewed the accompanying Statement of unaudited financial results of Arohan Financial Service Limited (the 'Company') for the quarter ended December 31, 2021 and the year to-date for the period April 1, 2021 to December 31, 2021 (the 'Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Regulation'). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to express a conclusion based on our review.
2. This Statement has been prepared by the Company's Management in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 - 'Interim Financial Reporting' (the 'Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India **and in compliance with the Regulation.**
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether financial results are free of material misstatements. A review 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 Standards on Auditing specified under section 143(10) of the Companies Act, 2013 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 4 of the Statement, which describes the extent to which the Covid - 19 pandemic will continue to impact the Company's financial results will depend on ongoing and future developments which are uncertain.

Our conclusion is not modified in respect of this matter.

# MSKA & Associates

Chartered Accountants

6. The financial results of the Company for the corresponding nine month period ended December 31, 2020 and quarter ended September 30, 2021, were reviewed by another auditor whose report dated March 04, 2021 and November 11, 2021 respectively expressed an unmodified conclusion on those financial results and the financial statements of the Company for the year ended March 31, 2021 were audited by another auditor whose report dated June 04, 2021 expressed an unmodified opinion on those financial statements.

Our conclusion is not modified in respect of these matters.

**For M S K A & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

Tushar Kurani

Partner

Membership Number: 118580

UDIN: 22118580ABIKXW5303

Mumbai

February 11, 2022

**Arohan Financial Services Limited**
**Statement of unaudited financial results for the quarter and nine month ended 31 December 2021**

(₹ in lakhs)

Particulars	Quarter ended			Nine month ended		Year ended
	31 December 2021 (Unaudited)	30 September 2021 (Unaudited)	31 December 2020 (Unaudited)	31 December 2021 (Unaudited)	31 December 2020 (Unaudited)	31 March 2021 (Audited)
<b>1 Revenue</b>						
(a) Interest income	21,654.79	21,049.31	24,079.54	64,953.73	73,217.33	94,582.42
(b) Dividend Income	3.50	-	-	3.50	-	-
(c) Fees and commission income	1,198.39	852.99	790.33	3,091.13	1,209.11	2,324.54
(d) Net gain on derecognition of financial instruments	-	-	-	-	-	1,565.00
(e) Others	42.98	21.92	52.16	99.21	94.32	147.25
<b>Total revenue from operations</b>	<b>22,899.66</b>	<b>21,924.22</b>	<b>24,922.03</b>	<b>68,147.57</b>	<b>74,520.76</b>	<b>98,619.21</b>
(e) Other income	309.38	647.81	829.45	1,685.66	1,969.97	2,748.31
<b>Total revenue</b>	<b>23,209.04</b>	<b>22,572.03</b>	<b>25,751.48</b>	<b>69,833.23</b>	<b>76,490.73</b>	<b>1,01,367.52</b>
<b>2 Expenses</b>						
(a) Finance costs	9,706.46	10,435.40	11,952.26	31,201.12	35,716.45	46,798.67
(b) Impairment on financial instruments	3,835.16	2,147.04	26,286.33	10,599.82	32,621.05	50,386.29
(c) Employee benefits expenses	5,315.53	5,636.75	4,848.50	15,859.83	14,237.80	18,897.61
(d) Depreciation and amortization expenses	146.68	155.35	169.53	450.92	509.13	668.52
(e) Other expenses	1,894.93	1,770.57	1,657.46	5,416.48	4,417.94	6,395.76
<b>Total expenses</b>	<b>20,898.76</b>	<b>20,145.11</b>	<b>44,914.08</b>	<b>63,528.17</b>	<b>87,502.37</b>	<b>1,23,146.85</b>
<b>3 Profit/ (loss) before tax (1-2)</b>	<b>2,310.28</b>	<b>2,426.92</b>	<b>(19,162.60)</b>	<b>6,305.06</b>	<b>(11,011.64)</b>	<b>(21,779.33)</b>
<b>4 Tax expense</b>						
(a) Current tax	(1,265.86)	(217.55)	1,910.49	-	5,243.24	6,222.38
(b) Deferred tax charge/ (credit)	1,924.17	929.83	(6,635.18)	1,645.43	(8,073.41)	(12,006.77)
<b>5 Net Profit/ (loss) after tax (3-4)</b>	<b>1,651.97</b>	<b>1,714.64</b>	<b>(14,437.91)</b>	<b>4,659.63</b>	<b>(8,181.47)</b>	<b>(15,994.94)</b>
<b>6 Other Comprehensive Income</b>						
(a) <b>Items that will not be reclassified to profit or loss</b>						
(i) Remeasurement of post employment benefit obligations	(148.82)	(273.26)	(113.58)	(437.69)	(247.69)	(166.14)
(ii) Remeasurement of equity instruments through other comprehensive income	3.32	-	-	3.32	-	-
(iii) Income tax relating to items that will not be reclassified to profit or loss	36.62	68.77	28.59	109.32	62.34	41.81
(b) <b>Items that will be reclassified to profit or loss</b>						
(i) Fair valuation of financial assets	-	-	(20.16)	-	(1,382.53)	(1,389.86)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	5.10	-	348.00	320.52
<b>Total Other Comprehensive Income (a+b)</b>	<b>(108.88)</b>	<b>(204.49)</b>	<b>(100.05)</b>	<b>(325.05)</b>	<b>(1,219.88)</b>	<b>(1,193.67)</b>
<b>Total Comprehensive Income for the period/ year (5+6)</b>	<b>1,543.09</b>	<b>1,510.15</b>	<b>(14,537.96)</b>	<b>4,334.58</b>	<b>(9,401.35)</b>	<b>(17,188.61)</b>
<b>7 Paid-up equity share capital (Face value of ₹ 10 each)</b>	<b>12,017.73</b>	<b>12,017.73</b>	<b>11,117.10</b>	<b>12,017.73</b>	<b>11,117.10</b>	<b>12,017.73</b>
<b>8 Earning per equity share (not annualised)</b>						
(a) Basic (In ₹)	1.41	1.47	(13.28)	3.99	(7.52)	(14.56)
(b) Diluted (In ₹)	1.41	1.46	(13.25)	3.97	(7.52)	(14.56)

**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 February 2022 and 11 February 2022 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.
- During FY2021, the Covid-19 pandemic resulted in a nation-wide lockdown in April-May 2020 which substantially impacted economic activity. Regulatory measures like moratorium on payment of dues and standstill in asset classification were implemented to mitigate the economic consequences on borrowers. The pandemic resulted in increase in provisioning reflecting higher actual and expected additions to non-performing loans. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy from the second half of FY2021. The second wave of the Covid-19 pandemic in April-May 2021 led to the re-imposition of localised/ regional lock-down measures in various parts of the country. The lock-down measures were lifted gradually, as the second wave subsided from June 2021 onwards. The impact of the recent outbreak of third wave of Covid-19 has been mild till date. However, it has led to re-imposition of some localised/regional restrictive measures in the country.  
While there has been significant progress in vaccination programme and the impact of the third wave of Covid-19 in India has been mild till date, the impact, including with respect to credit quality and provisions, of the Covid-19 pandemic on the Company, is uncertain and will depend on the trajectory of the pandemic, effectiveness of the vaccinations, the effectiveness of current and future steps taken by the government and central bank to mitigate the economic impact.  
The Company has recognized provisions as on 31 December 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 Statements. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic condition. 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.
- RBI vide circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances – Clarifications" has clarified certain aspects of the extant regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across the lending institutions. The Company has taken steps to comply with the norms / changes for regulatory reporting, as applicable. Such clarification has no significant impact on the financial results for the quarter and nine month period ended 31 December 2021 as the Company continues to prepare the financial results in accordance with the applicable Ind AS guidelines and the RBI circular dated March 13, 2020 – "Implementation of Indian Accounting Standards".
- 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) 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

	A	B	C	D	E	F
<b>Type of borrower</b>	<b>Number of requests received for invoking resolution process under Part A</b>	<b>Number of accounts where resolution plan has been implemented under this window</b>	<b>Exposure to accounts mentioned at (B) before implementation of the plan</b>	<b>Of (C), aggregate amount of debt that was converted into other securities</b>	<b>Additional funding sanctioned, if any, including between invocation of the plan and implementation</b>	<b>Increase in provisions on account of the implementation of the resolution plan</b>
Personal Loans (**)	6,07,918	5,42,934	1,27,013.76	-	-	1,567.16
Business Loans	-	-	-	-	-	-
Small businesses	-	-	-	-	-	-

(\*\*) represents microfinance loans to customer

- Disclosures pursuant to Master Direction — Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 in terms of RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021:

Particulars	During the quarter ended 31 December 2021
Details of loans not in default that are transferred or acquired	-
Details of Stressed loans transferred or acquired	-

- 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.
- As per Regulation 54(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), all secured non convertible debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on identified receivables to the extent of at least 100% of outstanding secured NCDs and pursuant to the terms of respective information memorandum.
- The figures for the quarter ended December 31, 2021 and December 31, 2020 are the balancing figures between reviewed figures in respect of the nine months ended December 31, 2021 and December 31, 2020 and the reviewed figures for the half year ended September 30, 2021 and September 30, 2020 respectively.
- Information as required by Regulations 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is attached as Annexure 1.
- Previous quarter/ nine months/ year figures have been regrouped / rearranged wherever necessary, to conform with the current quarter/ nine months/ year.

By order of the Board  
For Arohan Financial Services Limited

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

Place: Kolkata  
Date: 11 February 2022

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

**Arohan Financial Services Limited**

Statement of unaudited financial results for the quarter and nine ended 31 December 2021

Annexure 1

Sl. No	Particulars	Ratio
A	Debt-equity ratio <sup>1</sup>	3.51
B	Debt service coverage ratio <sup>2</sup>	Not Applicable
C	Interest service coverage ratio <sup>2</sup>	Not Applicable
D	Debenture redemption reserve <sup>3</sup>	Nil
E	Net worth (₹ in lakhs) <sup>4</sup>	1,00,663.26
F	Net profit after tax (₹ in lakhs)	
	(i) For the quarter ended	1,651.97
	(ii) For the nine months ended	4,659.63
G	Earnings per share - Basic and Diluted (in ₹)	
	(i) Basic :	
	Quarter ended	1.41
	Nine months ended	3.99
	(ii) Diluted :	
	Quarter ended	1.41
	Nine months ended	3.97
H	Current ratio <sup>7</sup>	Not Applicable
I	Long term debt to working capital <sup>7</sup>	Not Applicable
J	Bad debts to account receivable ratio <sup>7</sup>	Not Applicable
K	Current liability ratio <sup>7</sup>	Not Applicable
L	Total debts to total assets <sup>5</sup>	76.06%
M	Debtors turnover <sup>7</sup>	Not Applicable
N	Inventory turnover <sup>7</sup>	Not Applicable
O	Operating margin (%) <sup>7</sup>	Not Applicable
P	Net profit margin (%) <sup>6</sup>	
	(i) For quarter ended	7.12%
	(ii) For nine months ended	6.67%
Q	Sector specific equivalent ratios, as applicable	
	(i) Capital adequacy ratio <sup>8</sup>	24.77%
	(ii) Gross stage 3 ratio <sup>9</sup>	6.61%
	(iii) Net stage 3 ratio <sup>10</sup>	2.28%

Notes -

- Debt - equity ratio = (Debt securities + Borrowings - other than debt securities + Subordinated liabilities) / Network.
  - Debt service coverage ratio and interest service coverage ratio is not applicable to Banks or NBFC / Housing Finance Companies registered with RBI as per Regulation 52(4) of SEBI Listing Obligations and Disclosure Requirements Regulation 2015.
  - Capital redemption Reserve / Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
  - Net worth is calculated as defined in section 2(57) of Companies Act 2013.
  - Total debts to total assets = (Debt securities + Borrowings - other than debt securities + Subordinated liabilities) / Total Assets
  - Net profit margin = Net profit after tax / total income
  - The Company is a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, hence these ratios are generally not applicable.
  - Capital to risk-weighted assets is calculated as per the RBI guidelines.
  - Gross stage 3 ratio = Gross stage 3 loans exposure at Default (EAD) / Gross total loans EAD
  - Net Stage 3 ratio = (Gross stage 3 loans EAD - Impairment loss allowance for Stage 3) / (Gross total loans EAD - Impairment loss allowance for Stage 3)
- \* Refer note 5 of financial result.

By order of the Board  
For Arohan Financial Services Limited

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

Place: Kolkata  
Date: 11 February 2022

Registered Office: PTI Building, DP Block, DP-9, 4th Floor, Sector - V, Salt Lake, Kolkata - 700091.  
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