

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the members of Arohan Financial Services Limited (*"the Company"*) will be held at its Registered office PTI Building, 4th Floor, DP-9, Sector-V, Salt Lake, Kolkata Parganas North WB 700091 India, on, Monday, 5th August, 2019 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, the Report of the Auditors and Director's Report thereon;

"RESOLVED THAT the Audited Financial Statements comprising of Statement of Profit & Loss Account, Balance Sheet and Cash Flow Statement for the financial year ended 31st March, 2019 together with the Notes as annexed thereto with the Auditors' Report and the Directors' Report dated 15th May, 2019, as circulated to the Shareholders of the Company and submitted to this meeting, be and the same are hereby received and adopted."

2. To re-appoint Mr. Vineet Chandra Rai (DIN 00606290) as Director, who retires by rotation and, being eligible, offers himself for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded to the reappointment of Mr. Vineet Chandra Rai (DIN 00606290) as a director, to the extent that he is require to retire by rotation.



3. To re-appoint Mr. Anurag Agrawal (DIN 02385780) as Director, who retires by rotation and, being eligible, offers himself for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded to the reappointment of Mr. Anurag Agrawal (DIN 02385780) as a director, to the extent that he is require to retire by rotation.

SPECIAL BUSINESS:

4. Increase Borrowing Power of the Company.

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Special Resolutions:

"RESOLVED THAT in supersession of the earlier resolution passed by the Members in their meeting held on May 15, 2018, the consent of the Company be and is hereby accorded to the Board of Directors and/or any Committee of Directors thereof, under Section 180(1)(c) of the Companies Act, 2013 to borrow any sum or sums of monies from time to time notwithstanding that the money or the monies to be borrowed, together with the monies already borrowed by the Company, may exceed aggregate of its paid-up capital, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business, provided however, the total amount so borrowed shall not exceed INR 7,500 crores (Rupees Seven Thousand Five Hundred Crores only).

"RESOLVED FURTHER THAT the Managing Director, Chief Financial Officer and Company Secretary be and are hereby severally authorized to file necessary forms with the Registrar of Companies,

Kolkata and to do or cause to do such other acts, deeds things and execute all such documents, undertaking as may be considered necessary in connection with or incidental to the above."

5. Creation of Charge and Providing Security.

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Special Resolutions:

"RESOLVED THAT in supersession of the earlier resolution passed by the Members in their meeting held on May 15, 2018, the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to pledge, mortgage and/or charge by the Board of Directors and/or Committee of Directors of the Company, by way of charge on all the immovable and movable properties of the Company in favour of the Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed INR 7,500 crores (Rupees Seven Thousand Five Hundred Cores only) at any time.

"RESOLVED FURTHER THAT the Managing Director, Chief Financial Officer and Company Secretary be and are hereby severally authorized to finalize with Banks/Financial Institutions the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."



6. To Issue Non-Convertible Debentures.

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Special Resolutions:

“RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed there under, as may be amended from time to time, and subject to other applicable regulations/guidelines, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board which term shall include any committee thereof) for making offer(s) or Invitation (s) to subscribe to Non Convertible Debentures, including bonds, on private placement basis, in one or more tranches from time to time, during a period of one year from date of passing of this resolution within the overall borrowing limits of the Company not exceeding INR. 5000 crores, as approved by the members, from time to time.”

“RESOLVED FURTHER THAT the Board/or any Committee be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution.”

7. Payment of Commission to Directors

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Special Resolutions:

“RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee, the Board pursuant to the provisions of Section 197 & 198 and other applicable provisions, if any of the

Companies Act, 2013 (including any statutory modifications, enactment or re-enactment thereof for the time being in force) be and is hereby recommends the payment of commission to the Directors of the Company within the overall limit as per the Companies Act, 2013, approval of the members, be and is hereby accorded for payment to Commission to Promoters Directors as decided by the Nomination and Remuneration Committee and Board of Directors of the Company.

“RESOLVED FURTHER THAT Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution”

Date: 15th May, 2019

Place: Kolkata

For Arohan Financial Services Limited



Anirudh Singh G Thakur

Company Secretary and Compliance Officer

NOTES

1. The Explanatory Statement under Section 102 of the Companies Act, 2013, as amended, in respect of the special business is annexed herewith and forms part of the notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Pursuant to Section 20(2) of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, each as amended, companies are permitted to send official documents to their shareholders electronically.
4. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the Company during office hours on all working days, except Saturdays, Sundays and public holidays, between 9:30 a.m. Indian Standard Time and 6:30 p.m. Indian Standard Time, up to the date of the Annual General Meeting.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE DATED 15TH MAY, 2019 (THE "NOTICE")

Item no. 4 & 5

Increase Borrowing Power of the Company and Creation of Charge and Providing Security.

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital, free reserves and securities premium of the Company. Hence it is proposed to increase the maximum borrowing limits upto INR 7,500 crores (Rupees Seven Thousand Five Hundred only). Pursuant to Section 180(1) (c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital, free reserves and securities premium of the Company at any one time except with the consent of the members of the Company in a general meeting. In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting.

The Board recommends the resolutions set out in item no. 4 & 5 of the Notice for your approval.

[None of the directors or managers or key managerial personnel of the Company or the relatives thereof are interested in these resolutions.]



Item no. 6**Issue Non- Convertible Debentures**

The Board may, at an appropriate time, consider offering or inviting subscriptions for secured/ unsecured redeemable non-convertible debentures, in one or more series / tranches, on private placement, issuable / redeemable at par, in order to augment long-term resources for financing inter alia the ongoing capital expenditure and for general corporate purposes. Section 71 of the Act which deals with the issuance of debentures read with Section 42 of the Act which deals with the offer or invitation for subscription of securities of a company on private placement and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provide that a company which intends to make a private placement of its non-convertible debentures, shall, before making an offer or invitation for subscription, obtain approval of its shareholders by means of a special resolution. It shall be sufficient if the company passes a special resolution only once in a year for all the offers or invitations for such non-convertible debentures during the year.

Keeping in view the above, consent of the members is sought for passing the Special Resolution as set out at Item No. 6 of the Notice. This enabling resolution authorises the Board of Directors/ or any Committee of the Company to offer or invite subscription for redeemable non-convertible debentures, as may be required by the Company, from time to time and as set out herein, for a period of one year from the date of passing this resolution.

The Board recommends the resolutions set out in item no. 6 of the Notice for your approval.

[None of the directors or managers or key managerial personnel of the Company or the relatives thereof are interested in these resolutions.]



Item no. 7**Payment of Commission to Directors**

As per the recommendation of the Nomination and Remuneration Committee in their Meeting dated 15th May 2019, the Board proposed to pay commission to the Promoter directors in addition to the payment of commission to the Independent directors, which was already approved in the last Annual General Meeting in terms of the applicable provisions of the Companies Act 2013 and its applicable rules and the Article of Association of the Company.

This commission being paid to the Promoter Directors is in light of the fact that Promoter Directors are not paid any sitting fees right from the beginning till date and they have contributed significantly to the growth of the Company from the September 2012, when the Promoter Group took over the Company.

The actual sum of the proposed commission to the individual Directors will be as approved by the Nomination and Remuneration Committee and Board of Directors of the Company within the overall limit as specified in the Companies Act, 2013.

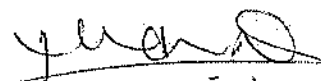
The Board recommends the resolutions set out in item no. 7 of the Notice for your approval.

[Except Mr. Vineet Chandra Rai and Mr. Anurag Agrawal, Promoter Directors of the Company, none of the directors or managers or key managerial personnel of the Company or the relatives thereof are interested in these resolutions.]

Date: 15th May, 2019

Place: Kolkata

For Arohan Financial Services Limited



Anirudh Singh G Thakur

**Company Secretary &
Compliance Officer**

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

AROHAN FINANCIAL SERVICES LIMITED

CIN: U74140WB1991PTC053189

REGD. OFFICE: PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake Kolkata
Parganas North WB 700091 IN.

Name of the members(s):.....

Registered address:.....

E-mail Id:.....

Folio No:

I/We, being the member (s) of shares of the AROHAN FINANCIAL SERVICES LIMITED., hereby appoint:

- 1).....ofhaving e-mail idor failing him
- 2).....ofhaving e-mail idor failing him
- 3).....ofhaving e-mail idor failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Annual General Meeting of the Company**, to be held on Monday, August 5, 2019 at 11:00 A.M. at REGISTERED OFFICE PTI BUILDING, 4TH FLOOR, DP-9, SECTOR-5, SALT LAKE KOLKATA PARGANAS NORTH WB 700091 INDIA and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:



Resolutions	For	Against
<u>ORDINARY BUSINESS:</u> 1. Consider and adopt the Audited Financial Statements, Report of the Auditors and Director's Report of the Company. 2. Reappointment of Vineet Chandra Rai as Director who is retiring by rotation. 3. Reappointment of Anurag Agrawal as Director who is retiring by rotation.		
<u>SPECIAL BUSINESS:</u> 4. Increase Borrowing Power of the Company 5. Creation of Charge and Providing Security 6. Issue of Non-Convertible Debentures 7. Payment of Commission to Directors		

Signed this..... day of..... 2019

.....
 Signature of shareholder

Affix a
 Revenue
 Stamp

.....
 Signature of first proxy holder

.....
 Signature of second proxy holder

.....
 Signature of third proxy holder

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not to be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 % of the total share capital of the Company carrying voting rights. A member holding more than 10 % of the total share of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. **This is only optional. Please put a 'tick' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but name of all the joint holders should be stated.



ATTENDANCE SLIP**AROHAN FINANCIAL SERVICES LIMITED**

CIN: U74140WB1991PLC053189

REGD. OFFICE: PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake Kolkata
Parganas North WB 700091 IN.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE
OF THE MEETING HALL.

Folio No:

No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER:

.....
.....

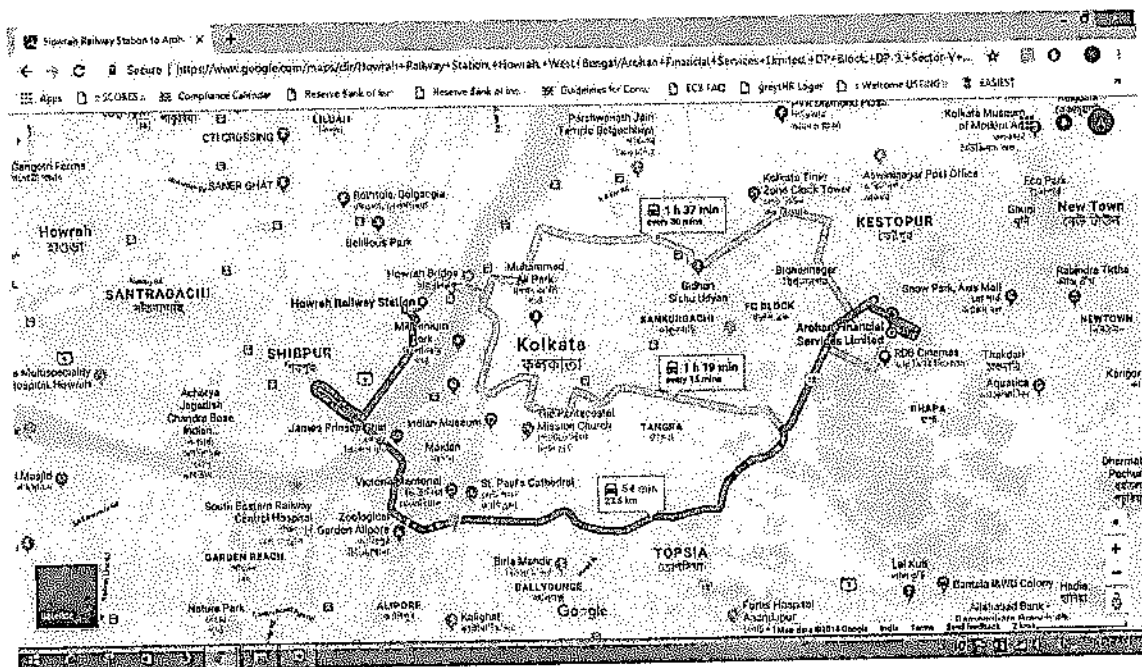
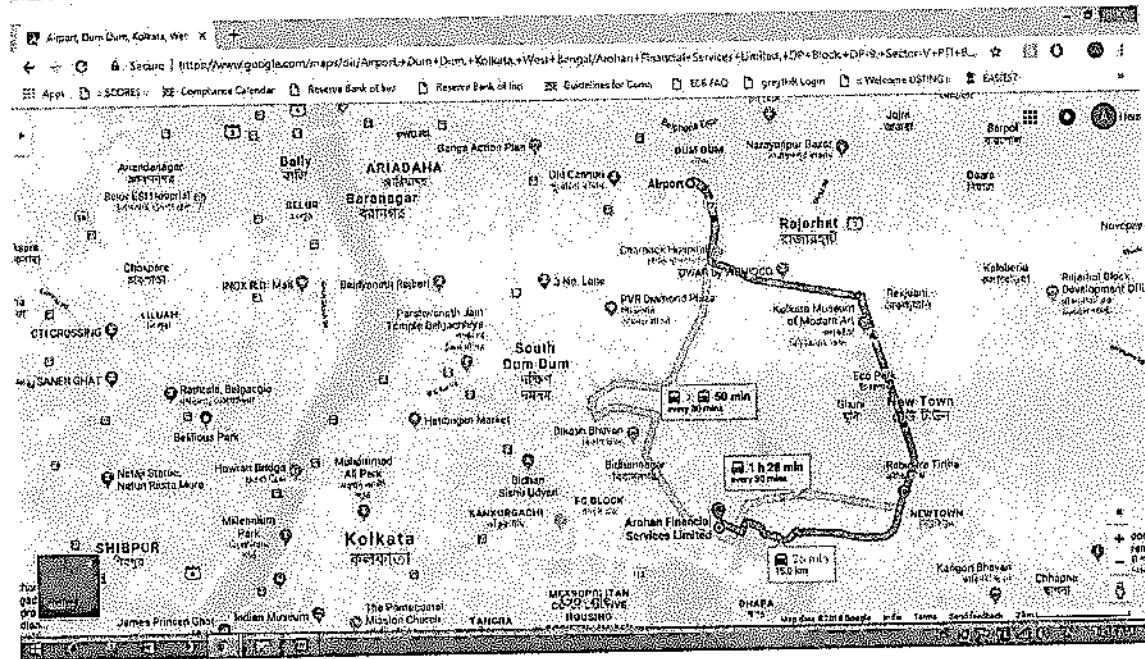
I hereby record my presence at the Annual General Meeting of **AROHAN
FINANCIAL SERVICES LIMITED** held on Monday, August 5, 2019 at 11:00
A.M, at PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake Kolkata Parganas
North WB 700091 IN.

Signature of Member / Proxy**Notes:**

- (1) Members/ Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
- (2) Members are requested to bring their copy of Annual Report for reference at the Meeting.



MAP for AROHAN FINANCIAL SERVICES LIMITED Registered Office:



DIRECTOR'S REPORT

Dear Members,

Your Board of Directors (the "Board") takes pleasure in presenting the Annual Report of AROHAN FINANCIAL SERVICES LIMITED (*Erstwhile Arohan Financial Services Private Limited*) (the "Company") together with the audited financial statements for the year ended March 31, 2019.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial performance of the Company is summarized below:

	(INR in Cr)		
	FY 2019	FY 2018	Change (%)
Total Revenue	634.65	327.02	94.07
Less: Total expenditure	481.44	281.59	70.97
Profit Before Tax	153.21	45.42	237.32
Profit After Tax	112.08	29.67	277.76
Earnings Per Share (EPS)			
-Basic (in INR)	12.30	3.35	267.16
-Diluted (in INR)	12.27	3.35	266.27

The operational highlights of the Company are summarized below:

Year ended March 31,	FY 2019	FY 2018	Change (%)
Number of branches	593	435	36.32
Number of members (in million)	1.8	1.1	63.64
Number of employees	4,765	3,318	43.61
Gross loan portfolio (in crores)	4044	2171	86.32

The Company's overall growth during the period under review was remarkable, creating milestones for every business segments in the Company's history. In line with the growth plan the Company was able to reach a landmark figure of INR 4,000 crores portfolio outstanding with a presence in 13 States in India which includes 10 low-income States in

microfinance and 3 additional States in the MSME business. The major performance ratios such as Opex, Margin, ROA, and CRAR were under control and optimum. ROE was close to 23.61 %; this was significantly higher from the budgeted numbers. The rating has improved, ALM was positive, even in difficult situations, the Company was able to raise sufficient funds for its expected growth, and the average cost of fund was around 11.04 % at the year end. While the interest income grew by 88%, the fee income grew significantly by 149%, thereby contributing to the increasing profitability. The fee income has increased due to growth in cross-sell revenue and securitization & assignment deals. The PBT has increased by 237% due to lower expenses as compared to revenue. The net worth has increased due to the infusion of INR 193 crores equity capital and higher retained earnings. Return on Equity (ROE) and Return on Assets (ROA) has improved due to better profitability achieved (PBT of INR 153 crores) than the budget (PBT of INR 134 crores). The gross AUM of the Company has reached to INR 4044 crores at the end of FY 19 and the Company was operating with 586 organic & 7 MSME branches and serving nearly 1.8 million customers. The Company continues to maintain Net NPA status at zero. About 91% disbursement was being carried out in cashless mode and Tab based collection was almost 55% at the end of March 2019.

The financial year 2018-19 has also been a year of recognition for all of us, starting with the Dun & Bradstreet MFIN Award for the "Best Risk Resilience Framework" in the industry, the IICSR CSR Award for our Water project, the ICC CSR sustainability jury recognition, the 3 SKOCH awards for "Strategic Alliance Initiative", "Financial Inclusion, Microcredit and Rural Expansion" & "Strategic IT Transformation", the AMFI awards for "Best Coverage in East India", "Best Credit Plus Activities" and "Best Client Centric Initiatives" to the big one, **"Microfinance Organisation of the Year 2018"** by ACCESS Assist and HSBC.



CAPITAL INFUSION

During the year, the Company has preferentially allotted 13,50,000 equity shares to Arohan ESOP Trust and has also allotted 1,28,58,563 equity shares on a private placement basis to the promoter, promoter group and some identified investors.

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of the Company stands at INR 1,02,67,39,160 (Rupees One Hundred Two Crore Sixty Seven Lakh Thirty Nine Thousand One Hundred and Sixty) comprising of 10,26,73,916 (Ten Crore Twenty Six Lakh Seventy Three Thousand Nine Hundred and Sixteen) equity shares of INR 10 each as on March 31, 2019. The net worth of the Company as on March 31, 2019 was INR 681 crores. During the year, the Company has not raised capital in any other manner.

During the year, the Company has issued Unsecured, Subordinated, Rated, Listed, Redeemable, Non-convertible Debentures of face value of INR 10 each, aggregating to INR 35 crores on a private placement basis.

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

- 14.75% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 5,00,000 each aggregating up to INR 29,05,00,000 (581 Debentures) on November 16, 2018;
- 14.30% Series 1 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 10,00,000 each aggregating up to INR 33,00,00,000 (330 Debentures) on December 18, 2018; and
- 14.30% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 10,00,000 each aggregating up to INR 20,00,00,000 (200 Debentures) on January 25, 2019.



DIVIDEND

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the relevant provisions of the Companies Act, 2013 (Act) and the Articles of Association of the Company, Mr. Vineet Chandra Rai and Mr. Anurag Agrawal, Directors of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered themselves for re-appointment.

The Company during the year has appointed Mr. David Arturo Paradiso as an Alternate Director to Mr. Kasper Svarrer, Nominee of Maj Invest Financial Inclusion Fund II K/s, Mr. Paul Robine as a Nominee Director of TR Capital III Mauritius, replaced Mr. K C Vaid with Mr. Prakash Kumar as a Nominee Director of Small Industries Development Bank of India (SIDBI) as per SIDBI Act, 1990 and Mr. Sumantra Banerjee was re-appointed as an Independent Director of the Company for the second term of five year as per Section 149 of the Companies Act, 2013.

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

DECLARATION OF INDEPENDENCE

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").



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

The Company doesn't have any subsidiary, associate and joint venture.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a) In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the Profit and loss of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a 'going concern' basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and



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

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

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2019, the Board consists of 12 members (13 including Alternate Director), which includes one Executive Director, two non-Executive Directors, four Independent Directors, and five Nominee Directors. The Chairman of the Company is independent director, in terms of the relevant provisions of the Companies Act 2013. The Board periodically evaluates the need for change in its composition and size.

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

The Nomination and Remuneration Committee decided the remuneration of executive Directors and key managerial personnel on the basis of following criteria;

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and



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

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

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

AUDITORS

- (i) Statutory Auditors – M/s Walker Chandiok & Co LLP, (Firm Registration Number –001076N/N500013), Chartered Accountants were re-appointed as statutory auditors of the Company in the Annual General Meeting held on 15/05/2018 for a term up to five years, i.e. till the FY 2022-23. They have confirmed their eligibility under section 141 of the Companies Act, 2013 to carry out the audit for the FY 19-20.
- (ii) Secretarial Auditors – M/s. Jayshri Tulsyan & Associates, Practicing Company Secretary (Certificate of Practice No. 8096) were appointed as Secretarial Auditor of the Company to conduct Secretarial Audit for the Company for the Financial Year 2018-19 as required under Section 204 of the Companies Act, 2013 and the rule made thereunder. The Secretarial Audit Report for FY 18-19 is appended as **Annexure I** to the Directors' Report.

There are no qualifications, reservation or adverse remark made by the Statutory Auditor and Secretarial Auditor in their reports, save and except disclaimer made by them in discharge of their professional obligation.

**DETAILS OF FRAUDS REPORTED BY THE STATUTORY AUDITORS**

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

PARTICULARS OF LOANS OR GUARANTEES OR INVESTMENTS

Pursuant to the clarification dated February 13, 2015 issued by the Ministry of Corporate Affairs and Section 186(11) of the Companies Act 2013, the provision of Section 134 (3)(g) of the Companies Act 2013 requiring disclosure of particulars of the loans given, investments made or guarantees given or securities provided is not applicable to the Company.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act 2013 and during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act 2013. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. Details of the related party transactions, which are exempted according to a proviso to Section 188 of the Companies Act 2013, during FY 19 are disclosed in note of the financial statements.

The policy on Related Party Transaction, as approved by the Board, is displayed on the website of the Company at <https://arohan.in/resources/2019-06-12-15-21-06-Related%20Party%20Policy.PDF>

AMOUNT TRANSFERRED TO STATUTORY RESERVES

During the year the Company has transferred an amount of INR 22.42 crores to Statutory Reserve as required (20% of Profit after tax) under Section 45-IC of RBI Act, 1934.



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

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2019 and the date of the Directors' Report.

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

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

During the year under review, the Company's earning in foreign exchange was INR 0.035 crores. The details of foreign earnings have also been captured in note of the Financial Statements.

ANNUAL EVALUATION OF THE BOARD

The Board pursuant to the provisions of Section 178 of the Companies Act 2013, the Nomination and Remuneration Committee (NRC) has carried out evaluation of individual Director's performance. In this regard the NRC had met on May 15, 2019 to carry out the above mentioned evaluation. With the introduction and use of Diligent Software for the Board and Committee meetings, this time the director's evaluation was carried out electronically in a secured environment. The directors were allowed to carry out the evaluation in Diligent software with their respective secured log in. A detail report on the director's performance evaluation as generated from Diligent software, was placed before the Board and Committee in their meeting dated May 15, 2019.

The Members of the NRC reviewed the performance of all the individual Directors of the Company in accordance with the relevant sections of the



Companies Act 2013. The Committee agreed that the effectiveness of participation of the Directors in various meetings of the Board and its Committees were satisfactory. All the Directors made significant contributions in ensuring ethical standards and the statutory as well as regulatory compliances. The Members of the NRC also agreed that the financial performance of the Company over the years is satisfactory and the Board as whole played great role in the development of the Company.

RISK MANAGEMENT POLICY

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website.

During the year, as per the budget the Company spent on various programs and activities such as Skill Development & Education, Eco- Sustainability, Women Welfare & Awareness and Natural Disaster Relief. The details of the CSR activities undertaken during the year are given in the report on Corporate Social Responsibility activities which is annexed as **Annexure II** to the Directors' Report.

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

There are no significant material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its future operations.

DEPOSITS

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

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

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year no complaints of sexual harassment were recorded by the Company.

INTERNAL FINANCIAL CONTROLS

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

VIGIL MECHANISM

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

PARTICIPATION IN CREDIT BUREAU

In order to address the issue of multiple lending or over indebtedness and also to know the credit history of the customer, the Company became the



member in all the credit bureaus namely Experian Credit Information Company of India Private Ltd, High Mark Credit Information Services Pvt. Ltd., Equifax Credit Information Services Pvt. Ltd., and Transunion CIBIL Limited and shares all the customer's data to them on regular basis.

RESOURCES AND LIQUIDITY

Your Company being a Systemically Important Non-Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non-Banking Financial Company-Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. Your Company maintained a CRAR ratio higher than the RBI prescribed ratio, which is 20.05% as on March 31, 2019.

The Company has outstanding on secured and unsecured borrowings of INR 2953.74 crores at the end of financial year 2018-19.

RBI GUIDELINES & SRO

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC ("NBFC-ND-SI") under Section 45-IA of the RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year. The Company being the member of two SROs – MFIN and SADHAN, follows the Code of Conduct as prescribed by these SROs. The Company also complies with the standards and rules as prescribed by the above SROs from time to time.



PARTICULARS OF EMPLOYEES

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as **Annexure III** to the Directors' Report.

The statement containing particulars of employees as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the Companies Act, 2013, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

CORPORATE GOVERNANCE

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

A complete Corporate Governance Report is attached with the Directors' Report and annexed as **Annexure IV**.

EMPLOYEE STOCK OPTION PLAN (ESOP)

Presently Employee Stock Option Plan, 2017 and Employee Stock Option Plan 2018 both are in force. The Nomination and Remuneration Committee of the Board of Directors of the Company administer and monitor the

Employee Stock Option Scheme of the Company in accordance with applicable law.

The details of the Employee Stock Option Scheme as per Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

	Particulars	Archan ESOP Plan 2018	Arohan ESOP Plan 2017																												
a.	Options granted	5,97,264	2,29,280																												
b.	Options vested	5,97,264	2,29,280																												
c.	Options exercised	Nil	Nil																												
d.	The total number of shares arising as a result of exercise of options	Nil	Nil																												
e.	Options lapsed	54,000	14,244																												
f.	The exercise price	INR 130/-	INR 84.70/-																												
g.	Variation of terms of options	No	No																												
h.	Money realized by exercise of options	Nil	Nil																												
i.	Total number of options in force	5,43,264	2,43,524																												
j.	Employee wise details of options granted to:																														
	a) Key Managerial Personnel	2,43,324	50,000																												
	b) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year; and	<table><tr><th>Name of Employee</th><th>Options granted</th></tr><tr><td>Shailesh Kumar</td><td>44,800</td></tr><tr><td>Shrish Chandra Panda</td><td>49,800</td></tr><tr><td>Harsh Patnaik</td><td>34,560</td></tr><tr><td>Abin Mukhopadhyaya</td><td>32,400</td></tr><tr><td>Joji Jacob</td><td>36,000</td></tr><tr><td>Joyanta Bakali</td><td>30,000</td></tr></table>	Name of Employee	Options granted	Shailesh Kumar	44,800	Shrish Chandra Panda	49,800	Harsh Patnaik	34,560	Abin Mukhopadhyaya	32,400	Joji Jacob	36,000	Joyanta Bakali	30,000	<table><tr><th>Name of Employee</th><th>Options granted</th></tr><tr><td>Harsh Patnaik</td><td>17,280</td></tr><tr><td>Shraddha Srinial</td><td>30,000</td></tr><tr><td>Anant Jayant Natu</td><td>24,000</td></tr><tr><td>Abin Mukhopadhyaya</td><td>24,000</td></tr><tr><td>Prashant Rai</td><td>30,000</td></tr><tr><td>Joyanta Bakali</td><td>30,000</td></tr></table>	Name of Employee	Options granted	Harsh Patnaik	17,280	Shraddha Srinial	30,000	Anant Jayant Natu	24,000	Abin Mukhopadhyaya	24,000	Prashant Rai	30,000	Joyanta Bakali	30,000
Name of Employee	Options granted																														
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Anant Jayant Natu	24,000																														
Abin Mukhopadhyaya	24,000																														
Prashant Rai	30,000																														
Joyanta Bakali	30,000																														
	c) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil	Nil																												

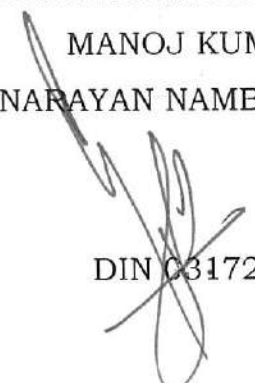
EXTRACT OF ANNUAL RETURN

Pursuant to Section 134 (3)(a) and Section 92 (3) of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2019 in form MGT 9 has been annexed as **Annexure V** to the Directors' Report.

ACKNOWLEDGEMENT:

Your Directors express their sincere appreciation of the co-operation and assistance received from customers, Reserve Bank of India, MFIN, Sa-Dhan, Shareholders, Bankers, Stock Exchange, IRDAI and other stakeholders during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed from all managers, executives and customer service representatives resulting in the successful performance of the Company during the year.

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

**For and on behalf of the Board of Directors****ANURAG AGRAWAL****DIN 02385780****MANOJ KUMAR
NARAYAN NAMBIAR****DIN 03172919****Dated: 15th May, 2019**

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

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

To,

The Members,
AROHAN FINANCIAL SERVICES LIMITED
PTI Building, 4th Floor,
DP-9, Sector-5, Salt Lake
Kolkata – 700091
CIN- U74140WB1991PLC053189

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Arohan Financial Services Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books and Papers, Minutes books, Forms and Returns filed and other records maintained by the company **Arohan Financial Services Limited**, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 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:



Annexure I

We have examined the Books and Papers, Minute Books, Forms and Returns filed and other records maintained by **Arohan Financial Services Limited** for the financial year ended on 31st March, 2019 to the extent applicable:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under - **Not Applicable during the year under review.**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 : - **Not Applicable during the year under review.**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992: - **Not Applicable during the year under review.**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: - **Not Applicable during the year under review.**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to the extent applicable.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not Applicable during the year under review.**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - **Not Applicable during the year under review**



Annexure I

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

We further report that after considering the Compliance system prevailing in the Company and after verification of relevant records and documents maintained by the Company and as confirmed by the management vide its management representation letter, it has complied with following laws that are applicable specifically to the Company:

1. The Reserve Bank of India Act, 1934.
2. The Non – Banking Financial Company – Micro Finance Institution (Reserve Bank) Directions, 2011 read with Master Circular.

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) The Company has made an application to Bombay Stock Exchange Limited seeking in – principal approval for issue of **3,50,00,000 nos.** (Three Crore Fifty Lacs) Unsecured, Subordinated, Rated, Listed, Redeemable, Non – Convertible Debenture of face value of Rs. 10/- each, aggregating to Rs. 35 Crores on private Placement on 16th August, 2018 and the same has been granted vide notice no. 20180829-8 dated **29th August, 2018.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision of the Board and Committee Meetings are carried through, while the dissenting members' views, if any are captured and recorded as part of the minutes.



Annexure I

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 31st March, 2019:-

- Issued & allotted **6,00,000** nos. (Six Lacs) of equity shares of the company at Rs. 10/- at a premium of Rs. 120.00 each to Arohan ESOP Trust. dated 03.07.2018.
- Issued **3,50,00,000** nos. (Three Crore Fifty Lacs) of Debentures of face value of Rs. 10/- each on placement basis, listed and admitted to dealings on Bombay Stock Exchange Limited in the List of F Group – Debt Instruments on 14th August,, 2018.
- Redemption of **581** nos. of NCD bearing ISIN No. INE808K07022 being List of F Group – Debt Instruments on 13.11.2018 on maturity.
- Redemption of **330** nos. of NCD bearing ISIN No. INE808K07105 being List of F Group – Debt Instruments on 18.12.2018 by exercising call option.
- Issued & allotted **1,02,17,288** nos. (One Crore Two Lacs Seventeen Thousand two Hundred and eighty eight) of equity shares of the company at Rs. 10/- at a premium of Rs. 136.81 each by way preferential allotment dated 28.12.2018.
- Redemption of **200** nos. of NCD bearing ISIN No. INE808K07113 being List of F Group – Debt Instruments on 27.01.2019 by exercising put option.
- Issued & allotted **26,41,275** nos. (Twenty six Lacs forty one thousand two hundred seventy five) of equity shares of the company at Rs. 10/- at a premium of Rs. 152.80 each by way placements basis dated 26.03.2019.
- Issued & allotted **7,50,000** nos. (Seven Lacs Fifty thousand) of equity shares of the company at Rs. 10/- at a premium of Rs. 152.80 each to Arohan ESOP Trust. dated 28.03.2019.
- Re-appointed M/s Walker Chandiok & Co. LLP as statutory auditor of the Company at the Annual general Meeting of the company held on **15th May, 2018**.
- There was change in composition of Board of directors of the company in compliance with the requirement of RBI and other statute.



Annexure I

- Various fraud cases which have been reported to us were also noted in the Minutes of the Board Meeting for which necessary actions are taken by the company and as reported to us that these type of cases are inevitable depending on the nature and volume of the business and further it was made us understand that necessary actions are taken by the Management of the Company as and when required.

For **Jayshri Tulsyan & Associates**
Pr. Company Secretaries

M. No. - 7725
C.P. No. - 8096

Date: 07/05/2019
Place: Kolkata



Annexure I

To,
The Members,
AROHA Financial Services Limited
PTI Building, 4th Floor,
DP-9, Sector-5, Salt Lake
Kolkata – 700091
CIN U74140WB1991PTC053189

Our Secretarial Audit Report is to be read along with this letter

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our Responsibility is to express an opinion on these Secretarial Records based on our audit.
2. 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 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.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company as it is a part of Financial Audit as per the provisions of The Companies Act, 2013.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on random test basis.
6. 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.

For **Jayshri Tulsyan & Associates**
Pr. Company Secretaries

M. No. – 7725
C.P. No. - 8096

Date : 07/05/2019
Place : Kolkata



Annexure II

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

Arohan Financial Services Limited (hereinafter referred to as Arohan) believes that a business entity's performance must be measured by its economic, social and environmental impact and efforts to embed sustainability. Social enterprises are more than any other business enterprise, capable of addressing these concerns and Arohan aspires to transcend business interests and work toward the all round human development of the communities we operate in through initiating and supporting programmes that enhance social sustainability. Arohan already serves people from economically and socially marginalised communities where illiteracy, unemployment and under-employment are rampant. It is in this social context that our CSR initiatives are developed to best cater to our customers and their communities. Arohan would build on this connect with the marginalised sections of the society for furthering their welfare. These programmes are independent of the normal conduct of business and are not viewed as business propositions by Arohan. In alignment to Arohan's mission to empower the underserved, we see Corporate Social Responsibility (hereinafter referred to as CSR) as an opportunity to further extend help to the underserved in the larger community through the provision of non- profit based assistance.

The CSR Policy is disclosed on our website in the link below:
https://www.arohan.in/social_responsibility/2018-06-14-13-09-33-CSR%20Policy.pdf

The disclosure of the contents of the CSR Policy pursuant to Section 134(3)(o) of the Companies Act 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, are as follows:

Sl. No.	Particulars	Remarks
1	The composition of the CSR Committee	1. Sumantra Banerjee-Independent Director (Chairman) 2. Anurag Agrawal-Director 3. Manoj Kumar Narayan Nambiar- Managing Director 4. Prashant Rai-Management Coordinator
2	Average net profit of the company for last three financial years (15-16, 16-17, 17-18)	INR 39,86,92,518.33
3	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	INR 79,73,850.37
4	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year	INR 79,73,850.37
	(b) Amount unspent, if any	Nil
	(c) Manner in which the amount spent during the financial year is detailed below	Table below
5	In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall	Not Applicable



Annexure II

	provide the reasons for not spending the amount in its Board report.	
--	--	--

1	2	3	4	5	6	7	8
Sl No	Activity and beneficiaries	Sector	Area	Amount Outlay (in INR)	Amount spent on the Projects or Programme Sub Heads: (1) Direct (in INR)	Cumulative expenditure up to the reporting period (in INR)	Amount Spent Direct or through Implementing Agency
1	Training 450 youths from marginalized communities	Skill Development and Education	Darjeeling, Siliguri, Ranchi, Jamshedpur, Lucknow, Bhubaneswar, Kolkata, Guwahati	23,22,500	23,22,500	23,22,500	NSHM Udaan Skills Foundation
2	Educational Aid	Skill Development and Education	8 districts in Bihar	10,00,000	10,00,000	10,00,000	Going to School
3	Arohan Shiksha Scholarship to girl students	Skill Development and Education	Hazaribagh district of Jharkhand	5,25,000	5,25,000	5,25,000	Swaraj Foundation
4	Vidya Scholarship to girl students	Skill Development and Education	Uttar Pradesh and Odisha	90,000	90,000	90,000	Directly
5	School Bag distribution to students in Government schools	Skill Development and Education	West Bengal, Uttar Pradesh, Assam and Odisha	2,99,795	2,99,795	2,99,795	Directly
6	Library & Computer Lab	Skill Development and Education	Hazaribagh, Jharkhand	2,99,775	2,99,775	2,99,775	Swaraj Foundation
7	Model Anganwadi	Skill Development and Education	Jharkhand and Bihar	6,77,250	6,77,250	6,77,250	Swaraj Foundation
8	Health camps	Women's Empowerment and Health	WB, Bihar, Jharkhand, Assam	4,87,126	4,87,126	4,87,126	BVHA, Bondhu, COSEHDA, Narayana Health and Satarupa Samajik Samiti
9	Water Sanitation and Hygiene for Urban Poor	Eco-Sustainability	Hojai, Assam and Purulia, WB	13,45,000	13,45,000	13,45,000	South Asian Forum for Environment
10	Sponsorship for Green Tripura campaign	Eco-Sustainability	Tripura	25,424	25,424	25,424	Scamper Technologies and Services Pvt. Ltd.
11	Flood relief material	Disaster Relief	Agartala	1,31,202	1,31,202	1,31,202	Directly
12	Impact Assessment	Impact	Overall projects	3,97,492	3,97,492	3,97,492	Innovative Financial



Annexure II

							Advisors Pvt. Ltd.
13	Employee Volunteering Initiatives	NGO visits, Drawing competition, Prize distribution, Women's Day celebration		58,225	58,225	58,225	Directly
	TOTAL			7,658,789	7,658,789	7,658,789	

The total administrative expense of the Company for the above CSR activity was INR 3,15,061.37/-

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

Sd/-

Manoj Kumar Narayan Nambiar

Managing Director

DIN- 03172919

Sd/-

Sumantra Banerjee

Chairman, CSR Committee

DIN- 00075243



Remuneration details of Directors, KMPs, Employees

Sl. No	Particulars	Disclosures								
1	The ratio of the remuneration of each Whole-Time director to the median remuneration of the employees of the company for the financial year	70:1								
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table><tr><th>KMP</th><th>% increase in remuneration</th></tr><tr><td>MD</td><td>24.31%</td></tr><tr><td>CFO</td><td>19.04%</td></tr><tr><td>CS</td><td>121.39%*</td></tr></table> <p>* Percentage increase in Company Secretary's salary is on higher side since he was employed from part of the financial year, i.e. for FY 2017-18</p>	KMP	% increase in remuneration	MD	24.31%	CFO	19.04%	CS	121.39%*
KMP	% increase in remuneration									
MD	24.31%									
CFO	19.04%									
CS	121.39%*									
3	The percentage increase in the median remuneration of employees in the financial year	25%								
4	The number of permanent employees on the rolls of the Company	4,765 employees as on March 31, 2019								
5	The explanation on the relationship between average increase in remuneration and company performance	The Company made a growth of 277.79% in its Net Profit and increased the remuneration of its employees by an average of 25% based on the recommendation of the NRC Committee of the Board.								
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	<p>The Company's revenue and Net Profit has grown by 94.07% and 277.78% respectively in FY 2018-19 in comparison to FY 2017-18.</p> <p>The average increase in remuneration of KMP in the FY 2018-19 was 34.38%.</p>								
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted	<p>As on March 31, 2019, the Company's equity shares were not listed.</p> <p>The Company's net worth has increased from INR 379.85 Cr as on March 31, 2018 to INR 681.22 Cr as on March 31, 2019 – an increase by INR 301.37 Cr.</p>								



	companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salaries of employees was 19.23% and the average increase in the managerial remuneration was - 34.38%
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	<p>The Company's revenue and Net Profit has grown by 94.07% and 277.78% respectively in FY 2018-19 in comparison to FY 2017-18.</p> <p>The average increase in remuneration of KMP in the FY 2018-19 was 34.89 %.</p>
10	The key parameters for any variable component of remuneration availed by the Directors	Yearly incentive as per employment terms based on the company's performance and profits
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No employee received remuneration in excess of the highest paid director.
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes.



A statement showing the name of every employee of the Company, who –

- a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees;

Mr. Manoj Kumar Nambiar – Managing Director

Sl. No	Particulars	Details
1	Designation	Managing Director
2	Remuneration received	INR 139.84 Lakhs
3	Nature of employment, whether contractual or otherwise	Permanent
4	Qualification and Experience	<p>Manoj completed his mechanical engineering from VJTI in 1986, and his MBA in Marketing from JBIMS in 1988, both from Mumbai University and has tertiary qualifications in insurance from Insurance Institute of India. He has also completed the "Strategic Leadership in Microfinance" course from the Harvard Business School, Boston, US in April '13.</p> <p>He started his working career with Modi Xerox in 1988 and then moved into consumer financial services with GE Countrywide in 1995, retail banking with ANZ Grindlays in 1997 and retail assets & business development with ABN Amro Bank NV India in 2000. He moved as Head Retail Banking of National Bank of Oman in 2002 looking after Oman, UAE & Egypt. Post that he worked as the Chief Operating Officer of the Alhamrani - Nissan Finance company, KSA in 2004 and returned to Oman as the Dy CEO of Ahli Bank SAOG in 2008. Growing the retail business for NBO, raising of US\$ 100Mn in the first Islamic Musharaka offshore deal for Alhamrani Finance Company & transformation of the mortgage company into a full fledged commercial bank with retail, premium and private banking are some of the key achievements.</p> <p>He returned to India in Jun'10 as MD & CEO of Intellecash Microfinance Network Company (P) Limited (an Intellecap</p>



		Group company)in the business of incubating & capacity building of MFIs. In this job, he set up the lending businesses in both the retail & wholesale (this is today a separate company called Intellegrow) space and also grew the capacity building business both in India & overseas. In Sep'12, backed by Aavishkaar Goodwell, Intellegrow acquired a 56% stake in Arohan with additional investments from India Financial inclusion Fund and Michael Susan Dell Foundation using the parent Intellegrow's structuring skills.
5	Date of commencement of employment	September 28, 2012
6	Age	54
7	The last employment held	Ahli Bank, SAOG
8	% of equity shares held	NIL

- b) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh fifty thousand rupees per month;

Nil

- c) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Nil



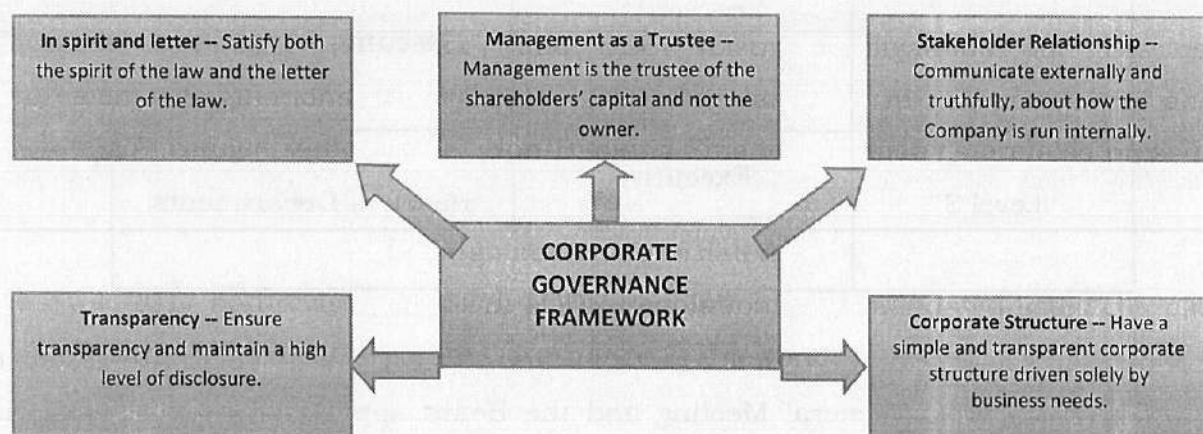
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CORPORATE GOVERNANCE REPORT

Arohan believes and strives to adopt and adhere to the highest standards of Corporate Governance principles and best practices. With this objective the organisation has put in place various policies, systems and processes to achieve transparency, business ethics and compliance with applicable laws. The Company is dedicated and committed to ensure high standards of transparency and accountability in all its activities. To this effect, the best management practices and high level of integrity in decision making are followed to ensure creation of value for all its stakeholders.

In India, corporate governance standards for listed companies are also mandated under the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). In addition to the above, corporate governance standards for Non-Banking Finance Companies are also prescribed by the Reserve Bank of India. To align corporate governance standards with the provisions of Companies Act 2013, SEBI through notifications dated May 25, 2016, May 27, 2016 and January 4, 2017 had revised the SEBI LODR Regulations and mandated listed companies to comply with the same. Corporate Governance Framework

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



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Governance Structure

The corporate governance framework at Arohan is based on an effective and independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees to oversee critical areas, all of which are chaired by Independent Directors. The Company has an appropriate mix of Executive and Independent Directors to maintain the Independence of the Board.

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

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

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

At the apex level, the general body of Shareholders of the Company elect the Board of Directors at the Annual General Meeting and the Board appoints the Key Managerial Personnels with the recommendation of the Nomination and Remuneration Committee and other functional heads of the Company, who in turn will appoint the various other management executives of the Company.



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BOARD OF DIRECTORS

Composition and category of the Board

The Company has a broad-based Board of Directors, constituted in compliance with the Section 45-IA of the RBI Act, 1934 and Companies Act, 2013, and in accordance with good corporate governance practices. The Company recognizes and embraces the importance of a diverse Board and strongly believes that a diverse Board will leverage differences in thought, perspective, knowledge, skill, industry experience and age, which will help us retain and maximize our competitive advantage. The Board functions either as a full Board or through various committees constituted to over-see specific operational areas. As on March 31, 2019, the Company's Board comprises of twelve (12) Directors and one (1) Alternate Director, four (4) Independent Directors out of which includes one (1) Women Director, one (1) Managing Director, five (5) Nominee Directors and two (2) Promoter Directors

During the year under review, the Board met seven (7) times on April 27, 2018, August 3, 2018, October 1, 2018, November 12, 2018, January 24, 2019, February 18, 2019 and March 13, 2019. The interval between the two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013.

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

Sl. No.	Name of the Director	Category of Directors	No. of meetings held in FY 18	No. of meetings attended (including through electronic mode in FY 18)	Whether attended last AGM (May 15, 2018)	No. of other Directors-ship held in other public companies	No. of other Board Committee Memberships	No. of Chairmanship of other Board Committees
1.	Mr. Manoj Kumar Nambiar	Managing Director	Seven	Seven	Yes	Two	Three	One



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2.	Mr. Anurag Agrawal	Director	Seven	Six	No	Six	Three	Nil
3.	Mr. Vineet Chandra Rai	Director	Seven	Six	No	Eight	Two	Nil
4.	Mr. Dinesh Kumar Mittal	Independent Director	Seven	Five	No	Twelve	Nil	Nil
5.	Mr. Sumantra Banerjee	Independent Director	Seven	Three	No	Three	Five	Two
6.	Mr. Rajat Mohan Nag	Independent Director	Seven	Five	Yes	One	Three	Two
7.	Ms. Matangi Gowrishan kar	Independent Director	Seven	Six	No	Four	Three	One
8.	Mr. Piyush Goenka	Nominee Director	Seven	Seven	No	One	Four	Nil
9.	Mr. Kasper Svarrer	Nominee Director	Seven	One	No	Three	Nil	Nil
10.	Mr. Wilhelmus Martinus Maria Van Der Beek	Nomine Director	Seven	Five	No	Nil	Two	Nil
11.	Mr. Prakash Kumar ⁶	Nominee Director	Seven	Nil	No	One	Nil	Nil
12.	Mr. K.C. Vaid	Nominee Director	Seven	Four	No	One	Nil	Nil
13.	Mr. Paul Gratien Robine ⁷	Nominee Director	Seven	Nil	No	Six	Nil	Nil
14.	Mr. David	Alternate	Seven	Three	No	Three	Nil	Nil



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Arturo Paradiso ⁸	Director						
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1. None of the Directors held directorships in more than ten (10) public limited companies;
2. None of the Directors is related to any Director or is a member of an extended family;
3. None of the employees of the Company is related to any of the Directors;
4. None of the employees of the Company is related to any of the Directors;
5. None of the Directors has received any loans or advances from the Company during the year.
6. Mr. K.C. Vaid was replaced by Mr. Prakash Kumar as per SIDBI Act, 1990 as a Nominee Director of the Company w.e.f. 24.01.2019.
7. Mr. Paul Gratien Robine was appointed as a Nominee Director of TR Capital III Mauritius w.e.f. 18.03.2019.
8. Mr. David Arturo Paradiso was appointed as an Alternate Director to Mr. Kasper Svarrer, Nominee Director of Maj Invest Financial Inclusion Fund II K/S w.e.f. 24.01.2019.

Board Member Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Board, including the Executives, Non-executives, Independent Directors and Nominee Directors through a peer evaluation, excluding the director being evaluated. Some of the performance indicators based on which the directors were evaluated include:

1. Participation in the meeting.
2. Value addition
3. Time devoted to analyse and examine governance and compliance issues
4. Compliance with Law and relevant standards.
5. Effectiveness of Governance.
6. Risk Evaluation.
7. Independence of management from Board

Committee of the Board- Composition as on March 31, 2019.

1. Audit Committee

The Audit Committee assists the Board in dissemination of financial information and in overseeing the financial and accounting processes in the Company. The terms of the



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reference of the Audit Committee covers all matters specified in section 177 of the Companies Act, 2013. The terms of the reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/financial reporting systems and reviewing of the adequacy of the financial policies and practices followed by the Company. The Audit Committee also looks after compliance with the legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its finding to the Board. The Committee also recommends the appointment of statutory auditor to the Board. The Committee also looks into those matters specifically referred to it by the Board.

Composition:

- ❖ Mr. Rajat Mohan Nag, Chairman
- ❖ Mr. Sumantra Banerjee, Member
- ❖ Ms. Matangi Gowrishankar, Member
- ❖ Mr. Piyush Goenka, Member
- ❖ Mr. Anurag Agrawal, Member

As on March 31, 2019 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director, all of whom are financially literate and have relevant finance exposure. The Managing Director, the Chief Financial Officer and Head- Internal Audit are the permanent 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 April 27, 2018, August 3, 2018, November 12, 2018, January 23, 2019 and February 18, 2019. The time gap between any two meetings was less than four (4) months.

Attendance of Directors:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	5	3
Mr. Sumantra Banerjee	Independent Director	5	3



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Ms. Matangi Gowrishankar	Independent Director	5	3
Mr. Piyush Goenka	Nominee Director	5	5
Mr. Anurag Agrawal	Director	5	5

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

2. Risk Management Committee

Periodic assessment to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are taken into account while preparing the annual business plan for the Company. The Board is periodically informed of the business risk and actions taken to manage them. The Company has in place a risk management policy which provides an overview of the principles of the risk management of the company.

Composition:

- ❖ Mr. Rajat Mohan Nag, Chairman
- ❖ Mr. Sumantra Banerjee, Member
- ❖ Ms. Matangi Gowrishankar, Member
- ❖ Mr. Piyush Goenka, Member
- ❖ Mr. Wilhelmus Marthinus Maria Van Der Beek, Member

As on March 31, 2019 the Committee comprised of three (3) Independent Directors and two (2) Nominee Directors. The Managing Director, the Chief Financial Officer and Head of Risk are the permanent invitees to the meetings of the committee. The other directors are invited to attend the Risk Committee meetings as when required. The Company Secretary acts as the secretary to the Committee. The Risk Committee met four (4) times during the year on April 27, 2018, August 3, 2018, November 12, 2018 and February 18, 2019.

Attendance of Directors:



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Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Rajat Mohan Nag	Independent Director	4	3
Mr. Sumantra Banerjee	Independent Director	4	3
Ms. Matangi Gowrishankar	Independent Director	4	3
Mr. Piyush Goenka	Nominee Director	4	4
Mr. Wilhelmus Marthinus Maria Van Der Beek	Nominee Director	4	0

3. Nomination & Remuneration Committee (*Erstwhile HR and Compensation Committee*)

The Nomination and Remuneration Committee functions in accordance with section 178 of the Companies Act, 2013, and the functions also includes recommending to the Board the quantum of remuneration (including performance bonuses and incentives) payable to employees and recommending of grant of ESOPs to employees of the Company along with the Key Managerial Personnels. The Committee is headed by an Independent Director. Other responsibilities include helping managing and advising on appropriate organisation structure, review and approve HR policies, oversee employee engagement, and training programs and any other HR related issues. During the period under review the HR & Compensation Committee (HR Committee) was merged with this Committee, since both committees' works on a similar subject. The HR Committee met two times pre-merger with this Committee on April 27, 2018 and August 3, 2018.

Composition:

- ❖ Ms. Matangi Gowrishankar, Chairman
- ❖ Mr. Sumantra Banerjee, Member
- ❖ Mr. Rajat Mohan Nag, Member
- ❖ Mr. Piyush Goenka, Member
- ❖ Mr. Vineet Chandra Rai, Member



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As on March 31, 2019 the Committee comprised of three (3) Independent Directors, one (1) Nominee Director and one (1) Promoter Director. The Managing Director, Chief Financial Officer and the HR Head are the permanent invitees to the meetings of the Committee. The other directors are invited to attend the Nomination & Remuneration Committee meetings as and when required. The Company Secretary acts as the secretary to the Committee. The Committee met four times during the year on, November 12, 2018 and February 18, 2019.

Attendance of Director (NRC):

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

Attendance of Director (HR Committee)

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Ms. Matangi Gowrishankar	Independent Director	2	2
Mr. Sumantra Banerjee	Independent Director	2	1
Mr. Rajat Mohan Nag	Independent Director	2	1
Mr. Piyush Goenka	Nominee Director	2	2
Mr. Vineet Chandra Rai	Director	2	2



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4. Corporate Social Responsibility Committee

Corporate Social Responsibility Committee monitors the overall CSR Activities of the Company. It provides guidance on various areas where CSR activities can be carried out. The Committee is headed by an Independent Director.

Composition:

- ❖ Mr. Sumantra Banerjee, Chairman
- ❖ Mr. Anurag Agrawal, Member
- ❖ Mr. Wilhelmus Marthinus Maria Van Der Beek, Member
- ❖ Mr. Manoj Kumar Narayan Nambiar, Member

As on March 31, 2019 the Committee comprised of one (1) Independent Director, one (1) Promoter Director, one (1) Nominee Director and the Managing Director. The Chief Financial Officer and Head- HR, Admin, CSR & Training is the permanent invitee to the meetings of the Committee. 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 three (3) times during the year on April 27, 2018, November 12, 2018 and on February 04, 2019.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Sumantra Banerjee	Independent Director	3	2
Mr. Anurag Agrawal	Director	3	2
Mr. Wilhelmus Marthinus Maria Van Der Bek	Nominee Director	3	0
Mr. Manoj Kumar Nambiar	Managing Director	3	3



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5. Share Allotment and Securities Transfer Committee

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

Composition:

- ❖ Mr. Manoj Kumar Narayan Nambiar, Chairman
- ❖ Mr. Anurag Agrawal, Member
- ❖ Mr. Vineet Chandra Rai, Member
- ❖ Mr. Piyush Goenka, Member

As on March 31, 2019 the Committee comprised of Managing Director, one (1) Nominee Director and two (2) Promoter Directors. The Chief Financial Officer is the permanent invitee to the meetings of the committee. The other directors are invited to attend the Share Allotment and Securities Transfer Committee meetings as and when required. The Committee met five (5) times during the year on July 03, 2018, August 14, 2018, December 28, 2018, March 26, 2019 & March 28, 2019

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Manoj Kumar Narayan Nambiar	Managing Director	5	2
Mr. Anurag Agrawal	Director	5	4
Mr. Vineet Chand Rai	Director	5	3
Mr. Piyush Goenka	Nominee Director	5	2

6. IT Strategy Committee

NBFCs are required to form an IT Strategy Committee. The chairman of the committee shall be an Independent Director. The IT Strategy Committee should meet at an appropriate



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frequency but not more than six months should elapse between two meetings. The Committee shall work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

Composition:

- ❖ Mr. Sumantra Banerjee, Chairman
- ❖ Mr. Piyush Goenka, Member
- ❖ Mr. Manoj Kumar Narayan Nambiar, Member
- ❖ Mr. Arvind Murarka, Member

The Committee comprised of one Independent director, one investor or nominee director, executive director and head of IT. The Chief Financial Officer and the Head- IT are the permanent invitee to the meetings of the committee. The other directors are invited to attend the IT Strategy Committee meetings as and when required. The Committee met three (3) times during the year on April 26, 2018, November 12, 2018 and February 04, 2019.

Attendance of Director:

Name of the Member	Position	No. of Meetings Held	No. of Meetings Attended
Mr. Sumantra Banerjee	Independent Director	3	2
Mr. Piyush Goenka	Nominee Director	3	2
Mr. Manoj Kumar Narayan Nambiar	Managing Director	3	3
Mr. Arvind Murarka	Head- IT	3	3

Vigil Mechanism

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



Annexure IV

adequate safeguards against victimization of Directors, Employees, Clients, Partners, Investors who avail of the mechanism. The Company affirms that no personnel has been denied access to the audit committee. The Company has formulated a policy of the vigil mechanism that any personnel may raise reportable matters at an early date after becoming aware of the same. To ensure the highest level of good governance, Arohan's overall whistleblower policy has been determined in accordance with the organisations' core values.

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. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The policy is also uploaded on the website of the Company.

General Body Meetings:

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

Financial Year	Category	Location	Date	Time
2017-2018	AGM	Registered Office	May 15, 2018	2:00 PM
2016-2017	AGM	Novotel, CF 11 Action Area 1C Newtown, Rajarhat, Kolkata-700156	August 29, 2017	5:00 PM
2015-2016	AGM	Novotel, CF 11 Action Area 1C Newtown, Rajarhat, Kolkata-700156	August 4, 2016	2:30 PM

Three (3) Extra Ordinary General Meetings of the Company was held on October 29, 2018, February 4, 2019 and March 18, 2019 at the registered office of the Company.

The following business items were approved by Special Resolution in the last three AGMs, and were passed with the requisite majority:



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- FY 2015-16:**
1. Appointment of Matangi Gowrishankar as an Independent Director
 2. Issue of Non-convertible Debenture
 3. Increase in the Borrowing power and creation of charge
 4. To obtain consent of shareholders to give effect of holding Company restructuring.

- FY 2016-17:**
1. Issue of Non-convertible Debentures
 2. Regularization of Mr. Kasper Svarrer as a Nominee Director
 3. Approval of Arohan ESOP Grant- 2017
 4. Increase in the Borrowings power and creation of charge
 5. Re-appointment of Managing Director

- FY 2017-18:**
1. Approval for the change in the status of the Company to Public Company
 2. Adoption of new/revised set of Articles of Association of the Company for compliance of conversion into Public Company and Compliance with the listing requirements of the Stock Exchanges.
 3. Approval for the Initial Public Offer and the Issuance of Equity Shares in the Initial Public Offer.
 4. Increase in investment limits for Foreign Portfolio Investors (FPI)
 5. Approval of the amendment in the "Arohan Employee Stock Option Plan 2010 as amended in 2017" ("ESOP 2010"/ "Plan").
 6. Approval of 'Arohan Employee Stock Option Plan 2018'.
 7. Increase Borrowing Power of the Company.
 8. Creation of Charge and Providing Security.
 9. Issue of Non-Convertible Debentures.
 10. Payment to Independent Directors.

General Shareholders Information

Company Registration details

The Company is registered with the Registrar of Companies, Kolkata, West Bengal and operates in thirteen States in India at present, West Bengal, Assam, Bihar, Jharkhand, Odisha, Meghalaya, Chattisgarh, Madhya Pradesh, Tripura, Uttar Pradesh, Maharashtra, Karnataka and Telengana.

CIN: U74140WB1991PLC053189.

RBI registration no: B.05.02932.



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Annual General Meeting date, time and venue

Date and Time: August 5, 2019 and 11:00 AM

Venue: Registered Office of the Company

PTI Building, 4th Floor, DP Block, DP-9,

Sector-5, Salt Lake, Kolkata-700091

Financial Year: April 1, 2018 to March 31, 2019

Book Closure Date: July 29, 2019 to July 31, 2019 (both days inclusive)

Listing on Stock Exchange: The Company's NCDs are listed on the Wholesale Debt Market Segment of Bombay Stock Exchange.

Debenture Trustees:

Catalyst Trusteeship Limited

Office No-83-87, 8th Floor,
Mittal Tower, 'B' Wing, Nariman Point
Mumbai- 400021

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400001.

Registrar and Share Transfer Agents: Members are requested to correspond with the Company's Registrar and Share Transfer Agents- Link Intime India Pvt. Ltd. quoting their folio no. / DP ID and Client ID at the following address:

Link Intime India Private Limited

Unit: **Arohan Financial Services Limited**

59C, Chowringhee Road, 3rd Floor, Kolkata- 700020

Ph: 033 2289 0539, Mail: Kolkata@linkintime.co.in

Share Transfer System: Shares in physical forms are processed by the Registrar and Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. The Managing Director, Chief Financial Officer and Company Secretary have been severally empowered to approve transfers. With effect from 2nd October, 2018, request for transfer of equity shares in physical form are not accepted as per notification issued by Ministry of Corporate affairs dated 10th September, 2018.



Annexure V

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2019
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U74140WB1991PLC053189
ii	Registration Date	27-09-1991
iii	Name of the Company	Arohan Financial Services Limited
iv	Category/Sub-category of the Company	NBFC- MFI
v	Address of the Registered office & contact details	PTI Building, 4th Floor, DP-9, Sector-5, Salt Lake, Kolkata
vi	Whether listed company	Unlisted (Debentures are listed in WDM segment of BSE)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited , 59C, Chowringhee Road, 3rd Floor, Kolkata- 700020 Ph no-033 2289 0540

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

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



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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	9143320	12354499	21497819	24.30	25453879	0	25453879	24.79	0.49
d) Bank/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (1)	9143320	12354499	21497819	24.30	25453879	0	25453879	24.79	0.49
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	9143320	12354499	21497819	24.30	25453879	0	25453879	24.79	0.49
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/Fl	0	0	0	0	0	0	0	0	0
c) Cenntal govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	57580994	4973858	62554852	70.71	63844777	0	63844777	62.18	-8.53
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	57580994	4973858	62554852	70.71	63844777	0	63844777	62.18	-8.53
(2) Non Institutions									
a) Bodies corporates									
i) Indian	0	0	0	0	7182603	0	7182603	7.00	7.00
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	36182	4336	40518	0.05	48184	2334	50518	0.05	0.00
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	2792963	1286185	4079148	4.61	4181891	395724	4577615	4.46	-0.15
c) Others (specify)									
Arohan ESOP Trust	293016	0	293016	0.33	1564524	0	1564524	1.52	1.19
SUB TOTAL (B)(2):	3122161	1290521	4412682	4.99	12977202	398058	13375260	13.03	8.04
Total Public Shareholding (B)= (B)(1)+(B)(2)	60703155	6264379	66967534	75.70	76821979	398058	77220037	75.21	-0.49
C. Shares held by Custodian for									
GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	69846475	18618878	88465353	100.00	102275858	398058	102673916	100	



(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Aavishkaar Venture Management Services Private Limited	91,43,320	10.34	0	1,30,99,380	12.76	0	2.42
2	Intellectual Capital Advisory Services Pvt Ltd	1,23,54,499	13.97	0	1,23,54,499	12.03	0	-1.94
	Total	2,14,97,819	24.30	-	2,54,53,879	24.79	-	0.49

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

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	Aavishkaar Venture Management Services Private Limited	91,43,320	10.34	1,30,99,380	12.76
2	Intellectual Capital Advisory Services Pvt Ltd	1,23,54,499	13.97	1,23,54,499	12.03
	Total	2,14,97,819	24.31	2,54,53,879	24.79

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

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Aavishkaar Goodwill India Microfinance Development Company				
	At the beginning of the year	18539529	20.96	18539529	20.96
	Increase/ Decrease	0	0.00	0	0
	At the end of the year	18539529	20.96	18539529	20.96
2	TANO India Private Equity Fund II				
	At the beginning of the year	16914279	19.12	16914279	19.12
	Increase/ Decrease	0	0.00	0	0.00
	At the end of the year	16914279	19.12	16914279	19.12
3	Maj Invest Financial Inclusion Fund II K/S				
	At the beginning of the year	14541317	16.44	14541317	16.44
	Increase/ Decrease	859950	-1.44	859950	-1.44
	At the end of the year	1,54,01,267	15.00	1,54,01,267	15.00
4	TR Capital III Mauritius				
	At the beginning of the year	9288747	10.50	9288747	10.50
	Increase/ Decrease	429975	-1.03	429975	-1.03
	At the end of the year	97,18,722	9.47	97,18,722	9.47
5	Michael & Susan Dell Foundation				
	At the beginning of the year	3270980	3.70	3270980	3.70
	Increase/ Decrease	0	0.00	0	0.00
	At the end of the year	3270980	3.70	3270980	3.70
6	Rajesh Sachdeva				
	At the beginning of the year	2101219	2.38	2101219	2.38
	Increase/ Decrease	429975	0.09	429975	0.09
	At the end of the year	25,31,194	2.47	25,31,194	2.47
7	Swaminathan Aiyar				
	At the beginning of the year	677028	0.77	677028	0.77
	Increase/ Decrease	0	-0.11	0	-0.11
	At the end of the year	677028	0.66	677028	0.66
8	Ajay Sharma				
	At the beginning of the year	507000	0.57	507000	0.57
	Increase/ Decrease	0	-0.08	0	-0.08
	At the end of the year	507000	0.49	507000	0.49
9	Aavishkaar Capital Advisors LLP				
	At the beginning of the year	0	0.00	0	0.00
	Increase/ Decrease	7182603	7.00	7182603	7.00
	At the end of the year	7182603	7.00	7182603	7.00
10	Jayesh Arvind Parekh				
	At the beginning of the year	172033	0.19	172033	0.19
	Increase/ Decrease	0	-0.02	0	-0.02
	At the end of the year	172033	0.17	172033	0.17

(v) Shareholding of Directors & KMP

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



V INDEBTEDNESS

Indebtedness of the Company including Interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	17,12,33,70,450	1,52,72,58,066	0	18,65,06,28,516
ii) Interest due but not paid	61,40,586	0	0	61,40,586
iii) Interest accrued but not due	11,30,79,746	0	0	11,30,79,746
Total (i+ii+iii)	17,24,25,90,782	1,52,72,58,066	0	18,76,98,48,848
Change in Indebtedness during the financial year				
Additions	1,02,50,75,40,723	1,98,66,54,321	0	1,04,49,41,95,044
Reduction	91,83,57,63,121	1,66,29,75,766	0	93,49,87,38,887
Net Change	10,67,17,77,602	32,36,78,555	0	10,99,54,56,157
Indebtedness at the end of the financial year				
i) Principal Amount	27,68,69,25,302	1,85,04,49,990	0	29,53,73,75,292
ii) Interest due but not paid	78,60,945	0	0	78,60,945
iii) Interest accrued but not due	21,95,82,137	4,86,631	0	22,00,68,768
Total (i+ii+iii)	27,91,43,68,384	1,85,09,36,621	0	29,76,53,05,005

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of the MD/WT/Manager		Total Amount
		MD	WTD	
1	Gross salary	Manoj Kumar Nambiar	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,39,84,899	-	1,39,84,899
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	150,000 options	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,39,84,899	-	1,39,84,899
	Ceiling as per the Act	-	-	7,70,55,890

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors				Total Amount
		Matangi Gowrishankar	Sumantra Banerjee	Rajat Mohan Nag	Dinesh Kumar Mittal	
1	Independent Directors					
	(a) Fee for attending board committee meetings	4,40,000	4,00,000	4,00,000	2,00,000	14,40,000
	(b) Commission	15,00,000	10,00,000	10,00,000	25,00,000	60,00,000
	(c) Others, please specify	-	-	-	-	-
	Total (1)	19,40,000	14,00,000	14,00,000	27,00,000	74,40,000
2	Other Non Executive Directors	Vineet Chandra Rai	Anurag Agrawal			
	(a) Fee for attending	-	-	-	-	-
	(b) Commission	25,00,000	15,00,000	-	-	40,00,000
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	25,00,000	15,00,000	-	-	40,00,000
	Total (B)=(1+2)	44,40,000	29,00,000	14,00,000	27,00,000	1,14,40,000
	Total Managerial Remuneration	44,40,000	29,00,000	14,00,000	27,00,000	1,14,40,000
	Overall Ceiling as per the Act.					1,54,11,178

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		CEO	Company Secretary Anirudh Singh G Thakur CFO Millind Nare
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	55,73,857 82,05,789
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	36,300 options 57,024 options
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
	Others, specify	-	-
5	Others, please specify	-	-
	Total		55,73,857 82,05,789

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There was no penalties/punishment/compounding of offences under the Companies Act, 2013 for the year ending March 31, 2019. However, the Company made an application of Compounding with the Reserve Bank of India for its delayed reporting of FDI received in Form FC GPR. The Compounding order was passed by RBI on July 17, 2018 and the matter was settled thereof.



FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis
There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2019, which were not at arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis

Name of Related Party	Nature of Relationship	Duration of Contract	Date of approval of Board	Salient terms	Amount in INR
Loan taken 1. Aavishkaar Venture Management Services Pvt. Ltd.	Significant Influence	FY - 2018-19			150,00,00,000
Loan repaid 1. Jain Sons Finlease Ltd 2. Aavishkaar Venture Management Services Pvt. Ltd.	Significant Influence	FY - 2018-19	24 th January, 2019		2,68,08,076 150,00,00,000
Interest paid 1. Jain Sons Finlease Ltd 2. Aavishkaar Venture Management Services Pvt. Ltd.	Significant Influence	FY - 2018-19	And	Not Applicable	16,11,928 1,75,19,179
Professional/business support fee 1. Aavishkaar Venture Management Services Pvt Ltd. 2. Intellectap Advisory Services Pvt. Ltd. 3. Tribetech Pvt. Ltd.	Significant Influence	FY - 2018-19	27 th April, 2018		31,62,738 6,92,886 55,50,495
Reimbursement of expenses paid 1. Tribetech Pvt. Ltd. 2. Aavishkaar Venture Management Services Pvt Ltd.	Significant Influence	FY - 2018-19			3,02,960 3,70,795



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Independent Auditor's Report

To the Members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

4. 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.



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Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

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

Key audit matter	How our audit addressed the key audit matter
<p>Loan to customers - Existence</p> <p>As at 31 March 2019, the gross loan to customers comprises of 90% of the Company's assets. These loans include loans to joint liability groups (JLG), individuals, NBFCs and other retail loans (refer Note 16 of Notes to Accounts of the Financial Statements). Micro finance/retail loans are disbursed by the Company through its Customer Service Representatives ("CSR") spread across 613 branches as at 31 March 2019. Loans to other NBFCs/Corporates are disbursed through head office.</p> <p>The criteria for disbursement of these loans is based upon the qualifying asset norms as prescribed under the Reserve Bank of India ("the RBI") guidelines for sanction of loans, which includes tenure of less than 24 months, loans to be extended towards income generation, assessing that borrower should not be the member of more than one JLG groups and having not borrowed from more than 2 Micro Finance Institutions ("MFIs"). These criteria are verified and accordingly loan is disbursed after the approval of Centralised KYC (Know Your Customer) checking platform (called 'HUB') which has been set up by the Company. Non-qualifying loans are approved after credit evaluation by credit committee.</p> <p>Additionally, in the current year approximately 23% of the qualifying loan disbursements and entire collections are in cash. The Company uses its existing branch network including the CSRs/regional/head office to disburse and collect cash.</p> <p>As at 31 March 2019, loan to customers constitutes significant part of total assets of the Company and involves significant audit focus towards the inherent susceptibility of cash transactions to fraud, and thus, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our audit included, but were not limited to, the following procedures:</p> <ul style="list-style-type: none"> • Understanding of the process: Updated our understanding of the process for loan approvals, disbursement, collections of repayment and other related activities, to identify any significant change in the process. • Test of controls: The controls around credit approval ('HUB' approvals) and cash disbursements process were tested for design and operating effectiveness. Further, controls around day-end process of cash management and banking were also tested. The audit team also reviewed the internal audit reports and testing conducted by the management to assess the impact of any observations therein on the audit. • Test of details: The audit team, on a sample basis, checked the loan application forms, related KYC records, credit history of borrowers and evidence of adequate approvals for disbursement of loans. The audit team also conducted field visits and performed the following audit procedures: <ul style="list-style-type: none"> (i) for a selected sample, physically met the customers, checked the loan cards maintained by the customer for collections recorded and balance outstanding and traced the same to the Company's records. (ii) physical verification of cash at branches and ensured compliance of Company's branch cash retention policy, (iii) for a selected sample, evaluated the branch day-end reporting process which includes reporting of closing cash balances, cash collection and cash disbursements. We also traced the day-end cash balance from manual registers and verified necessary approvals of the area manager approval for instances of excess cash withholding. <p>Our results: Based on the above procedures, the carrying value of loans to customers as outstanding as at 31 March 2019 appears to be reasonable.</p>



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Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

<p>Impairment of loans to customers – including write offs (refer note 8 and 26)</p> <p>The allowance for impairment of loans to customers is considered to be a matter of most significance as it requires the application of judgement and use of subjective assumptions by management.</p> <p>The Company records both general and specific allowances, on qualifying assets which is about 86% of the loans to customers outstanding, in accordance with the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 ('RBI norms'), as mentioned in note (i) of accounting policy given under Note 3 to the financial statements, and assessment of qualitative factors on loan grading respectively. Any change in assumptions could have a material impact on reported earnings.</p> <p>Loans and advances other than qualifying loans are provided for at the higher of management estimates of future losses and provision required as per the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.</p> <p>As on 31 March 2019, the company has written off portfolio loans, outstanding for more than 365 days as at that date, based on the management's estimate of future probable losses.</p> <p>In arriving at future losses management uses assumptions relating to default risk and delay risk across portfolios and across geographies in making appropriate allowances for impairment.</p> <p>Considering the significance of the above matter to the financial statements and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit included, but were not limited to, the following procedures:</p> <p>Understanding of the process: Updated our understanding of the management process to identify any impairment indicators that exist with respect to outstanding loans to customers as at year end and the process for measurement of such impairment provisions, where required.</p> <p>Test of controls: Tested the design and operating effectiveness of controls established over monitoring and accounting for overdue loans which include:</p> <ul style="list-style-type: none"> • IT application controls over the identification and calculation of overdue loans. • Internal controls around monitoring and recovering the overdue amounts • Review controls around calculation and creation of impairment provision • Governance controls relating to loan downgrading, including the continuous re-assessment of the appropriateness of assumptions used in creating the impairment allowance. • Controls over identification of early mortality cases and provisions required for such cases <p>Test of details: Key aspects of our testing involved the following procedures:</p> <ul style="list-style-type: none"> • Tested classification of the overdue accounts, on a sample basis • Tested information technology driven extraction and calculation of provision, ensuring compliance with the RBI norms and management policies • Tested the historical accuracy of the impairment provisions made in the prior periods • On a sample basis, tested the reasonableness of future cash flows projected for customers with past due loans (impaired portfolio) by inspecting the methodology and tracing it to source documents such as past collection history from such customers. <p>Our results: Based on above procedures, we found the impairment allowances made for loans to customers appear to be reasonable.</p>
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Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

Complex Information Technology ("IT") environment:

The Company is dependent on their IT system (FIS software) for recording customer's operational data, supporting their business processes, ensuring complete and accurate processing of financial transactions and supporting the overall internal control framework. This system is maintained by FIS Payment Solutions ("FIS") which acts as technology partner for implementing an end-to-end banking solution, infrastructure and network components. Their scope includes customer information management, user management and role-based access control. Many of the Company's internal controls over financial reporting are dependent on automated application level controls. The completeness and integrity of the system generated reports are dependent on appropriate functioning of the IT systems.

FIS software is a complex IT system which runs on a mobility platform and is used for recording all disbursements and collections, identification and tagging of pledged loans to customers and calculating interest income and overdue days. Currently, the Company has approximately 19 Lacs customers, spread across 613 branches within India.

Accordingly, considering the pervasive impact of the IT system on the financial statements and testing of such IT systems and related controls being the most significant aspect of our audit strategy, we have determined the same as a key audit matter.



Our audit procedures included testing of IT General Controls (ITGCs) and IT Application Level Controls (ITACs) implemented by the management in the IT system with the help of auditor's experts.

Key aspects of the ITGC testing involved, but were not limited to, the following audit procedures:

- Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities.
- Evaluated whether Company has controls for log capturing, review and follow up action.
- Evaluated management processes for modifications to the IT environment including monitoring and authorization of such modifications. Tested changes made to the IT system that involved significant impact on financial reporting.
- Tested segregations of duties controls around program maintenance, security administration and key business processes.
- Assessed the appropriateness of IT system job scheduling and alert configuration capabilities.
- Tested the process and controls implemented for user access management, including granting, change and removal of access to systems and operations. Evaluated the appropriateness of processes and tools to ensure availability of data as per user requests and business requirements, including data back-up and restoration plans of the Company.
- Where deficiencies were identified, we tested compensatory mitigating controls along with additional substantive procedures.

Key aspects of the IT application level controls testing involved, but were not limited to, the following audit procedures:

- Identification and understanding of systems used by the Company to maintain security access to financial applications
- Evaluated segregation of incompatible duties relevant to security administration
- Tested access set up and change procedures
- Tested automated controls on key financial applications including interest

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Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

	<p>calculation, overdue days' identification etc.</p> <p>Our results: Based on the above procedures, the IT general controls and IT application level controls implemented by the management appear to be reasonable.</p>
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Information other than the Financial Statements and Auditor's Report thereon

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

Our opinion on the financial statements does not cover the other information and we 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.

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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. 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



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Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

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

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
13. 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.
14. 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.

Report on Other Legal and Regulatory Requirements

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




Walker Chandiook & Co LLP

Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 15 May 2019 as per Annexure B expressed our unmodified opinion on adequacy and operative effectiveness of internal controls over financial reporting; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 33 to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivatives contract for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013



Anamitra Das
Partner
Membership No.: 062191

Place: Kolkata
Date: 15 May 2019



Walker Chandiook & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited), on the financial statements for the year ended 31 March 2019

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) 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 undertaken any transaction in respect of loans, guarantees and security covered under section 185 of the Act. In our opinion, the Company has not undertaken any transaction in respect of investments, guarantees and security covered under section 186 of the Act. Further, in our opinion, the Company has complied with the provisions of section 186 of the Act in respect of loans given.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

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



Walker Chandiook & Co LLP

Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
The Income-tax	Income Tax	22.89	11.52	AY 2014-15	Commissioner of Income Tax (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to any financial institution or government.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised.
- (x) According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers or by the Company have been noticed or reported during the course of our audit.
- (xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment of shares/fully/partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the company.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013



Anamitra Das

Partner

Membership No.: 062191

Place: Mumbai

Date: 15 May 2019



Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited (Formerly Arohan Financial Services Private Limited), on the financial statements for the year ended 31 March 2019

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Arohan Financial Services Limited (formerly Arohan Financial Services Private Limited) ("the Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.



Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited (Formerly Arohan Financial Services Private Limited), on the financial statements for the year ended 31 March 2019

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Anamitra Das
Partner
Membership No.: 062191

Place: Kolkata
Date: 15 May 2019



Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
10 C Hungerford Street
5th Floor, Kolkata 700017
India

T +91 33 4050 8000

Auditor's Report

[Pursuant to the Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016]

To

The Board of Directors
Arohan Financial Services Limited
(formerly Arohan Financial Services Private Limited)
PTI Building, 4th Floor
DP-9, Sector V, Salt Lake
Kolkata - 700 091

Dear Sirs,

Report on the Financial Statements

1. We have audited the accompanying financial statements of Arohan Financial Services Limited (formerly Arohan Financial Services Private Limited), ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our report dated 15 May 2019.
2. As required by Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India ("the RBI") vide Notification No. RBI/DNBS/2016-17/48 dated 29 September 2016 ("the Directions"), in addition to the report made under section 143 of the Companies Act, 2013 on the financial statements of the Company for the year ended 31 March 2019, we report on the matters specified in paragraphs 3(A) and 3(C) of the said directions:

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes 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 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.

4. The Company's Board of Directors is also responsible for ensuring that the Company complies with the requirements of the RBI directions and notifications. This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the RBI directions and notifications.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions it is our responsibility to examine the books and records of the Company and report on the matters specified in paragraphs 3(A) and 3(C) of the Directions, to the extent applicable to the Company.
6. We conducted our examination of the Statements in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements.

Conclusion

8. Based on our examination of the financial statements as at and for the year ended 31 March 2019, books of accounts and records of the Company as produced for our examination and according to the information and explanations given to us, we further report that:
 - a. The Company is engaged in the business of Non-Banking Financial Institution (without accepting or holding public deposits) and pursuant to the provisions of Section 45 I(a) of the RBI Act, 1934 (as amended), it has obtained a certificate of registration vide certificate no. B.05.02932 dated 8 July 2009.
 - b. In our opinion, and in terms of its principal business criteria i.e. financial asset/income pattern for the year ended and as at 31 March 2019, the Company is entitled to continue to hold the certificate of registration issued by the RBI.
 - c. The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
 - d. The Board of Directors of the Company in their meeting held on 27 April 2018 have passed a resolution for non-acceptance of any public deposits during the year ended 31 March 2019.
 - e. The Company has not accepted any public deposits during the year ended 31 March 2019.



Walker Chandio & Co LLP

- f. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms issued by the RBI in relation to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- g. The capital adequacy ratio (19.95%) calculated based on unaudited financial statements for the year ended 31 March 2019 has been submitted with the RBI in form NBS- 7 on 11 April 2019. The recomputed capital adequacy (20.05%) ratio based on audited financial statements for the year ended 31 March 2019 is yet to be filed with the RBI. However, based on our examination of the computation of the capital adequacy ratio, we report that such ratio is in compliance with the minimum capital to risk asset norm prescribed by the RBI.
- h. The Company has been correctly classified as NBFC Micro Finance Institutions (MFI) as defined in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Restriction on use

9. This report is issued solely for the use of the Board of Directors to enable the Company to comply with the requirements of the Directions issued by RBI and may not be suitable for any other purpose. Accordingly, our report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent.

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



Anamitra Das
Partner
Membership No.: 062191

Place: Kolkata
Date: 15 May 2019



Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)
Balance Sheet as at 31 March 2019
(All amounts in ₹ unless otherwise stated)



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

	Notes	As at 31 March 2019	As at 31 March 2018
Equity and liabilities			
Shareholders' funds			
Share capital	4	1,01,16,14,080	88,22,43,530
Reserves and surplus	5	5,80,05,77,607	2,91,62,10,191
		<u>6,81,21,91,687</u>	<u>3,79,84,53,721</u>
Non-current liabilities			
Long-term borrowings	6	12,95,35,06,081	9,06,25,10,576
Other long-term liabilities	7	13,84,35,163	4,11,71,927
Long-term provisions	8	31,19,83,853	28,68,09,359
		<u>13,40,39,25,097</u>	<u>9,39,04,91,862</u>
Current liabilities			
Short-term borrowings	6	2,42,75,67,330	2,34,16,61,075
Trade payables	9	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other current liabilities	10	15,82,42,42,157	8,00,05,73,856
Short-term provisions	8	16,52,33,157	1,04,38,270
		<u>18,41,70,42,644</u>	<u>10,35,26,73,201</u>
Total		<u><u>38,63,31,59,428</u></u>	<u><u>23,54,16,18,784</u></u>
Assets			
Non-current assets			
Property, plant and equipment - tangible assets	12	6,01,04,779	4,99,20,513
Intangible assets	13	5,70,37,105	5,34,11,627
Intangible asset under development		5,28,650	-
Non-current investments	14	5,00,000	5,00,000
Deferred tax assets (net)	15	11,51,47,340	7,85,10,734
Loan to customers	16	9,14,89,77,501	4,52,31,15,161
Long-term loans and advances	17	3,96,27,910	99,62,004
Other non-current assets	18	59,27,74,391	49,60,39,677
		<u>10,01,46,97,676</u>	<u>5,21,14,59,716</u>
Current assets			
Current investments	14	-	1,58,296
Cash and bank balances	19	2,07,78,41,106	1,77,90,33,776
Loan to customers	16	25,75,44,92,577	16,05,23,71,725
Short-term loans and advances	17	16,61,22,646	13,37,64,386
Other current assets	20	62,00,05,423	36,48,30,885
		<u>28,61,84,61,752</u>	<u>18,33,01,59,068</u>
Total		<u><u>38,63,31,59,428</u></u>	<u><u>23,54,16,18,784</u></u>

Notes 1 to 40 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

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

Anamitra Das
Partner
Membership No. 062191

Place: Kolkata
Date: 15 May 2019

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

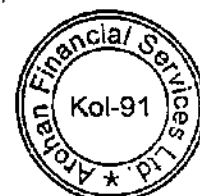
Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 15 May 2019

Anurag Agrawal
Director
(DIN: 02385780)

Milind Nare
Chief Financial Officer



Arohan Financial Services Limited
 (Formerly Arohan Financial Services Private Limited)
Statement of Profit and Loss for the year ended 31 March 2019
 (All amounts in ₹ unless otherwise stated)



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue			
Revenue from operations	21	6,31,02,80,283	3,21,68,94,126
Other income	22	3,62,14,963	5,32,81,738
Total revenue		6,34,64,95,246	3,27,01,75,864
Expenses			
Employee benefits expense	23	1,17,38,50,334	69,15,80,868
Finance costs	24	2,53,60,60,075	1,23,57,44,000
Depreciation and amortisation expense	25	4,09,61,313	3,04,83,995
Provisions and write offs	26	40,69,37,692	48,55,42,462
Other expenses	27	65,65,96,357	37,26,42,010
Total expenses		4,81,44,05,771	2,81,59,93,335
Profit before tax		1,53,20,89,475	45,41,82,529
Tax expense			
Current tax		45,85,24,667	20,26,04,393
Tax reversal for earlier periods		(1,05,50,358)	(9,97,617)
Deferred tax credit		(3,66,36,606)	(4,40,85,863)
Total tax expenses		41,13,37,703	15,75,20,913
Profit for the year		1,12,07,51,772	29,66,61,616
Earnings per equity share [EPES]	34		
Nominal value per share		10.00	10.00
Basic		12.30	3.35
Diluted		12.27	3.35

Notes 1 to 40 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

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

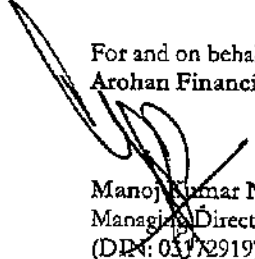


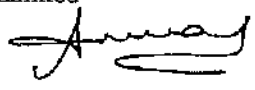
Anamitra Das
 Partner
 Membership No. 062191


Place: Kolkata
 Date: 15 May 2019




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

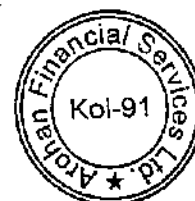

 Manoj Kumar Nambiar
 Managing Director
 (DIN: 03172919)


 Anurag Agrawal
 Director
 (DIN: 02385780)


 Anirudh Singh G Thakur
 Company Secretary


 Milind Nare
 Chief Financial Officer

Place: Kolkata
 Date: 15 May 2019



Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)
Cash Flow Statement for the year ended 31 March 2019
(All amounts in ₹ unless otherwise stated)



	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	1,53,20,89,475	45,41,82,529
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	4,09,61,313	3,04,83,995
Provisions and write offs	40,69,37,692	48,55,42,462
Loss on foreign exchange fluctuation	-	6,364
Liabilities written back	-	(4,03,099)
Employee stock option compensation	1,47,122	19,87,222
Gain on sale of investments	(94,56,122)	(2,10,73,824)
Loss/ (gain) on sale of property, plant and equipment	1,048	(1,46,479)
Operating profit before working capital changes	1,97,06,80,528	95,05,79,170
Adjustment for changes in working capital:		
Increase in loans to customers	(14,58,11,33,285)	(11,58,55,25,115)
(Increase) / decrease in long-term loans and advances	18,87,298	(49,51,485)
Increase in short-term loans and advances	(3,23,58,260)	(7,06,77,397)
(Increase)/decrease in other non-current assets	(3,07,69,403)	2,48,53,769
Increase in other current assets	(25,51,74,538)	(13,94,99,208)
Increase in long-term provisions	5,90,38,704	9,27,60,920
Decrease in short-term provisions	(3,28,56,922)	(7,75,10,973)
(Increase)/decrease in margin money deposit (net)	(21,20,44,699)	4,88,82,651
Increase in other liabilities	1,01,17,68,175	36,67,44,975
Cash used in operating activities	(12,10,09,62,402)	(10,39,43,42,693)
Income taxes paid (net of refunds)	(47,95,27,513)	(19,69,38,885)
Net cash used in operating activities (A)	(12,58,04,89,915)	(10,59,12,81,578)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,43,60,175)	(3,80,63,402)
Purchase of intangible assets	(1,92,38,515)	(1,45,40,120)
Proceeds from sale of property, plant and equipment	43,847	3,58,060
Proceeds from purchase and sale of investments (net)	96,14,415	2,10,73,824
Net cash used in investing activities (B)	(4,39,40,428)	(3,11,71,638)



Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)
Cash Flow Statement for the year ended 31 March 2019
 (All amounts in ₹ unless otherwise stated)



	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from financing activities		
Proceeds from issue of equity shares	1,93,58,55,453	10,01,525
Share issue expenses	(4,30,16,381)	-
Proceeds from long-term borrowings	20,96,22,80,000	13,65,42,50,000
Repayment of long-term borrowings	(10,16,14,39,478)	(4,93,35,69,281)
Proceeds from short-term borrowings (net)	8,59,06,255	1,64,09,21,844
Net cash generated from financing activities	12,77,95,85,851	10,36,26,04,088
Net increase/(decrease) in cash and cash equivalents (A+B+C)	15,51,55,508	(25,98,49,128)
Cash and cash equivalents as at the beginning of the year	1,58,61,20,229	1,82,68,22,487
Add: Increase in cash and cash equivalents due to amalgamation	-	1,91,46,870
Cash and cash equivalents as at the end of the year (refer note 1)	1,74,12,75,737	1,58,61,20,229
Note 1:		
Cash and bank balances (Note 19)	2,07,78,41,106	1,77,90,33,776
Less: Other bank balances	33,65,65,369	19,29,13,547
Cash and cash equivalents considered for cash flow	1,74,12,75,737	1,58,61,20,229

This is the Cash Flow Statement referred to in our report of even date.

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

Anamitra Das
 Partner
 Membership No. 062191

Place: Kolkata
 Date: 15 May 2019



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

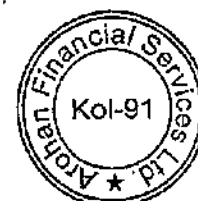
Manoj Kumar Nambiar
 Managing Director
 (DIN: 03178919)

Anirudh Singh G Thakur
 Company Secretary

Place: Kolkata
 Date: 15 May 2019

Anurag Agrawal
 Director
 (DIN: 02385780)

Milind Nare
 Chief Financial Officer



1 Corporate information

Arohan Financial Services Limited ("the Company" or "Arohan") is a company incorporated in India and registered under the provisions of the Companies Act, 1956. The Company has been registered as a Non-Banking Financial Company ("NBFC") with the Reserve Bank of India ("the RBI") from 8 July 2009 and pursuant to the notification issued by the RBI for classification of NBFCs as Non-Banking Finance Company – Micro Finance Institutions ("NBFC-MFI"), the Company's application for registration as an NBFC-MFI was approved by the RBI on 10 January 2014.

The Company has converted itself into a public limited company and changed its name to Arohan Financial Services Limited and has received a fresh certificate of incorporation dated 25 May 2018.

As a NBFC-MFI with headquarter in Kolkata, Arohan mainly operates in the low income states such as Bihar, Jharkhand, Odisha, Assam, West Bengal, Chattisgarh, Meghalaya, Uttar Pradesh, Madhya Pradesh etc. 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 and other allied services such as distribution of insurance and pension products.

2 Basis of preparation

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules 2016 and with the relevant provisions of the Act, pronouncements of the Institute of Chartered Accountants of India ("ICAI") and guidelines issued by the RBI as applicable to a NBFC-MFI Systemically Important Non Deposit taking Company (Reserve Bank) directions 2016 (as amended). The financial statements have been prepared on an accrual basis except for interest on non-performing loan assets which are accounted on cash basis based on the guidelines issued by the RBI from time to time. The accounting policies applied by the Company are consistent with those used in the prior period.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of work, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

3 Significant Accounting Policies

a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, future obligations under employee retirement benefit plans, income taxes and the useful lives of property, plant and equipment.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

b) Property, plant and equipment - tangible assets

Property, plant and equipment ("PPE") are stated at cost, net of accumulated depreciation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

c) Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization.

d) Depreciation/Amortization

Depreciation on PPE is provided on straight line method over the useful lives of assets prescribed under Schedule II of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation. Written down value of all assets acquired prior to 01 April 2014 are being depreciated over their remaining useful life as prescribed in Schedule II of the Act.

Computer software expenditure is amortized over a period of 5 years on straight line method.



e) Impairment of property, plant and equipment and intangible assets

The Company assesses at each balance sheet date 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. 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 recognized in the Statement of Profit and Loss in assessing value in use the estimated future cashflows are discounted to their present value using a pre tax discount rate that reflects current market assessments of time value of money and the risk specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

f) Investments

Investments that are readily realizable and intended to be held for not more than a year and current maturities of long-term investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However provision for diminution in value is made to recognize a decline other than temporary in the value of the long-term investments.

g) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

1) Interest on loans given is recognized on accrual basis at agreed interest rates, except in the case of Non-Performing Assets ("NPAs"), where interest is recognized upon realization, in accordance with the RBI guidelines.

2) Loan processing fees income is recognized over the period of the loan on a straight-line basis.

3) Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.

4) Profit/loss on sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.

5) Securitization and direct assignment of loan portfolio

Profit / premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the Statement of Profit and Loss account net of any losses when collected in cash.

6) Acquisition of Assets through Direct Assignment of Cash Flows

Premium paid on purchased loans are amortized on straight line basis over the tenure of the loans. Discount on the purchased loans are accounted for on proportionate basis over the tenure of the loans in accordance with the repayment schedule. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying portfolio.

7) Grants are recognized where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made. When the grant of subsidy related to revenue is income on systematic basis in the Statement of Profit and Loss over the period necessary to match them with the related cost, which are intended to compensate. Such grants are shown as other income.

8) All other income is recognised on an accrual basis.



h) Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liability are recognised for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be

i) Asset classification and provisioning

Loan asset classification of the Company is given in the table below:

Particulars	Criteria
Standard asset	The asset in respect of which, no default in repayment of principal or payment of perceived and which does not disclose any problem nor carry more than normal risk business.
Non-performing asset	An asset for which, interest/principal payment has remained overdue for a period of 90 or more

Provision for loan portfolio

Provision for loan portfolio has been made in accordance with the provisioning requirements for NBFC-MFI issued by the RBI vide its circular no. DNBR(PD) CC.No.008/03.10.119/2016-17 dated 1 September 2016 (as amended), which requires the minimum provision for qualifying portfolio to be higher of (i) 1% of the outstanding loan portfolio or (ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more and management estimates of future losses, whichever is higher.

Loans and advances other than qualifying portfolio loans are provided for at the higher of management estimates and provision required as per the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended), ("the Master Directions").

Loans write off

Under the following circumstances, loans are written off:

- Under extra-ordinary circumstances such as the death of a customer who has not received life insurance coverage or his/her spouse and/or any other incident where in the opinion of the management, the loan amount is not recoverable.
- Where the balance outstanding at the time of closure of loan is insignificant and in the opinion of the management, the cost of collection is not economically viable.
- All loss assets as identified in terms of the Master Directions.

j) 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 by the weighted average number of equity shares outstanding during the period. For the purpose of diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.





k) Employee benefits:

Provident fund

The Company contributes to the provident fund maintained by the Regional Provident Fund Commissioner, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the eligible employees.

Leave Encashment

Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the projected unit credit method. Actuarial losses/gains are recognized in the Profit and Loss Account in the year in which they arise.

Gratuity

Gratuity is a post-employment defined benefit plan. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the period in which such gains or losses arises.

Employee state insurance

The Company contributes to the Employees State Insurance Fund maintained by the state authorities, in accordance with Employees State Insurance Act, 1948. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense on accrual basis. There are no other obligations of the Company other than the contributions made to the funds

Employee share based payments

Recognition, measurement and disclosures relating to employee stock compensation is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments ("the Guidance Note"), issued by the ICAI. The Company uses intrinsic value method for the purposes of measurement of compensation cost and the fair value method for the purposes of additional disclosures in the financial statements. An independent valuer determines the intrinsic value of the underlying shares as on the date of the grant and compensation expenses, where applicable, are recognized as deferred employee stock compensation and is charged to Statement of profit and loss using the straight line method over the vesting period.

Termination benefit

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l) Provisions, contingent liabilities and contingent assets

- A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.
- A disclosure for a contingent liability is made when there is a possible obligation or a present obligation but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.
- Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.



m) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair values of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the Statement of Profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized. A leased asset is depreciated on a straight line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight-line basis over the lease term.

n) Transactions in foreign currency

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction. Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

o) Borrowing costs

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. Unamortized borrowing cost remaining, if any, is fully expensed off as and when the related borrowing is prepaid /cancelled.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash to be cash equivalents.



	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
4 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	11,24,53,320	1,12,45,33,200	11,24,53,320	1,12,45,33,200
	11,24,53,320	1,12,45,33,200	11,24,53,320	1,12,45,33,200
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each [refer note (a) below]	10,26,73,916	1,02,67,39,160	8,84,65,353	88,46,53,530
Less: Amount recoverable from ESOP trust	(15,12,508)	(1,51,25,080)	(2,41,000)	(24,10,000)
	10,11,61,408	1,01,16,14,080	8,82,24,353	88,22,43,530

(a) Reconciliation of Equity Share Capital

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each				
Balance at the beginning of the year	8,84,65,353	88,46,53,530	8,25,62,368	82,56,23,680
Less : Cancellation pursuant to the Scheme [refer Note (e) below]	-	-	(1,80,67,494)	(18,06,74,940)
Add : Shares issued pursuant to the Scheme [refer Note (e) below]	-	-	2,39,70,479	23,97,04,790
Add : Issued during the year (*)	1,42,08,563	14,20,85,630	-	-
Balance at the end of the year	10,26,73,916	1,02,67,39,160	8,84,65,353	88,46,53,530

(*) The Company during the year has issued 1,28,58,563 equity shares of ₹ 10 each on a private placement basis. Details of the issued shares are as follows:

Shareholders	No of shares	Issue price	Amount (₹)
Aavishkaar Venture Management Services Private Limited	30,34,685	146.81	44,55,22,105
Aavishkaar Venture Management Services Private Limited	9,21,375	162.80	14,99,99,850
Aavishkaar Capital Advisors LLP	71,82,603	146.81	1,05,44,77,946
Maj Invest Financial Inclusion Fund II	8,59,950	162.80	13,99,99,860
TR Capital III Mauritius	4,29,975	162.80	6,99,99,930
Rajesh Sachdeva	4,29,975	162.80	6,99,99,930

Further, the Company has also issued 6,00,000 and 7,50,000 equity shares of ₹ 10 each to Arohan ESOP trust at a premium of ₹ 120 and ₹ 152.80 each respectively for a total consideration of ₹ 78,00,00,00 and ₹ 12,21,00,000 respectively under the Arohan ESOP Scheme 2018 which has been netted off from issued share capital and securities premium as per the Guidance Note issued by ICAI.

(b) Terms and rights attached:

Equity Shares: The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the current financial year the company has not proposed/declared any dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(d) Details of shareholders holding more than 5% paid-up capital

	31 March 2019		31 March 2018	
	Number	%	Number	%
Equity shares of ₹ 10 each				
Aavishkaar Goodwill India Microfinance Development Company II Limited	1,85,39,529	18.06%	1,85,39,529	20.96%
Tano India Private Equity Fund II	1,69,14,279	16.47%	1,69,14,279	19.12%
Maj Invest Financial Inclusion Fund II	1,54,01,267	15.00%	1,45,41,317	16.44%
Aavishkaar Venture Management Services Private Limited	1,30,99,380	12.76%	91,43,520	10.34%
Intellectual Capital Advisory Services Pvt Ltd	1,23,54,499	12.03%	1,23,54,499	13.97%
TR Capital III Mauritius	97,18,722	9.47%	92,88,747	10.50%
Aavishkaar Capital Advisors LLP	71,82,603	7.00%	-	-



(e) Scheme of Arrangement

Pursuant to a Scheme of Arrangement ("the Scheme") under section 230 to 232 of the Act, sanctioned by the National Company Law Tribunal ("NCLT"), Kolkata Bench vide its order dated 26 March 2018 and NCLT, Mumbai Bench vide its order dated 09 March 2018, Intellectash Microfinance Network Company Private Limited ("Transferor Company") merged with Arohan Financial Services Private Limited ("Transferee Company") with effect from 1 April 2017 ("Appointed Date"). The Scheme came into effect on 28 March 2018, the day on which both the order of the NCLT, Kolkata and Mumbai Bench were delivered to the Registrar of Companies.

The investment held in the Transferee Company by the Transferor Company (1,80,67,494 equity shares of ₹ 10 each) have been cancelled (securities premium adjusted ₹ 5,66,79,154). The Transferee Company has issued 2,13,44 equity shares for every 1 share held in the Transferor Company to the shareholders of the Transferor Company aggregating to 2,39,70,479 equity shares of ₹ 10 each.

(f) Employee stock option scheme ("ESOP Scheme")

Arohan ESOP Trust ("ESOP Trust") was formed on 19 March 2010 to promote participation of the eligible employees of the Company in the ownership and growth of the Company and to confer on them certain welfare benefits through the implementation of the welfare schemes. Pursuant to the shareholder's approval in the meeting held on 15 March 2010 and 27 April 2018 (empowering the Board to take any further decisions with regard to ESOP schemes), the Board is authorized to issue employee stock options, that are exercisable into not more than 21,75,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme.

	ESOP 2013 (Revised)	ESOP 2017	ESOP 2018
Date of Grant	1 July 2014	29 August 2017	16 May 2018
Date of Board approval	29 April 2014	19 May 2017	27 April 2018
Number of options granted	2,86,992	2,29,280	5,97,264
Method of settlement	Equity	Equity	Equity
Vesting period	12 months from date of Grant	12 months from date of Grant	36 months from date of Grant

The exercise price and remaining contractual life of the ESOP Scheme are as follows:

	31 March 2019	31 March 2018
ESOP 2017		
Exercise price	84.70	84.70
Weighted average remaining contractual life (in years)	-	0.41
ESOP 2018		
Exercise price	130.00	-
Weighted average remaining contractual life (in years)	2.13	-

Reconciliation of stock options:

	ESOP 2013 (Revised)	ESOP 2017	ESOP 2018
Outstanding as at 1 April 2014	-	-	-
Stock option issued during the year	2,37,500	-	-
Exercised and vested	-	-	-
Forfeited	5,000	-	-
Outstanding as at 31 March 2015	2,32,500	-	-
Stock option issued during the year	-	-	-
Exercised and vested	47,500	-	-
Forfeited/lapsed	10,000	-	-
Outstanding as at 31 March 2016	1,75,000	-	-
Stock option issued during the year	-	-	-
Exercised and vested	1,35,000	-	-
Forfeited/lapsed	5,000	-	-
Outstanding as at 31 March 2017	35,000	-	-
Stock option issued during the year	49,492	2,29,280	-
Exercised and vested	35,000	-	-
Forfeited/lapsed	-	-	-
Outstanding as at 31 March 2018	49,492	2,29,280	-
Stock option issued during the year	-	-	5,97,264
Exercised and vested	48,492	30,000	-
Forfeited/lapsed	1,000	24,000	54,000
Outstanding as at 31 March 2019	-	1,75,280	5,43,264





Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
5 Reserves and surplus		
i) Securities premium reserve		
Balance at the beginning of the year	2,04,41,70,070	2,05,46,71,489
Add: Additions pursuant to the Scheme [refer Note 4(e)]	-	17,87,20,839
Add : Premium received on shares issued during the year	1,99,17,55,333	4,76,525
Less: Adjusted pursuant to the Scheme [refer Note 4(e)]	-	(18,40,78,484)
Add: Transferred from shares options outstanding account	22,21,245	3,93,225
Less: Amount recoverable from ESOP trust	(18,52,70,430)	(60,13,524)
Less: Share issue expense	(4,30,16,381)	-
Balance at the end of the year	<u>3,80,98,59,837</u>	<u>2,04,41,70,070</u>
ii) Share options outstanding account		
Balance at the beginning of the year	20,74,123	4,80,126
Add : Amount recorded on grants during the year	1,91,026	21,78,248
Less : Grants forfeited during the year	(43,904)	-
Less : Transferred to securities premium reserve	(22,21,245)	(3,93,225)
Less : Deferred stock compensation expense	-	(1,91,026)
Balance at the end of the year	<u>-</u>	<u>20,74,123</u>
iii) Statutory reserve		
Balance at the beginning of the year	20,28,26,787	13,22,28,414
Add: Additions pursuant to the Scheme [refer Note 4(e)]	-	1,12,66,050
Add : Transfer from Statement of Profit and Loss (*)	22,41,50,354	5,93,32,323
Balance at the end of the year	<u>42,69,77,141</u>	<u>20,28,26,787</u>
(*) In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred 20% of the profit after tax to the Statutory Reserve.		
iv) General reserve		
Balance at the beginning of the year	80,27,029	80,27,029
Less : Adjustment made during the year	-	-
Balance at the end of the year	<u>80,27,029</u>	<u>80,27,029</u>
v) Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	65,91,12,182	39,36,23,446
Add: Additions pursuant to the Scheme [refer Note 4(e)]	-	2,81,59,443
Add : Profit for the year	1,12,07,51,772	29,66,61,616
Less : Transfer to Statutory reserve	(22,41,50,354)	(5,93,32,323)
Balance at the end of the year	<u>1,55,57,13,600</u>	<u>65,91,12,182</u>
Total Reserves and Surplus	<u><u>5,80,05,77,607</u></u>	<u><u>2,91,62,10,191</u></u>



6 Borrowings

	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
Secured				
Debentures	61,00,00,000	-	1,14,00,21,787	-
Term loans				
From banks	16,63,01,73,488	1,67,50,00,000	9,67,15,45,684	1,84,50,00,000
From others	8,01,91,84,485	-	3,97,01,41,904	-
Working capital facility from bank	-	75,25,67,330	-	49,66,61,075
	25,25,93,57,973	2,42,75,67,330	14,78,17,09,375	2,34,16,61,075
Unsecured				
Debentures	1,10,00,00,000	-	75,00,00,000	-
Term loan from banks	75,00,00,000	-	25,00,00,000	-
Term loan from others	-	-	50,00,00,000	-
Loans from related parties	4,49,990	-	2,72,58,066	-
	1,85,04,49,990	-	1,52,72,58,066	-
Total borrowings	27,10,98,07,963	2,42,75,67,330	16,30,89,67,441	2,34,16,61,075
Less: Current maturities of long-term borrowings	14,15,63,01,882	-	7,24,64,56,865	-
Total	12,95,35,06,081	2,42,75,67,330	9,06,25,10,576	2,34,16,61,075
Current maturities of long-term borrowings				
Debentures	35,00,00,000	-	21,788	-
Term loans				
From Banks	10,66,10,48,196	-	5,26,65,61,834	-
From Others	3,14,48,03,696	-	1,95,30,65,263	-
Loans and advances from related parties	4,49,990	-	2,68,07,980	-
	14,15,63,01,882	-	7,24,64,56,865	-

a) Terms and conditions of debentures issued

Name of Debenture Holder	Amount borrowed (₹)	Rate of Interest	Repayment Schedule
Secured debentures			
Blue Orchard Microfinance Fund for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹10,00,000)	26,00,00,000	14.30%	Bullet Repayment in April 2020
Hinduja Leyland Finance Limited (Face Value ₹10,00,000)	35,00,00,000	11.40%	Bullet Repayment in December 2019
Unsecured debentures			
II-MR Capital Finance Private Limited (Face Value ₹ 20,00,000)	10,00,00,000	14.25%	Bullet Repayment in September 2022
Debenture Northern Arc (Face Value ₹ 10,00,000)	65,00,00,000	13.50%	Bullet Repayment in April 2025
Northern Arc Capital Limited (Face Value ₹ 10)	35,00,00,000	13.50%	Bullet Repayment in September 2025

b) Terms and conditions of long-term borrowings and nature of security

Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security. The term loans carries interest in the range of 7.35% per annum to 13.75% per annum (31 March 2018 : 7% to 13.5% per annum). Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the trustees for the benefit of the debenture holders.

c) Terms and conditions of short-term borrowings and nature of security

Short-term secured loans from banks and financial institutions are secured by hypothecation of loan portfolio, in addition to the fixed deposits being held as collateral security and are repayable in 12 or less than 12 monthly installments. The short term loans carry interest in the range of 9.50% per annum to 10.75% per annum (31 March 2018 : 9.50% to 10.35% per annum).

d) There have been no defaults in repayment of debentures or any installments of term loan taken from banks and others.



e) Repayment details of long-term borrowings are as below:

Repayment schedule	Interest rate	Non Current		Current	
		No. of installment	Amount	No. of installment	Amount
Term loan from banks:					
Monthly repayment schedule	9% to 10%	-	-	11	26,19,04,762
		-	-	6	2,50,00,000
	10% to 11%	-	-	12	15,00,00,000
		5	4,12,08,173	12	10,01,08,757
		-	-	12	5,00,00,000
		-	-	2	38,88,904
		-	-	12	37,50,00,000
		-	-	12	37,50,00,000
		-	-	11	25,00,00,008
		9	10,71,42,857	12	14,28,57,143
		11	7,85,71,429	10	7,14,28,571
		12	5,71,42,857	9	4,28,57,143
		12	1,00,00,00,000	12	1,00,00,00,000
		-	-	7	4,37,50,000
		-	-	8	3,33,33,333
		4	1,66,66,667	12	5,00,00,000
		5	6,04,16,667	12	14,50,00,000
		10	15,62,50,000	12	18,75,00,000
		10	4,58,33,333	12	5,50,00,000
		-	-	1	23,80,952
		-	-	4	95,23,810
		-	-	7	3,33,33,333
		21	29,16,66,667	12	16,66,66,667
		-	-	12	9,50,00,092
		-	-	12	11,00,00,000
		3	3,50,00,000	12	14,00,00,000
		-	-	9	22,50,00,000
		-	-	10	8,33,33,333
	11% to 12%	-	-	3	71,42,864
		-	-	3	5,71,42,858
		12	8,18,89,057	12	8,40,00,000
		-	-	3	1,81,81,820



Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

Repayment schedule	Interest rate	Non Current		Current	
		No. of installment	Amount	No. of installment	Amount
Quarterly repayment schedule	9% to 10%	3	2,50,00,003	4	3,33,33,332
		-	-	4	14,28,57,150
		-	-	3	19,28,57,140
		-	-	2	3,25,00,000
		-	-	4	10,26,25,000
		3	9,98,55,661	4	13,33,33,336
		6	24,99,36,738	4	16,66,63,496
		1	2,50,00,000	4	10,00,00,000
	10% to 11%	3	18,75,00,000	4	25,00,00,000
		2	14,28,57,145	4	28,57,14,284
		4	28,57,14,287	3	21,42,85,713
		4	14,28,57,143	3	10,71,42,857
		3	21,42,85,716	4	28,57,14,284
		1	7,14,28,583	4	32,14,28,571
		2	14,28,57,143	4	28,57,14,286
		3	10,71,42,857	4	14,28,57,143
		4	28,57,14,286	3	21,42,85,714
		4	14,28,57,143	3	10,71,42,857
		4	6,29,00,000	4	6,12,00,000
		4	8,14,00,000	4	7,92,00,000
		4	74,00,000	4	72,00,000
		4	74,00,000	4	72,00,000
		4	1,85,00,000	4	1,80,00,000
		4	74,00,000	4	72,00,000
		3	26,89,80,000	4	35,86,40,000
		2	18,75,00,000	4	37,50,00,000
		1	1,75,73,084	4	7,10,74,356
		-	-	4	30,00,00,000
		-	-	4	20,00,00,000
		2	6,25,00,000	4	12,50,00,000
		4	12,50,00,000	4	12,50,00,000
		-	-	4	12,42,11,003
		6	35,50,00,000	4	23,60,00,000
		14	19,44,44,464	12	16,66,66,656
	11% to 12%	-	-	4	18,50,00,000
		-	-	4	2,00,00,000
		-	-	4	6,00,00,000
		1	2,00,00,000	4	8,00,00,000
		2	8,33,33,333	4	16,66,66,667
		4	37,50,00,000	4	37,50,00,000
Bullet repayment schedule					
	11% to 12%	1.00	25,00,00,000.00	-	-
	13% to 14%	1.00	50,00,00,000.00	-	-
Total term loan from banks			6,71,91,25,292		10,66,10,48,196



Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

(All amounts are in Lakhs unless otherwise stated)

Repayment schedule	Interest rate	Non Current		Current	
		No. of installment	Amount	No. of installment	Amount
Term loan from others:					
Monthly repayment schedule	9% to 10%	8	8,02,96,576	12	11,04,23,811
		7	1,41,12,584	12	2,22,77,996
	12% to 13%	5	8,98,97,875	12	19,79,46,019
		6	12,27,28,933	12	22,40,51,546
	13% to 14%	-	-	2	77,08,988
		-	-	2	77,68,074
Quarterly repayment schedule	10% to 11%	-	-	3	19,97,29,218
		-	-	3	9,98,64,315
		6	40,41,11,480	4	23,65,17,060
Half Year repayment schedule	7% to 8%	9	14,00,00,000	12	18,00,00,000
		19	39,30,00,000	10	20,70,00,000
	10% to 11%	6	8,25,00,000	2	9,90,00,000
		6	26,80,00,000	2	20,10,00,000
		9	15,14,00,000	12	19,92,00,000
		4	4,80,00,000	2	10,20,00,000
	11% to 12%	4	3,20,00,000	2	6,80,00,000
		7	1,10,00,00,000	2	60,00,00,000
		-	-	12	4,94,00,000
		23	95,83,33,341	7	29,16,66,669
	-	-	5	4,12,50,000	
	Bullet repayment schedule	10% to 11%	1	99,00,00,000	-
Total term loan from others			4,87,43,80,789	3,14,48,03,696	
Term loan from related party:					
Monthly repayment schedule	17% to 18%	-	-	1	4,49,990
Total term loan from related party			-	4,49,990	
Grand Total			11,59,35,06,082	13,80,63,01,882	



Arohan Financial Services Limited
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7 Other long-term liabilities

	As at 31 March 2019	As at 31 March 2018
Unamortised loan processing fees	9,07,30,410	3,83,33,638
Unrealised gain on loan transfer transactions	4,10,723	28,38,289
Advance from customers	4,72,94,030	-
	13,84,35,163	4,11,71,927

	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
8 Provisions				
Contingent provision against standard assets	4,85,49,378	14,53,35,157	13,13,324	49,19,402
Provision for non-performing assets	23,09,63,611	-	26,48,27,821	-
Provision for employee benefits				
Gratuity (refer note 11)	2,28,64,864	-	1,82,55,852	-
Compensated absences	96,06,000	1,98,98,000	24,12,362	55,18,868
	31,19,83,853	16,52,33,157	28,68,09,359	1,04,38,270

- 9 There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') pertaining to micro or small enterprises. For the year ended 31 March 2019, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED Act.

10 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings	14,15,63,01,882	7,24,64,56,865
Interest accrued and due on borrowings (*)	78,60,945	61,40,586
Interest accrued but not due on borrowings	22,00,68,768	11,30,79,746
Statutory dues	3,91,81,754	2,54,19,770
Payable on account of securitisation/ assignment	72,26,85,545	23,33,53,689
Unrealised gain on loan transfer transactions	3,08,01,376	3,44,87,560
Employee dues	11,27,29,185	5,40,06,699
Unamortised loan processing fees	24,97,15,349	15,27,25,787
Liabilities for expenses	12,02,30,438	6,64,20,693
Unamortised profit on buyout transactions	-	24,38,379
Capital creditors	24,56,527	7,10,616
Security deposit	27,67,386	14,87,500
Advance from customers	1,04,01,200	-
Other payables	14,90,41,802	6,38,45,966
	15,82,42,42,157	8,00,05,73,856

(*) represents amount deducted by bank in subsequent month inspite of amount being duly funded on the due date.



11 Employee benefits

Defined Benefit Plans - As per Actuarial Valuations as on 31 March 2019 and recognised in the financial statements in respect of Employee Benefit Schemes (gratuity):

	As at 31 March 2019	As at 31 March 2018
i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	1,96,73,787	1,30,56,726
Service cost	40,02,000	31,49,478
Interest cost	13,93,000	8,44,542
Actuarial loss (net)	1,16,08,443	53,09,534
Benefits paid	(16,90,230)	(26,86,493)
Projected benefit obligation at the end of the year	3,49,87,000	1,96,73,787
ii) Change in plan assets		
Fair value of plan assets at the beginning of the year	14,17,895	33,99,969
Expected return on plan assets	4,83,000	2,03,052
Employer contributions	1,19,11,438	5,01,367
Benefits paid	(16,90,230)	(26,86,493)
Fair value of plan assets at the end of the year	1,21,22,103	14,17,895
iii) Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	3,49,87,000	1,96,73,787
Funded status of the plans	(1,21,22,103)	(14,17,895)
Liability recognised in the balance sheet	2,28,64,897	1,82,55,892
iv) Components of employer expenses		
Service cost	40,02,000	31,49,478
Interest cost	13,93,000	8,44,542
Expected returns on plan assets	(4,83,000)	(2,03,052)
Recognized net actuarial loss	1,16,08,443	53,09,534
Total expense recognised in the Statement of profit and loss	1,65,20,443	91,00,502

Net Gratuity expenses have been recognised in "Contribution to Provident and other funds" under Note 23.

v) Key actuarial assumptions

Discount rate	7.30%	7.40%
Long-term rate of compensation increase	5.00%	5.00%
Rate of return on plan assets	8.00%	8.00%
Withdrawal rates	1st 5 years of service 52% more than 5 years of service 1%	

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards. The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant facts.

vi) Table for 5 years actuarial valuation disclosures for Gratuity

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Defined benefit obligation	3,49,87,000	1,96,73,787	1,30,56,726	81,85,618	58,52,178
Plan assets	1,21,22,103	14,17,895	33,99,969	10,83,981	26,10,949
Deficit	2,28,64,897	1,82,55,892	96,56,757	71,01,637	32,41,229
Net actuarial loss recognized	1,16,08,443	53,09,534	54,66,618	38,41,793	33,57,191

- vii) The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post-employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is ₹ 4,34,87,776 (31 March 2018: ₹ 3,57,43,928).



12 Property, plant and equipment - tangible assets

	Furniture and fixtures	Computer and accessories	Office equipment	Total
Gross block :				
Balance as at 1 April 2017	1,69,41,013	3,24,56,475	41,39,766	5,35,37,254
Additions	1,27,40,993	2,41,03,449	33,16,975	4,01,61,417
Disposals	-	(6,85,103)	-	(6,85,103)
Balance as at 31 March 2018	2,96,82,006	5,58,74,821	74,56,741	9,30,13,568
Additions	86,73,756	1,92,31,339	82,00,991	3,61,06,086
Disposals	(13,136)	(6,18,048)	(2,200)	(6,33,384)
Balance as at 31 March 2019	3,83,42,626	7,44,88,112	1,56,55,532	12,84,86,270
Accumulated depreciation :				
Up to 31 March 2017	88,13,923	1,64,51,340	22,99,726	2,75,64,989
Depreciation charge	19,36,310	1,24,13,414	10,26,411	1,53,76,135
Adjustment pursuant to amalgamation	19,353	5,96,696	9,404	6,25,453
Reversal on disposal of assets	-	(4,73,522)	-	(4,73,522)
Up to 31 March 2018	1,07,69,586	2,89,87,928	33,35,541	4,30,93,055
Depreciation charge	32,89,622	1,79,95,817	46,06,733	2,58,92,172
Reversal on disposal of assets	(13,136)	(5,88,400)	(2,200)	(6,03,736)
Up to 31 March 2019	1,40,46,072	4,63,95,345	79,40,074	6,83,81,491
Net block				
Balance as at 31 March 2018	1,89,12,420	2,68,86,893	41,21,200	4,99,20,513
Balance as at 31 March 2019	2,42,96,554	2,80,92,767	77,15,458	6,01,04,779

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13 Intangible assets

Gross block

Balance as at 1 April 2017
Additions
Balance as at 31 March 2018
Additions
Reversal on disposal of assets
Balance as at 31 March 2019

Computer Software	Total
3,74,29,277	3,74,29,277
4,51,18,120	4,51,18,120
8,25,47,397	8,25,47,397
1,87,09,865	1,87,09,865
(21,917)	(21,917)
10,12,35,345	10,12,35,345

Accumulated amortisation

Up to 31 March 2017
Amortization charge
Up to 31 March 2018
Amortization charge
Reversal on disposal of assets
Up to 31 March 2019

1,40,27,910	1,40,27,910
1,51,07,860	1,51,07,860
2,91,35,770	2,91,35,770
1,50,69,141	1,50,69,141
(6,671)	(6,671)
4,41,98,240	4,41,98,240

Net block

Balance as at 31 March 2018
Balance as at 31 March 2019

5,34,11,627	5,34,11,627
5,70,37,105	5,70,37,105

14 Investments

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
In equity instruments (non-trade, unquoted)				
50,000 (31 March 2018: 50,000) equity shares of ₹ 10 each fully paid in Alpha Micro Finance Consultant Private Limited	5,00,000	-	5,00,000	-
In mutual funds (non-trade, unquoted)				
95 units of ₹ 10 each fully paid-up of Axis Liquid Institutional Fund	-	-	-	1,58,296
Aggregate amount of unquoted investments	5,00,000	-	5,00,000	1,58,296

15 Deferred tax assets (net)

Deferred tax assets

On account of provision for standard and non performing assets
On disallowances of expenses allowed on payment basis
On others

As at 31 March 2019	As at 31st March 2018
9,88,85,517	7,48,40,840
1,82,99,777	91,50,814
43,94,217	8,32,655
12,15,79,511	8,48,24,309

Deferred tax liabilities

On difference between written down value of property, plant and equipment and intangible assets as per books and as per income tax
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(64,32,171)	(63,13,575)
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Deferred tax assets (net)

11,51,47,340	7,85,10,734
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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

16 Loan to customers

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Portfolio loans				
Joint liability group and Individual loans:				
Unsecured, considered good(*)	7,88,56,23,567	23,78,81,12,267	4,01,92,71,163	15,21,13,06,548
Unsecured, considered doubtful(**)	14,74,68,099	-	24,45,51,561	-
Loans to other NBFCs:				
Secured, considered good(#)	80,18,21,880	93,55,42,256	17,71,76,538	16,52,55,625
Other retail loans:				
Unsecured, considered good	23,05,68,443	1,03,08,38,054	6,18,39,639	67,58,09,552
Unsecured, considered doubtful	8,34,95,512	-	2,02,76,260	-
	<u>9,14,89,77,501</u>	<u>25,75,44,92,577</u>	<u>4,52,31,15,161</u>	<u>16,05,23,71,725</u>

(*) Represents standard assets classified in accordance with the Master Directions.

(**) Represents non-performing assets classified in accordance with the Master Directions.

(#) Secured by hypothecation of pool of underlying assets financed there against.

17 Loans and advances

(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2019		As at 31st March 2018	
	Long-term	Short-term	Long-term	Short-term
Security deposits	72,37,860	1,43,38,683	91,25,158	1,57,77,670
Advance tax (net of provision)	3,23,90,050	-	8,36,846	-
Advances to employees	-	3,20,82,833	-	2,23,60,155
Other receivables	-	10,94,75,160	-	7,87,54,411
Advances recoverable on behalf of business correspondent arrangements	-	1,02,25,970	-	1,68,72,150
	<u>3,96,27,910</u>	<u>16,61,22,646</u>	<u>99,62,004</u>	<u>13,37,64,386</u>



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Summary of significant accounting policies and other explanatory information
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AROHAN

AAVISHKAAR-INTELLECTUAL ENTERPRISE

18 Other non-current assets

	As at 31 March 2019	As at 31 March 2018
Bank deposits with maturity of more than 12 months [refer (a) below]	50,78,69,210	43,94,76,333
Interest receivable on loan transfer transactions	4,10,723	28,38,289
Interest accrued on fixed deposits	2,08,47,617	98,96,042
Prepaid expenses	1,03,915	11,63,396
Unamortised loan processing charges on borrowed funds	5,87,97,174	4,18,49,605
Unamortised sourcing expenses	47,45,752	8,16,012
	59,27,74,391	49,60,39,677

- (a) Includes deposits aggregating to ₹ 50,78,69,210 (31 March 2018: ₹ 43,94,76,333) placed as margin money deposits to avail term loans from banks, financial institutions and as cash collateral in connection with asset securitisation transactions.

19 Cash and bank balances

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks		
- in current accounts	59,52,45,049	84,92,23,475
- in deposit accounts (with original maturity upto 3 months) [refer (a) below]	1,10,21,55,209	69,00,00,000
Cash in hand	4,38,75,479	4,68,96,754
	1,74,12,75,737	1,58,61,20,229
Other bank balances		
Deposits with maturity of more than 3 months but less than 12 months [refer (a) below]	33,65,65,369	19,29,13,547
Total	2,07,78,41,106	1,77,90,33,776

- (a) Includes deposits aggregating to ₹ 33,87,20,578 (31 March 2018: ₹ 19,08,38,778) placed as margin money deposits to avail term loans from banks, financial institutions and as cash collateral in connection with securitisation transactions.

20 Other current assets

	As at 31 March 2019	As at 31 March 2018
Accrued interest on loan to customers	36,45,03,632	22,85,78,383
Prepaid expenses	1,05,12,951	18,63,970
Unamortised sourcing expenses	2,42,85,294	1,31,31,938
Interest receivable on loan transfer transactions	3,08,01,376	3,44,87,560
Unamortised loan processing charges on borrowed funds	6,08,35,261	4,15,53,147
Interest accrued on fixed deposits	1,53,35,900	1,63,05,092
Interest strip on securitisation/ assignment transactions	11,37,31,009	2,89,10,795
	62,00,05,423	36,48,30,885

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	Year ended 31 March 2019	Year ended 31 March 2018
21 Revenue from operations		
Interest on loan to customers	5,36,77,99,116	2,85,70,48,780
Income from loan processing fee	34,04,04,580	15,83,03,577
Income from securitisation/assignment	31,10,66,707	4,63,71,429
Insurance commission	7,50,04,997	2,58,97,067
Other operating revenues [refer (a) below]	21,60,04,883	12,92,73,273
	6,31,02,80,283	3,21,68,94,126
(a) Includes interest on margin money deposits placed to avail term loan from banks, financial institutions and on deposits placed as cash collateral in connection with securitization amounting to ₹ 3,97,15,874 (31 March 2018 ₹ 2,46,50,720).		
22 Other income		
Interest income on fixed deposits	2,13,02,436	1,88,43,215
Gain on sale of current investments	94,56,122	2,10,73,824
Gain on sale of property, plant and equipment	-	1,46,479
Sundry balances written back	-	4,03,099
Grant received	8,85,765	50,89,272
Gain on foreign exchange fluctuation	22,238	-
Miscellaneous income	45,48,402	77,25,849
	3,62,14,963	5,32,81,738
23 Employee benefits expense		
Salaries and bonus/ allowances	1,04,82,12,964	62,08,04,286
Contribution to provident and other funds	6,85,03,981	5,06,05,487
Employee stock option compensation	1,47,122	19,87,222
Staff welfare expenses	5,69,86,267	1,81,83,873
	1,17,38,50,334	69,15,80,868
The Hon'ble supreme court has in a recent decision dated 28 February 2019, ruled that special allowance would form part of basic wages for computing the provident fund contribution. Management believes that there are numerous interpretative issues on inclusion of special allowances for the purpose of provident fund contribution as well as its applicability of effective date. While the Company is evaluating the implications of the order, the amount is not determinable as no reliable estimate can be made		
24 Finance costs		
Interest expenses	2,43,56,57,501	1,18,05,25,412
Other borrowing costs	10,04,02,574	5,52,18,588
	2,53,60,60,075	1,23,57,44,000
25 Depreciation and amortisation expense		
Depreciation on property, plant and equipment - tangible assets (Refer note 12)	2,58,92,172	1,53,76,135
Amortisation of intangible assets (Refer note 13)	1,50,69,141	1,51,07,860
	4,09,61,313	3,04,83,995



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	Year ended 31 March 2019	Year ended 31 March 2018
26 Provisions and write off		
Bad debt written off	25,31,50,093	34,18,10,286
Provision for loan portfolio on standard assets (net of reversals)	18,76,51,809	(8,47,91,621)
Provision for loan portfolio on sub-standard assets (net of reversals)	(3,38,64,210)	22,85,23,797
	<u>40,69,37,692</u>	<u>48,55,42,462</u>
27 Other expenses		
Rent	9,71,67,052	5,85,66,094
Repairs and maintenance-others	4,06,15,818	1,78,00,042
Insurance	1,63,80,146	1,01,75,891
Power and fuel	1,05,77,608	66,86,031
Rates and taxes	5,33,68,473	1,88,53,346
Office expenses	1,67,06,996	1,58,02,482
Membership and subscription	48,37,347	55,26,817
Office maintenance	2,08,34,281	1,22,15,947
Printing and stationery	2,39,13,711	1,39,68,668
Legal and professional expenses	17,89,70,860	8,45,33,508
Director's commission	1,00,00,000	-
Recruitment and induction expenses	2,16,03,929	1,36,45,581
Communication expenses	1,00,76,633	1,52,20,686
Travelling and conveyance	13,73,27,442	8,67,26,091
Payment to auditors [Refer note (a) below]	43,14,200	31,95,279
Loss on foreign exchange fluctuation	-	6,364
Loss on sale of property, plant and equipment	1,048	-
Corporate social responsibility expenses (refer note 36)	79,73,850	61,51,871
Miscellaneous expenses	19,26,963	35,67,312
	<u>65,65,96,357</u>	<u>37,26,42,010</u>
(a) Payments to auditors		
Statutory audit	27,50,000	27,50,000
Tax audit(*)	1,28,100	1,03,700
In other capacity		
Other services (**)	11,33,600	1,85,000
Reimbursement of expenses	3,02,500	1,56,579
	<u>43,14,200</u>	<u>31,95,279</u>

(*) done by other auditors

(**) ₹ 1,33,600 pertains to services provided by other auditors

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28 Related party disclosures

a) Names of related parties and description of relationship

Relationship	Name
Key Management Personnel (KMP)	Manoj Kumar Narayan Nambiar - Managing Director Milind Ramchandra Nare - Chief Financial Officer Anirudh Singh G Thakur (appointed on 23 October 2017) - Company Secretary Varita Mundhra (resigned wef 23 October 2017) - Company Secretary
Director	Dinesh Kumar Mittal (Independent Director) Vincent Chandra Rai (Director) Anurag Agarwal (Director) Marangi Gowrishankar (Independent Director) Rajat Mohan Nag (Independent Director) Sumantra Banerjee (Independent Director)
Entities which are able to exercise control or have significant influence	Intellectual Capital Advisory Services Private Limited Aavishkaar Goodwill India Microfinance Development Company-II Limited Tano India Private Equity Fund II
Entities under common control	Jain Sons Finlease Limited Aavishkaar Venture Management Services Private Limited Aavishkaar Capital Advisory LLP Intellectap Advisory Services Private Limited
Enterprise over which KMP have significant influence or control	Tribetech Private Limited Anudip Foundation

b) Transactions with related parties

	Year ended 31 March 2019	Year ended 31 March 2018
Issue of equity shares (including share premium)		
Aavishkaar Venture Management Services Private Limited	59,55,21,955	42,61,550
Intellectual Capital Advisory Services Private Limited	-	12,35,44,990
Aavishkaar Goodwill India Microfinance Development Company-II Limited	-	10,12,78,050
Aavishkaar Capital Advisors LLP	1,05,44,77,946	-
Portfolio buyout		
Jain Sons Finlease Limited	-	12,04,956
Loan taken		
Jain Sons Finlease Limited	-	5,97,81,873
Aavishkaar Venture Management Services Private Limited	1,50,00,00,000	-
Loan repaid		
Jain Sons Finlease Limited	2,68,08,076	3,25,23,807
Aavishkaar Venture Management Services Private Limited	1,50,00,00,000	-
Security deposit received		
Tribetech Private Limited	14,32,503	14,87,500
Security deposit invoked		
Tribetech Private Limited	29,53,379	-
Purchase of property, plant and equipment		
Jain Sons Finlease Limited	-	47,49,394
Interest paid		
Jain Sons Finlease Limited	16,11,928	81,16,893
Aavishkaar Venture Management Services Private Limited	1,75,19,179	-
Corporate social responsibility expenses		
Anudip Foundation	-	9,00,000



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	Year ended 31 March 2019	Year ended 31 March 2018
Professional/ business support fees		
Aavishkaar Venture Management Services Private Limited	31,62,738	5,67,071
Tribetech Private Limited	55,50,495	15,86,188
Intellectcap Advisory Services Private Limited	6,92,886	35,79,767
Loan processing charges		
Jain Sons Finlease Limited	-	96,750
Reimbursement of expenses paid		
Tribetech Private Limited	3,02,960	1,65,447
Intellectcap Advisory Services Private Limited	2,63,013	2,72,488
Aavishkaar Venture Management Services Private Limited	3,70,795	34,542
Reimbursement of expenses received		
Intellectcap Advisory Services Private Limited	57,600	-
Aavishkaar Venture Management Services Private Limited	2,51,339	-
Tribetech Private Limited	4,25,000	-
Director's commission		
Dinesh Kumar Mittal	25,00,000	-
Vineet Chandra Rai	25,00,000	-
Anurag Agrawal	15,00,000	-
Matangi Gowrishankar	15,00,000	-
Rajat Mohan Nag	10,00,000	-
Sumantra Banerjee	10,00,000	-
Remuneration		
Manoj Kumar Narayan Nambiar	1,39,84,899	1,12,50,006
Milind Ramchandra Nare	82,05,789	68,93,311
Anirudh Singh G Thakur	55,73,857	19,88,950
Vanita Mundhra	-	5,28,684
c) Year-end balances with related parties	As at	As at
	31st March 2019	31 March 2018
Loans taken		
Jain Sons Finlease Limited (including interest due)	4,67,631	2,72,58,066
Security deposit refundable		
Tribetech Private Limited	-	14,87,500
Security deposit receivable		
Tribetech Private Limited	33,376	-
Other payables		
Tribetech Private Limited	6,22,881	8,96,923
Anudip Foundation	-	1,80,000
Intellectcap Advisory Services Private Limited	10,208	-
Dinesh Kumar Mittal	25,00,000	-
Vineet Chandra Rai	25,00,000	-
Anurag Agrawal	15,00,000	-
Matangi Gowrishankar	15,00,000	-
Rajat Mohan Nag	10,00,000	-
Sumantra Banerjee	10,00,000	-



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29 Additional disclosures pursuant to the RBI guidelines and notifications:

i) Capital

	31 March 2019	31 March 2018
Capital to Risk/Weighted Assets Ratio (CRAR) (%)	20.05%	23.63%
CRAR-Tier I Capital (%)	15.86%	16.81%
CRAR-Tier II Capital (%)	4.19%	6.82%
Amount of subordinated debt raised as Tier-II Capital	35,00,00,000	1,15,00,00,000
Amount raised by issue of Perpetual Debt Instruments	-	-

ii) Investments

	31 March 2019	31 March 2018
A. Value of Investments		
Gross Value of Investments:		
a) In India	5,00,000	6,58,296
b) Outside India	-	-
Provisions for Depreciation:		
a) In India	-	-
b) Outside India	-	-
Net Value of Investments		
a) In India	5,00,000	6,58,296
b) Outside India	-	-
B. Movement of provisions held towards depreciation on investments		
Opening Balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/Write-back of excess provisions during the year	-	-
Closing Balance	-	-

iii) Derivatives

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

iv) Disclosures relating to Securitisation

	31 March 2019	31 March 2018
A) Securitisation		
1) No. of SPVs sponsored by the NBFC for securitisation transactions	1	1
2) Total amount of securitised assets as per books of the SPVs sponsored	65,58,43,568	40,12,11,368
3) Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
(i) First loss	13,11,68,714	4,27,12,743
(ii) Others	-	-
b) On-balance sheet exposures		
(i) First loss	-	8,02,42,274
(ii) Others	-	-



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	31 March 2019	31 March 2018
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	-	-
Credit enhancements provided and outstanding (Gross):		
Principal collateralisation	-	4,45,79,041
Interest collateralisation	-	4,27,12,743
Corporate guarantee	13,11,68,714	
Cash collateral	-	3,56,63,233

B) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset reconstruction

The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction during the current and previous year.

C) Details of Assignment transactions undertaken by NBFCs

	31 March 2019	31st March 2018
i) Number of accounts	4,44,506	51,074
ii) Aggregate value (net of provision) of account sold	7,38,10,41,989	48,44,72,045
iii) Aggregate consideration	7,38,10,41,989	48,44,72,045
iv) Additional consideration realized in respect of accounts transferred in earlier year	-	-
v) Aggregate gain/ loss over net book value	-	-

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

The Company has not purchased/sold any non-performing financial assets (related to securitisation) during the current and previous year.

v) Asset Liability Management

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 30.

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 no disclosures 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 16.

vii) Miscellaneous

A) Registration obtained from other financial sector regulators

The Company has obtained a certificate of registration under registration number CA0402 dated 1 August 2016 to act as Corporate Agent (Composite) under Insurance Regulatory and Development Authority of India (IRDA) and Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

B) Disclosure of Penalties imposed by RBI and other regulators

An amount of ₹ 10,18,080 has been paid to Reserve Bank of India towards late submission fees of FCGPR under Foreign Exchange Management Act, 1999 (as amended)

C) Related Party Transactions

Details of all material related party transactions are disclosed in Note 28.

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

The details of ratings assigned by Credit Analysis & Research Ltd. (CARE) vide their report dated 29 March 2019 and migration of ratings during the year are as follows:

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

E) Remuneration of Directors (other than Managing Director) (refer note 28)

Name of Directors	31 March 2019	31 March 2018
Dinesh Kumar Mittal	25,00,000	-
Vincent Chandra Rai	25,00,000	-
Anurag Agrawal	15,00,000	-
Matangi Gowrishankar	15,00,000	-
Rajat Mohan Nag	10,00,000	-
Sumantra Banerjee	10,00,000	-

viii) Additional Disclosures

A) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head
Expenditure in Statement of Profit and Loss

	31 March 2019	31 March 2018
Provision towards standard assets (refer note 26)	18,76,51,809	(8,47,91,621)
Provision towards non performing assets (refer note 26)	(3,38,64,210)	22,85,23,797
Provision made towards Income tax (including for earlier year)	44,79,74,309	20,16,06,776
Other Provision and Contingencies (employee benefits)	2,61,81,782	1,66,96,686



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

	31 March 2019	31 March 2018
a) Concentration of Advances		
Total Advances to twenty largest borrowers	1,74,73,64,133	43,51,74,257
Percentage of Advances to twenty largest borrowers to Total Advances	5.01%	2.12%

	31 March 2019	31 March 2018
b) Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	1,74,73,64,133	43,51,74,257
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	5.01%	2.12%

c) Concentration of NPAs		
Total exposure to top four NPA accounts	1,38,36,617	92,11,299

d) Sector-wise NPAs

**Percentage of NPAs to Total Advances
in that sector**

Agriculture & allied activities	0.28%
MSME	Nil
Corporate borrowers (*)	Nil
Services	2.71%
Unsecured personal loans	2.28%
Auto loans	Nil
Other personal loans	Nil

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

e) Movement of NPAs

	31 March 2019	31 March 2018
i) Net NPAs to Net Advances (%)	0.00%	0.00%
ii) Movement of NPAs (Gross)		
a) Opening Balance	26,48,27,821	3,26,32,176
b) Additions during the year	34,47,70,141	64,45,93,640
c) Reductions during the year	37,86,34,351	41,23,97,995
d) Closing balance	23,09,63,611	26,48,27,821
iii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	26,48,27,821	3,26,32,176
b) Provisions made during the year	34,47,70,141	64,45,93,640
c) Write-off/write-back of excess provisions	37,86,34,351	41,23,97,995
d) Closing balance	23,09,63,611	26,48,27,821



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f) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company did not have any overseas assets during the current and previous year.

g) Off-balance sheet SPVs sponsored

(which are required to be consolidated as per accounting norms)

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

ix) Disclosure of customer complaints

- a) No. of complaints pending at the beginning of the year
b) No. of complaints received during the year
c) No. of complaints redressed during the year
d) No. of complaints pending at the end of the year

	31 March 2019	31 March 2018
a)	74	110
b)	766	690
c)	806	726
d)	34	74

x) Information on instances of fraud identified during the year**Nature of fraud****Cash embezzlement****No. of cases****Amount of fraud****Recovery****Amount provided for****Loans given against fictitious documents****No. of cases****Amount of fraud****Recovery****Amount provided for****Others (Snatching etc.)****No. of cases****Amount of fraud****Recovery****Amount provided for**

	31 March 2019	31 March 2018
No. of cases	9	4
Amount of fraud	27,59,988	14,49,185
Recovery	10,61,472	75,000
Amount provided for	16,98,516	13,74,185
No. of cases	1	-
Amount of fraud	4,98,000	-
Recovery	-	-
Amount provided for	4,98,000	-
No. of cases	32	17
Amount of fraud	39,89,383	23,01,791
Recovery	8,10,731	-
Amount provided for	31,78,652	23,01,791

xi) Information on net interest margin (qualifying asset)**Particulars****Average Interest (a)****Average effective cost of borrowing (b)****Net Interest margin (a-b)**

	31 March 2019	31 March 2018
Average Interest (a)	20.89%	22.11%
Average effective cost of borrowing (b)	10.94%	12.45%
Net Interest margin (a-b)	9.95%	9.66%

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30 Asset Liability Management

Maturity pattern of assets and liability as on 31 March 2019

Particulars	Up to 30/31 days	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months & up to 6 Months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits (with banks)	1,10,84,26,638	2,76,21,566	4,07,68,202	4,92,13,367	21,26,88,805	50,78,69,210	-	-	1,94,65,89,788
Advances (Micro Finance Portfolio)	2,30,69,24,657	2,34,15,44,768	2,29,16,41,571	6,57,21,94,522	10,27,58,06,749	8,03,30,91,667	-	-	31,82,12,03,934
Advances (Other than Micro Finance)	16,61,93,925	17,45,10,654	16,27,58,180	51,25,96,276	95,03,21,275	1,11,58,85,834	-	-	3,08,22,66,144
Investments	-	-	-	-	-	-	-	5,00,000	5,00,000
Borrowings	1,77,46,25,322	97,71,66,428	1,22,77,76,718	4,63,94,76,341	7,96,48,24,404	9,91,68,06,080	1,53,67,00,000	1,50,00,00,000	29,53,73,75,293
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Maturity pattern of assets and liability as on 31 March 2018

Particulars	Up to 30/31 days	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months & up to 6 Months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits (with banks)	69,70,00,000	1,87,06,027	56,59,119	6,06,73,923	10,08,74,478	37,66,19,193	6,28,57,140	-	1,32,23,89,880
Advances (Micro Finance Portfolio)	1,50,85,51,499	1,54,71,34,176	1,48,82,03,950	4,27,84,44,499	6,44,96,12,943	4,20,31,82,205	-	-	19,47,51,29,272
Advances (Other than Micro Finance)	8,59,90,376	8,37,25,231	8,08,45,595	24,22,77,809	34,82,26,167	25,92,92,437	-	-	1,10,03,57,615
Investments	1,58,296	-	-	-	-	-	-	5,00,000	6,58,296
Borrowings	99,14,37,168	67,37,70,943	72,25,81,957	2,94,92,64,103	4,25,10,63,769	7,06,63,38,371	59,61,72,205	1,40,00,00,000	18,65,06,28,516
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Notes:

1. The above borrowings exclude interest accrued and due and interest accrued but not due.
2. The advances comprise of loan portfolio and does not include interest accrued.
3. The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.



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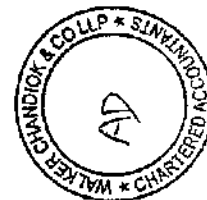


31 Loan portfolio and provision for standard and non-performing assets as at 31 March 2019:

Asset classification	Portfolio loans outstanding (gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (net)	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018	Provisions made during the period	Provisions written back during the period	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Standard assets	34,67,25,06,467	20,31,06,59,065	62,32,726	18,76,51,809	-	19,38,84,535	34,47,86,21,932	20,30,44,26,339
Sub-standard assets	23,09,63,611	26,48,27,821	26,48,27,821	34,47,70,141	37,86,34,351	23,09,63,611	-	-
Doubtful assets	-	-	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-	-	-
Total	34,90,34,70,078	20,57,54,86,886	27,10,60,547	53,24,21,950	37,86,34,351	42,48,48,146	34,47,86,21,932	20,30,44,26,339

Loan portfolio and provision for standard and non-performing assets as at 31 March 2018:

Asset classification	Portfolio loans outstanding (gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (net)	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	Provisions made during the year	Provisions written back during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Standard assets	20,31,06,59,065	9,06,98,02,587	9,10,24,347	-	8,47,91,621	62,32,726	20,30,44,26,339	8,97,87,78,240
Sub-standard assets	26,48,27,821	3,26,32,176	3,26,32,176	64,45,93,640	41,23,97,995	26,48,27,821	-	-
Doubtful assets	-	-	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-	-	-
Total	20,57,54,86,886	9,10,24,34,763	12,36,56,523	64,45,93,640	49,71,89,616	27,10,60,547	20,30,44,26,339	8,97,87,78,240





Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

32 Additional disclosures pursuant to Para 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016.

		As at 31 March 2019	
		Amount outstanding	Amount overdue
Liabilities side :			
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:			
(a) Debentures			
Secured		62,51,69,139	-
Unsecured		1,10,87,03,223	-
(other than falling within the meaning of public deposits)			-
(b) Deferred Credits		-	-
(c) Term Loans (includes short-term borrowings)			-
Secured		26,52,01,69,930	-
Unsecured		75,82,27,754	-
(d) Inter-corporate loans and borrowing		4,67,631	-
(e) Commercial Paper		-	-
(f) Other Loans		75,25,67,330	-
Assets side :			
(2) Break up of Loans and Advances:			As at 31 March 2019
a) Secured, gross			1,73,73,64,136
b) Unsecured, gross			33,16,61,05,942
Total			34,90,34,70,078
(3) Break up of Leased Assets			
(i) Lease assets including lease rentals under sundry debtors:			
(a) finance lease			-
(b) operating lease			-
(ii) Stock on hire including hire charges under sundry debtors:			
(a) assets on hire			-
(b) repossessed asset			-
(iii) Other loans counting towards AFC activities			-
(a) loans where assets have been repossessed			-
(b) loans other than (a) above			-
(4) Breakup of investments (long-term unquoted equity)			
Current Investments :			
1. Quoted			
(i) Shares			
(a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others			-
2. Unquoted			
(i) Shares			
(a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others			-





Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

Additional disclosures pursuant to Para 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 (continued)

	31 March 2019
Long Term investments :	
1. Quoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-
2. Unquoted	
(i) Shares:	
(a) Equity	
(b) Preference	5,00,000
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-

(5) Borrower group-wise classification of assets financed as in (2) and (3)

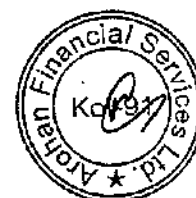
Category	Net of provision as at 31st March 2019		
	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties			
Total	1,73,04,14,679	32,74,82,07,253	34,47,86,21,932
	1,73,04,14,679	32,74,82,07,253	34,47,86,21,932

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	Market value / Breakup or fair value or NAV	Book value (net of provisions)
1. Related parties		
2. Other than related parties		
Total	5,00,000	5,00,000
	5,00,000	5,00,000

(7) Other information

	31 March 2019
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	-
(ii) Net non-performing assets	23,09,63,611
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired on satisfaction of debt	-



33 Contingent liabilities and commitments

- (a) Demand for income tax received from income tax authorities in respect of which the Company has gone for appeal is ₹ 29,06,880 (31 March 2018: ₹ 96,19,510). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.
- (b) Corporate Guarantee provided to IndusInd Bank towards partnership agreement for ₹ 75,00,000 (31 March 2018: ₹ 75,00,000).
- (c) Corporate guarantee in the form of credit enhancement provided towards securitisation for ₹ 13,11,68,714 (31 March 2018: ₹ Nil).
- (d) Capital commitment for purchase/ development of tangible and intangible asset (net of advances) ₹ 16,44,200 (31 March 2018: ₹ 97,31,128).

34 Earnings per equity share [EPES]

	Year ended 31 March 2019	Year ended 31 March 2018
a) Profit considered for computation of basic and diluted EPES	1,12,07,51,772	29,66,61,616
b) Computation of weighted average number of equity shares in computation of basic and diluted EPES		
Weighted average number of shares considered for computation of basic EPES	9,11,40,073	8,85,10,170
Add: Effect of shares issued under ESOP scheme	1,93,542	2,255
Weighted average number of shares considered for computation of diluted EPES	<u>9,13,33,615</u>	<u>8,85,12,425</u>
c) Earnings per equity share [EPES]		
Basic EPES	12.30	3.35
Diluted EPES	<u>12.27</u>	<u>3.35</u>

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35 Foreign Currency Disclosures

	Year ended 31 March 2019	Year ended 31 March 2018
a) Earnings in foreign currency		
Grant income	3,47,126	50,89,272
	<u>3,47,126</u>	<u>50,89,272</u>
b) Expenditure in foreign currency		
Other borrowing costs	38,12,278	-
	<u>38,12,278</u>	<u>-</u>

c) Unhedged foreign currency exposure - Nil

36 Disclosure in respect of Corporate Social Responsibility under section 135 of the Act and Rules thereon

(a) Gross amount required to be spent during the year	79,73,850	59,97,398
(b) Amount spent during the period/ year on purposes other than construction/acquisition of any asset		
Paid	77,67,055	59,66,871
Yet to be paid	2,06,795	1,85,000
Total	<u>79,73,850</u>	<u>61,51,871</u>

37 Segment reporting

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company does not have any reportable geographical segment.

38 Lease payments made under cancellable operating lease amounting to ₹ 9,28,72,456 (31 March 2018: ₹ 5,13,77,486) disclosed as rent and the same has been recognised as an expense in the Statement of Profit and Loss.

39 The Company has taken on operating lease certain facilities and office premises for a period ranging from 11 months to 36 months which are non-cancellable for the period as reflected in the respective agreements. These lease agreements provide for increase in the lease payments by 5 % to 15 % over the period as mentioned in the agreements. The total minimum lease payments for the current period, in respect of operating leases, included under rent, aggregates to ₹ 42,94,596 (31 March 2018 : ₹ 71,88,608)

The future lease payments in respect of the above are as follows:-

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than one year	42,62,656	39,24,480
Later than one year but not later than five years	55,38,876	12,32,555
Later than 5 years	-	-



Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)



AROHAN
AAVISHKAAR-INTELLECAP ENTERPRISE

40 Previous year figures have been reclassified / regrouped wherever necessary, to confirm to current year presentation.

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

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

Anamitra Das
Partner
Membership No. 062191

Place: Kolkata
Date: 15 May 2019

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

Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)
Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 15 May 2019

Anurag Agrawal
Director
(DIN: 02385780)
Milind Nare
Chief Financial Officer