



## APRIL 2022

### From the Management's Desk

Greetings,

Hope all of you are fine and doing well.

How time flies! It is unbelievable that we passed the second anniversary of the start of the COVID-19 pandemic and the national lockdown in the last week of March 2022. Looking back, one reflects on the key learnings and takeaways for a "high touch" microfinance business – going cashless both, on disbursements and on collections, the need to have a differentiated new and old customer model, capacity building for our field employees especially, the frontline ones, the need for a robust IT platform, an evolved credit, and risk function and a strong data analytics unit amongst others.

At Arohan, we adopted a conservative approach and have focused on our existing regular customers to manage value at risk in this period. We used this period to further our progress on the IT roadmap towards being India's first fintech MFI, the efforts of which have been testified by Arohan being recognised as the 'Microfinance Company of the Year' at the 3rd Annual BFSI Technology Excellence Awards programme, 2022 organised by Quantic. We also strengthened the senior management team with the appointment of a Chief Business Officer. In our focused efforts on creating a natural state of gender equity, we have achieved a gender diversity ratio of 17% end of March 2022, among our employee base. I am also delighted to inform you that we have been recognised again as a Great Place to Work-Certified™ company thrice in a row, in March 2022. In addition, our efforts in the Prevention of Sexual Harassment at the workplace have won us the recognition of being one of the Top 25 Safest Workplaces in India by the KelpHR PoSH Awards®.

The Omicron Wave 3 in December-January 2022 was less disruptive and clearly, the economic activity levels are gradually returning to normalcy. The Assam Microfinance Incentive and Relief Scheme 2021 covers all the eligible regular borrowers under Category 1 with an outlay of close to INR 1600 Cr. Discussions with the State Government on Category 2 and 3 have started for roll-out early this financial year.

While much has been written and spoken about the pricing deregulation for NBFC-MFIs to help price for risk, the significant credit harmonization has been less discussed. Post the Consultative Document in June 2021 and the feedback received on it across levels, our regulator, the Reserve Bank of India has come out with the final circular on the MFI Deregulation & Harmonisation Guidelines in the mid of March 2022. This is very significant as it lays down a common credit approach of not leveraging the borrower's family with more than 50% of her household income, thereby ensuring improved credit quality, lowering delinquencies, provisions, and credit costs in the sector in the short to medium term. This MFI Version 3.0 has been made effective starting April 1, 2022, and promises to usher in a new phase of growth for the industry.

We are delighted to welcome Piramal Alternatives as a Tier 2 investor with an INR 200 Cr infusion in March 2022. We look forward to taking stock on our Tier1 capital raise between an internal round, refiling for the IPO ticket, and a PE raise in our next board meeting in May 2022, given the positive environment today.

Our sincere and heartfelt gratitude to our borrowers, employees, investors, board members, the regulator, the Government, and lenders amongst many others who have helped us and the sector navigate a difficult period since March 2020, and emerge out of it on a positive note.

Wish you all a wonderful financial year starting April 2022!

Warm regards,

Manoj Kumar Nambiar  
Managing Director

In the News

### Arohan Financial Services successfully completes Certification Surveillance Audit of the Smart Campaign



In a significant achievement, Arohan successfully completed the Certification Surveillance Audit of Smart Campaign by M-CRIL. The achievement recognizes the organisation's adherence to Client Protection Principles.

Arohan got recertified with the Smart Campaign Certification in December 2019. Smart Certification status is valid for four years, but certified institutions must undergo a check-in process at the two-year mark. By determining whether an organisation has experienced any transformative and institutional-level changes, and reviewing any weak areas identified during the original certification, the two-year surveillance audit validates that an organisation continues to adhere to the Client Protection Principles. To this effect, the check-in process for the year 2022 found that Arohan continues to fully adhere to the Client Protection Principles (CPPs). As such, Arohan's Smart Campaign certification continues to be valid until 4 years after its original issuance date of December 2019.

## In the News

### Arohan Financial Services Limited gets Great Place to Work-Certified™ thrice in a row



In a significant achievement, Arohan gets Great Place to Work-Certified™ thrice in a row, by the Great Place To Work® Institute. The achievement recognises the organisation's High-Trust, High-Performance Culture™ for its employees.

This certification helps us benchmark employee perceptions of the workplace environment with selected benchmarks across industries and locations. Commenting on the prestigious recognition, Senior Vice President and Head of Human Resources, Mr. Prashant

Rai said, "Getting recertified as a Great Place to Work for the third time in a row is incredible! I thank each and every employee of Arohan for supporting the initiatives taken towards building a holistic and purpose-driven work environment. This award is an appreciation of the professional and personal engagement that our employees have experienced within this organisation. Despite the challenges posed by the global pandemic, the organisation and its employees worked together to brave the obstacles and transition into a more adaptive workspace, focused on employee wellbeing and safety. I congratulate each one of you for making your organisation a great place to work!!"

### Arohan has partnered with Care Health Insurance for distribution of health products in Madhya Pradesh and Chhattisgarh



In the month of January 2022, Arohan has partnered with Care Health Insurance for the distribution of health products in Madhya Pradesh and Chhattisgarh. Care offers a tailor-made health insurance plan specially designed for the microloan customers of Arohan to help them access health plans. The Hospital Cash Policy, offered by Care, would ensure that a customer receives fixed benefit amounts in case of hospitalization due to illness or accident.

## Thought Leadership

### Arohan was listed amongst the 'Top 10 Most Promising Companies in India' by Inventiva



Arohan was listed amongst the "Top 10 Most Promising Companies in India" by Inventiva, in an article penned by Ms. Ashlyn Joy.

The author highlighted the economic growth rate over the last few years

in India, and how the microfinance companies supported it by bridging the gap between the rich and poor segments of the society. Further, she added how the Microfinance companies provide financial services to low-income clients, who typically do not have access to mainstream banking products and services. Besides, she mentioned that these companies are playing an important role in helping the poor achieve self-sufficiency by providing them with access to affordable credit services and alleviating poverty, especially among women and the poor, all over their region of operations by allowing them to start or expand their small businesses.

In this article, the author wrote, "Arohan provides a wide range of items to financially disadvantaged customers. Credit and insurance products are the two types of financial products. Credit products include income-generating loans and other loan products for various household purposes, while insurance products include healthcare and life insurance covers issued and underwritten by certain Indian insurance companies with whom Arohan has tie-ups."

### Arohan partnered with Leegality on its digitization journey

Arohan's partnership with Leegality, a Document Infrastructure Platform gets featured on a digital news platform named 'Express Computer' on January 4, 2022.

In its mission to establish 'Cashless at the front and Paperless at the back' across the geographies of its operation, Arohan, in partnership with Leegality, has digitized its JLG loan paperwork processes for its customers. The article quotes that, "in a way Arohan has digitized the entire customer lifecycle and its post-sales support touchpoints to enhance its offerings."

According to the article, "in order to align with Arohan's business operational model, Leegality offered a customised solution. This helped the organisation save 300+ man-hours per day across 700 plus branches. With this application, Arohan's loan officers can drop the mundane tasks of carrying stacks of documents from one place to the other, besides completely eliminating the issues related to document storage. This application will be installed in loan officer's tablet and they can process it from anywhere, anytime. Similarly, the customers can either sign in person or remotely. These signed documents will be saved directly on Arohan's Document Management System."

Arvind Murarka, Senior VP and Head-IT, Arohan Financial Services said, "As a result of the pandemic, we have been facing various on-ground challenges in the field pertaining to collections. Today, with the intervention from Leegality, our field agents can now spend more time enabling collections while also sourcing new customers."



## Mr. Prashant Rai spoke about Arohan's Workplace wellbeing trend on AI@Work Trilogy by ET HR World

In the month of February, ET HR World, an Economic Times Initiative - crafted exclusively for the HR leaders and by the HR leaders, aired episode-3 of AI@Work Trilogy, organized by ET HR World and Oracle to highlight the key Workplace wellbeing trends that will emerge in 2022. Mr. Prashant Rai, Senior Vice President - Head of HR, Admin, Training & CSR, was invited to speak in this episode.

The idea was to showcase that with employees working from home, how it has become mandatory for global organisations to strategically align their resources to aid employees in their development and empowerment. Mr. Rai spoke about how Arohan's recent workplace well-being trends are designed and implemented to include expansion in terms of diversity and inclusion, a better operating model comprising empathy and compassion, and the creation of a positive work environment.

## ESG Initiatives

### Arohan initiated 'Agriculture and Backyard Poultry- based Livelihood Promotion' in West Bengal



In the month of February 2022, Arohan, under the Aavishkaar Foundation initiated its 2<sup>nd</sup> project towards providing 'Agriculture and Backyard Poultry-based Livelihood Promotion' with implementing partner Gram Jagat in Rampurhat, West Bengal.

The first project which was completed in Majuli, Jorhat with the implementing partner SeSTA, was a big success with 1,097 beneficiaries on board, out of which 75.7% were Arohan customers. SeSTA is a non-profit organisation in Assam that collectivizes women to form SHGs, build their capabilities and strengthen livelihood systems while Gram Jagat has been working to ensure social justice, equality, freedom, and dignity of life among the common people in West Bengal.

The socio-economic condition of Rampurhat is backward and marginalized, where livelihood is dependent on agriculture, animal rearing and daily labour activities. It was noticed that due to a lack of skill training on the farm and non-farm management, the local farmers follow the traditional farming methods that do not yield much. To address this issue, the project aims to initiate a set of activities for the promotion of agriculture and backyard poultry such as farm and non-farm sector intervention of the families using their land, local resources, capacity development and technology introduction. Community group promotion such as Farmer's Club and Women Self-Help Groups will also be implemented as a part of the project.

### Arohan introduces Work From Home Location for its women field employees



Arohan is driving many key initiatives towards gender diversity and inclusion, and Work From Home Location for its female field employees is one of them. With a focus on building a balanced work environment, Arohan launched this initiative in December 2021, with immediate effect for the new joiners. For existing employees whose work locations are more than 100 km away from their home locations, transfers will be effected on or before January 31, 2022, and for employees less than 100 km, transfers will be effected from April 2022 onwards.

## Voice of Customer

*"I am happy to receive INR 25,000 under Assam Micro Finance Incentive and Relief Scheme (AMFIRS), I can now repay my EMIs and soon expand my business", says Malaya*



Malaya is a dairy business owner and has been a customer of Arohan for the last six years. She had availed a loan of INR 45,000 in her third cycle which she invested in her business to scale up but then the impact of the pandemic severely affected her business activities which resulted in financial losses. She was then unable to pay her monthly EMIs.

She was eligible for and received the one-time incentive of INR 25,000 under AMFIRS which helped her repay her EMIs. She now plans to expand her business and provide for a better living for her family. Malaya is an inspiration for many in her locality, as she has not only made the right use of the one-time opportunity to repay her EMIs and maintain a healthy Credit Bureau record but also has restored normalcy in her livelihood activities, thus supporting her family.

More power to entrepreneurs like her!