

**Independent Auditor's Review Report on Unaudited Financial Results for the quarter and nine months ended December 31, 2023 of Arohan Financial Services Limited pursuant to the Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To The Board of Directors  
Arohan Financial Services Limited**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **Arohan Financial Services Limited** ('the Company') for the quarter and nine months ended December 31, 2023 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulations').
2. This Statement, which is the responsibility of Company's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration Number: 105047W

Tushar Kurani  
Partner  
Membership Number: 118580  
UDIN: 24118580BKFLXE1750

Mumbai  
February 14, 2024

**Arohan Financial Services Limited**
**Statement of unaudited financial results for the quarter and nine months ended 31 December 2023**

Particulars	(₹ in lakhs)					
	Quarter ended			Nine month ended		Year ended
	31 December 2023 (Unaudited)	30 September 2023 (Unaudited)	31 December 2022 (Unaudited)	31 December 2023 (Unaudited)	31 December 2022 (Unaudited)	31 March 2023 (Audited)
<b>1 Revenue</b>						
(a) Interest income	36,495.97	33,763.29	20,646.97	99,967.03	67,287.99	93,096.90
(b) Fees and commission income	4,052.08	4,250.82	2,646.83	12,242.10	6,347.02	10,209.69
(c) Net gain on derecognition of financial instruments	879.49	1,598.00	394.91	3,350.69	1,805.43	3,586.49
(d) Others	0.78	0.01	14.10	1.12	49.10	52.30
<b>Total revenue from operations</b>	<b>41,428.32</b>	<b>39,612.12</b>	<b>23,702.81</b>	<b>1,15,560.94</b>	<b>75,489.54</b>	<b>1,06,945.38</b>
(e) Other income	1,087.04	1,022.59	492.71	2,965.17	1,298.48	2,154.14
<b>Total revenue</b>	<b>42,515.36</b>	<b>40,634.71</b>	<b>24,195.52</b>	<b>1,18,526.11</b>	<b>76,788.02</b>	<b>1,09,099.52</b>
<b>2 Expenses</b>						
(a) Finance costs	15,362.29	14,557.98	11,877.69	43,277.13	34,998.12	46,864.42
(b) Impairment on financial instruments	4,441.72	551.53	2,419.41	13,945.95	11,064.82	19,316.60
(c) Employee benefits expenses	8,249.12	8,264.49	6,420.71	23,686.61	17,657.98	24,614.80
(d) Depreciation and amortization	140.63	143.18	118.37	413.66	355.74	476.24
(e) Other expenses	2,551.20	2,585.91	2,280.09	7,652.56	6,494.51	8,832.10
<b>Total expenses</b>	<b>30,744.96</b>	<b>26,103.09</b>	<b>23,116.27</b>	<b>88,975.91</b>	<b>70,571.17</b>	<b>1,00,104.16</b>
<b>3 Profit before tax (1-2)</b>	<b>11,770.40</b>	<b>14,531.62</b>	<b>1,079.25</b>	<b>29,550.20</b>	<b>6,216.85</b>	<b>8,995.36</b>
<b>4 Tax expense</b>						
(a) Current tax	1,256.90	883.40	(185.71)	2,258.29	70.30	1.96
(b) Deferred tax charge	2,437.58	3,197.50	517.65	6,144.58	1,369.70	2,014.95
(c) Tax expense for earlier years	-	0.12	(132.39)	80.93	(132.39)	(93.18)
<b>5 Net Profit after tax (3-4)</b>	<b>8,075.92</b>	<b>10,450.60</b>	<b>879.70</b>	<b>21,066.40</b>	<b>4,909.24</b>	<b>7,071.63</b>
<b>6 Other Comprehensive Income</b>						
(a) <b>Items that will not be reclassified to profit or loss</b>						
(i) Remeasurement of post employment benefit obligations	(105.00)	(107.81)	(98.70)	(317.81)	(257.18)	(350.99)
(ii) Income tax relating to items that will not be reclassified to profit or loss	26.43	27.13	24.84	79.99	64.73	88.34
(b) <b>Items that will be reclassified to profit or loss</b>						
(i) Fair valuation of financial assets	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
<b>Total Other Comprehensive Income (a+b)</b>	<b>(78.57)</b>	<b>(80.68)</b>	<b>(73.86)</b>	<b>(237.82)</b>	<b>(192.45)</b>	<b>(262.65)</b>
<b>Total Comprehensive Income for the period/ year (5+6)</b>	<b>7,997.35</b>	<b>10,369.92</b>	<b>805.84</b>	<b>20,828.58</b>	<b>4,716.79</b>	<b>6,808.98</b>
<b>7 Paid-up equity share capital (Face value of ₹ 10 each)</b>	<b>18,240.76</b>	<b>18,240.76</b>	<b>13,967.77</b>	<b>18,240.76</b>	<b>13,967.77</b>	<b>15,038.85</b>
<b>8 Earning per equity share (not annualised)</b>						
(a) Basic (In ₹)	6.91	8.94	0.75	18.02	4.20	6.05
(b) Diluted (In ₹)	5.50	7.18	0.74	14.34	4.15	5.84

**Arohan Financial Services Limited**

**Notes:-**

- The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of Arohan Financial Services Limited ('the Company') at their meetings held on February 13, 2024 and February 14, 2024 respectively.
- The unaudited financial results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- The figures for the quarter ended December 31, 2023 and December 31, 2022 are the balancing figures between unaudited year to date figures and half year ended September 30, 2023 and September 30, 2022 respectively.
- Details of loan transferred/ acquired during the period ended December 31, 2023 vide RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on transfer of loan exposures dated September 24, 2021 are given below:
  - Details of loan transfer through direct assignment transaction in respect of loans not in default for the period ended December 31, 2023:

Particulars	To Banks/ NBFC's
Number of loans	1,36,334
Aggregate amount of loans transferred (₹ in lakhs)	38,867.40
Sale Consideration (₹ in lakhs)	38,867.40
Weighted average residual maturity (in months) (*)	16.52
Weighted average holding period by the originator (in months)	6.00
Retention of beneficial economic interest by the originator	9.96% to 15.75%
Tangible security coverage	-
Rating-wise distribution of rated loans	-
Number of instances where it has agreed to replace loans transferred to transferee(s)	-
Number of instances where it has agreed to pay damages arising out of any representation or warranty	-

(\*) residual maturity from the time of transfer

- The Company has not acquired any stressed loans during the period ended December 31, 2023.
- The Company has not acquired loans not in default during the period ended December 31, 2023.

(iv) (a) The company has transferred certain NPA & SMA loans during the period ended December 31, 2023, details of which are given below:

Particulars	To ARC's		To permitted transferees
	NPA	SMA	
(i) Total number of loan assets assigned	69,070	78,009	Nil
(ii) Aggregate principal outstanding of loans transferred (₹ in lakhs) (*)	15,267.65	23,394.04	Nil
(iii) Weighted average residual tenor of loans transferred (in months)	11.18	25.10	Nil
(iv) Net book value of loan assets transferred (at the time of transfer) (₹ in lakhs)	Nil	15,384.18	Nil
(v) Aggregate consideration (₹ in lakhs)	12,000.00		Nil
(vi) Addition consideration realised in respect of account transferred in earlier years	Nil		Nil

(\*) NPA Includes written off loans of ₹6,764.99 lakhs

(iv) (b) Security Receipt's (SR's) held and recovery ratings assigned to such SR's by the credit rating agency.

Particulars	Category of recovery ratings	As at December 31, 2023 (₹ in lakhs)
Security Receipts under trust floated by ARC's (FY 23-16)	IND RR2 (75%-100%)	5,936.00
Security Receipts under trust floated by ARC's (FY 23-36)	IND RR3 (50%-75%)	6,343.87

- The Company is primarily engaged in the business of financing - a single business segment in terms of Ind AS 108 "Operating segments"; consistent with the internal reporting provided to the Chief Operating Decision Maker.
- As per Regulation 54(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), all secured non convertible debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on identified receivables to the extent of at least 100% of outstanding secured NCDs and pursuant to the terms of respective information memorandum.
- The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and becomes effective.
- Information as required by Regulations 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is attached as Annexure 1.
- Previous quarter/ year ended figures have been regrouped / rearranged wherever necessary, to conform with the current quarter/ year.

By order of the Board  
For Arohan Financial Services Limited

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

Place: Kolkata  
Date: 14 February 2024

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

**Arohan Financial Services Limited**

Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the quarter and nine month ended December 31, 2023.

**Annexure 1**

Sl. No	Particulars	Ratio
A	Debt-equity ratio <sup>(1)</sup>	2.96
B	Debt service coverage ratio <sup>(2)</sup>	Not Applicable
C	Interest service coverage ratio <sup>(2)</sup>	Not Applicable
D	Debenture redemption reserve <sup>(3)</sup>	Not Applicable
E	Capital redemption reserve <sup>(3)</sup>	Not Applicable
F	Outstanding redeemable preference shares (quantity and value)	Nil
G	Net worth (₹ in lakhs) <sup>(4)</sup>	1,74,780.60
H	Net profit after tax (₹ in lakhs)	
	(i) For the quarter ended	8,075.92
	(ii) For nine month ended	21,066.40
I	Earnings per share (in ₹)	
	(i) Basic :	
	For the quarter ended	6.91
	For the nine month ended	18.02
	(ii) Diluted :	
	For the quarter ended	5.50
	For the nine month ended	14.34
J	Current ratio <sup>(7)</sup>	Not Applicable
K	Long term debt to working capital <sup>(7)</sup>	Not Applicable
L	Bad debts to account receivable ratio <sup>(7)</sup>	Not Applicable
M	Current liability ratio <sup>(7)</sup>	Not Applicable
N	Total debts to total assets <sup>(5)</sup>	73.21%
O	Debtors turnover <sup>(7)</sup>	Not Applicable
P	Inventory turnover <sup>(7)</sup>	Not Applicable
Q	Operating margin (%) <sup>(7)</sup>	Not Applicable
R	Net profit margin (%) <sup>(6)</sup>	
	(i) For the quarter ended	19.00%
	(ii) For the nine month ended	17.77%
S	Sector specific equivalent ratios, as applicable	
	(i) Capital Adequacy Ratio <sup>(8)</sup>	31.71%
	(ii) Gross stage 3 Ratio <sup>(9)</sup>	1.44%
	(iii) Net stage 3 Ratio <sup>(10)</sup>	0.00%

**Notes:-**

- Debt - equity ratio = (debt securities + borrowings-other than debt securities + subordinated liabilities) / (Equity Share Capital + Other Equity).
- Debt service coverage ratio and interest service coverage ratio are not applicable to Banks or NBFC/ Housing Finance Companies registered with RBI as per Regulation 52(4) of SEBI Listing Obligations and Disclosure Requirements Regulation 2015.
- Capital redemption Reserve/ Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
- Net worth is calculated as defined in section 2(57) of the Companies Act, 2013.
- Total debts to total assets = (debt securities + borrowings - other than debt securities + subordinated liabilities) / total assets
- Net profit margin = Net profit after tax / Total income
- The Company is a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, hence these ratios are generally not applicable.
- Capital to risk-weighted assets is calculated as per the RBI guidelines.
- Gross stage 3 ratio= Gross stage 3 loans exposure at default (EAD) / Gross total loans EAD
- Net Stage 3 ratio= (gross stage 3 loans EAD - impairment loss allowance for Stage 3 ) / (gross total loans EAD - impairment loss allowance for Stage 3)

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

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

Place: Kolkata  
Date: 14 February 2024

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