

ESG REPORT 2025



**TOGETHER, WE MOVE FORWARD,
SHAPING A FUTURE THAT BENEFITS ALL THOSE
WE SERVE**

Contents

ABOUT THE REPORT _____ 4

Reporting Cycle, Standards and Scope _____ 4

Information Source and Reliability Warranty _____ 5

Stakeholder Feedback _____ 5

LEADERSHIP REFLECTIONS ~~ERROR!~~ **BOOKMARK**

NOT DEFINED.

Message from Managing Director _____ 6

WHO WE ARE _____ 7

Introduction _____ 7

Vision and Mission _____ 7

Core Values _____ 8

Geographical Presence _____ 9

STAKEHOLDER ENGAGEMENT _____ 13

MATERIALITY ASSESSMENT _____ 17

Process and Methodology _____ 17

Materiality Matrix _____ 18

ENVIRONMENT _____ 25

GHG Emissions _____ 26

Energy Management _____ 27

Water Management _____ 28

Responsible Waste Management _____ 29

Climate Risk Awareness & Initiatives _____ 30

SOCIAL _____ 31

Diversity, Equity & Inclusion (DEI) _____ 32

HR Policies & Employee Benefits _____ 33

Employee Attrition _____ 36

Customer Focus _____ 37

Financial Inclusion & Empowerment _____ 39

Digital Transformation & Technology Enablement _____ 40

Community Engagement & CSR Initiatives _____ 43

GOVERNANCE __ ERROR! BOOKMARK NOT DEFINED.

Board Governance and Composition _____ 48

Board Expertise _____ 56

Committees of the Board _____ 57

ESG Governance & Oversight _____ 61

Policies Supporting ESG Commitments _____ 62

Risk Management Framework _____ 65

Business Ethics & Code of Conduct _____ 65

Data Privacy & Cybersecurity _____ 66

WAY FORWARD _____ 68

ANNEXURE: ESG STRATEGY _____ 69



About the Report¹

We (Arohan Financial Services Limited, hereinafter referred to as “Arohan” or “The Company”) are pleased to present our second Sustainability Report for the FY25, underscoring our unwavering commitment to responsible business conduct, inclusive stakeholder engagement, and sustainable value creation. This report offers a comprehensive and transparent overview of our Environmental, Social, and Governance (ESG) performance and progress during the reporting period. To gain a holistic understanding of our governance and sustainability ecosystem, we encourage readers to refer to this report in conjunction with the Corporate Governance Report and the ESG Sections of Arohan’s Annual Report FY25. We remain committed to disclosing its ESG performance on an annual basis, thereby reinforcing our dedication to transparency, accountability, and the creation of long-term stakeholder value.

Reporting Cycle, Standards and Scope

This Sustainability Report covers the period from April 1, 2024 to March 31, 2025 and includes Arohan’s operations across its Head Office, branch network and corporate offices. The reporting scope

will continue to be strengthened and expanded in future years as part of Arohan’s progressive ESG disclosure journey.

The report draws reference from the United Nations Sustainable Development Goals (SDGs) to reflect how Arohan’s business model and interventions contribute to broader national and global development outcomes. In addition, the Company has initiated the groundwork for preparing its first Business Responsibility and Sustainability Report (BRSR), which will support structured and comparable ESG disclosures going forward.

Through this report, Arohan underscores its commitment to enhancing transparency and embedding sustainability considerations into business decision-making, with increased breadth and depth of ESG reporting planned over subsequent reporting cycles.

¹ All data presented in this ESG Report pertains to the reporting period ending March 31, 2025.

Information Source and Reliability Warranty

The information and case references presented in this report are primarily based on the Company's internal statistical data and communications. Arohan affirms that this report does not contain any false or misleading statements and accepts full responsibility for the accuracy, authenticity, and completeness of the information disclosed herein.



Stakeholder Feedback

Stakeholder Feedback

Sustainable value creation is strengthened when organisations remain open to dialogue, transparent in communication, and responsive to stakeholder expectations. Feedback from our stakeholders plays a vital role in improving our disclosures and refining our sustainability approach. We invite suggestions, queries, and insights that can help us further advance our commitment to responsible and inclusive growth.

For any feedback or additional information, please contact:

Contact Name: Mr. Rohit Raj

Designation: Senior Manager- CSR

Email: rohit.raj@arohan.in

Leadership Reflections

Message from Managing Director

Dear Reader,

A warm greeting from thousands of our employees and millions of our borrowers to our stakeholders and colleagues.

Across the last four quarters the microfinance market moved through a difficult phase. Industry trackers report a year-on-year portfolio contraction with rising delinquency, reflecting tighter lender caution and borrower stress in some pockets. Multiple sources point to a decline in active loans and higher 30 plus and 90 plus delinquency between March 2024 and March 2025. These trends highlight the required prudence and agility across the sector.

Against this backdrop Arohan stayed resilient and forward looking. Our capital adequacy remained strong, and our long-term ratings were reaffirmed at 'A Stable' by ICRA. We navigated a temporary regulatory pause in late October 2024 and secured revocation in January 2025, using the experience to strengthen processes and transparency. We also tightened adherence to MFIN Guard Rails and



continued a first in the sector self-imposed margin cap on microfinance pricing that reflects our customer centric ethos.

Warm regards,

Manoj Kumar Narayan Nambiar

Managing Director

Arohan Financial Services Limited

Who We Are

Introduction

Arohan is a leading Non-Banking Financial Company–Microfinance Institution (NBFC–MFI), regulated by the Reserve Bank of India, dedicated to advancing financial inclusion across India’s underserved and low-income regions. Headquartered in Kolkata, Arohan operates a pan-India network with a concentrated presence in low-income states, delivering income-generating loans and allied financial products to individuals with limited access to formal banking services.


Arohan is a part of the Aavishkaar Group a global pioneer in impact-led entrepreneurship across Asia and Africa with a consolidated asset base exceeding USD 1 billion. This affiliation strengthens Arohan through shared governance, sectoral expertise, and a unified commitment to responsible growth, social alignment, and ethical value creation.

Driven by a mission to democratize access to finance, Arohan combines structured risk management, field-level intelligence, and a customer-centric operating model to deliver sustainable financial

solutions that generate measurable economic and social impact across India’s most vulnerable segments.

Vision and Mission

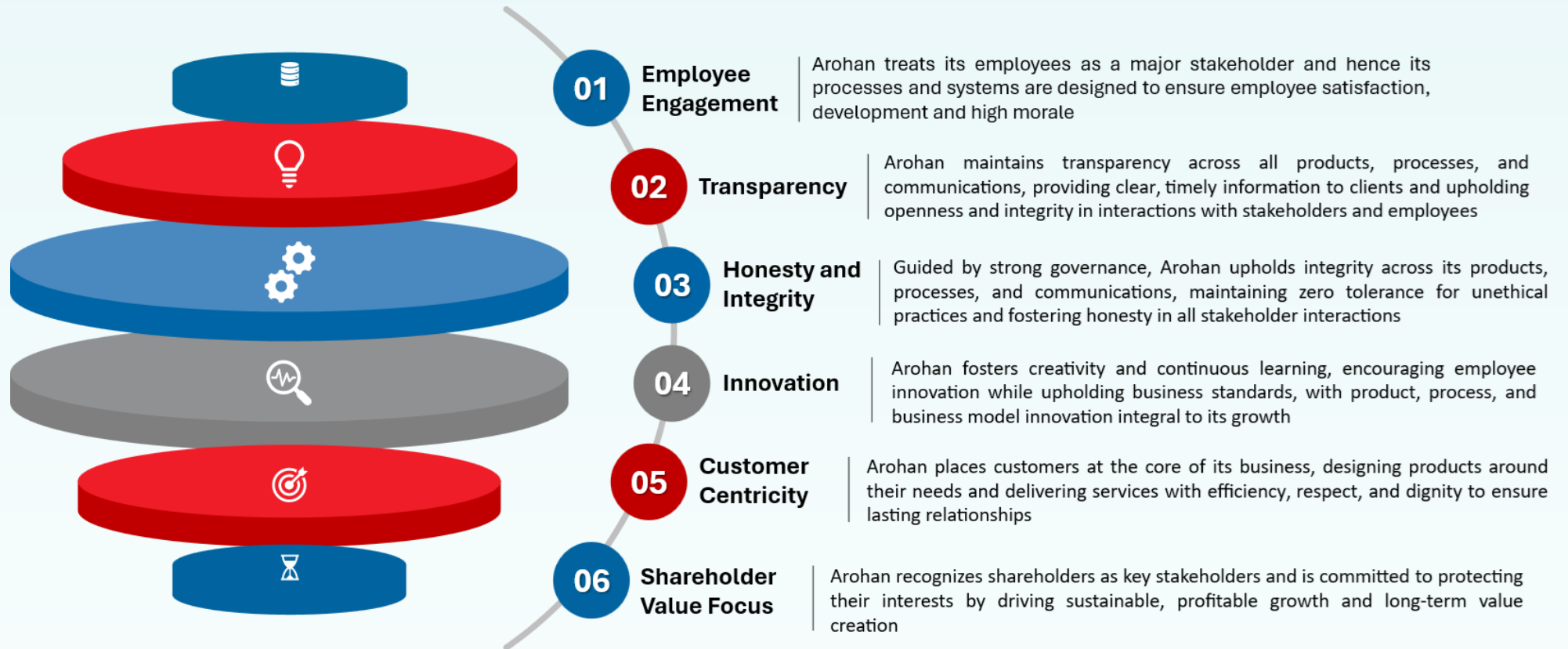
The heartbeat of an organisation resonates from the collective mindset and actions of its people, adapting to the ever-evolving ecosystem. At Arohan, our culture is steeped in the essence of our core values, fuelling responsible lending and fostering growth. Guided by these principles, our leaders and managers chart the course towards fulfilling our Mission and Vision with unwavering commitment.



MISSION
To empower the under-served households by offering a range of financial services, in a manner sustainable for all stakeholders.

VISION
To impact over **20 million lives by 2030.**
To be among the Top 3 MFI players, serving nearly 5 mn households and being a preferred place to work for our employees.

Core Values



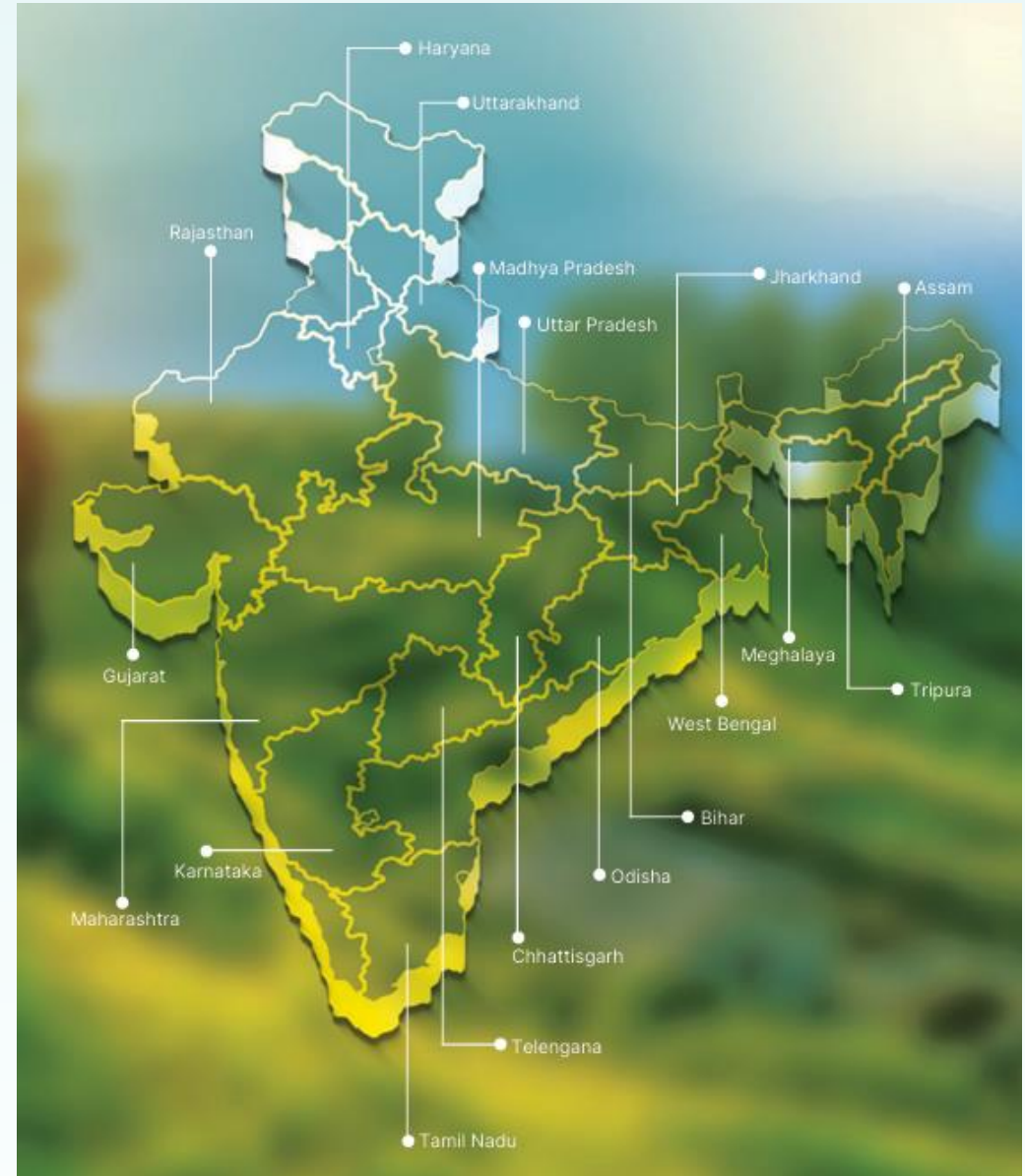
Geographical Presence

Arohan Financial Services has established a strong and expanding footprint across India’s diverse geographies, reflecting its mission to advance inclusive finance and equitable development. With a significant presence in both rural and semi-urban regions, Arohan reaches communities that lie beyond the traditional contours of formal banking. Its branch network strategically spans multiple states, enabling the delivery of tailored financial solutions that respond to the unique socio-economic contexts of each region. This extensive outreach is supported by a technology-driven operational framework that ensures efficiency, transparency, and customer centricity at scale. Through its growing geographical presence, Arohan continues to bridge financial gaps, foster entrepreneurship, and promote sustainable livelihoods strengthening the economic fabric of the communities it serves.

18
States Covered

323
Districts

1102
Total Branches



Core Business Segments



Tailored Organic Credit Solutions

Arohan is committed to providing accessible credit to individuals in the lower socio-economic segment through its joint liability group model, offering loans from INR 25,000 to INR 1,00,000 to empower customers, drive growth, and improve quality of life.



MFI Alliances for Broader Access

Arohan's MFI Alliances vertical offers diverse credit solutions, including strategic partnerships and term loans up to INR 30 Cr, ensuring timely access to finance for small microfinance entities and individuals.



ArohanPrivilege: Empowering through Digital Lending





The ArohanPrivilege platform delivers a seamless digital loan experience, enabling customers to apply and receive funds quickly, while empowering our teams to focus on serving new clients.



Supporting Micro Enterprises with Flexible Loans

Arohan supports India's MSMEs through its Micro Enterprise Loan Programme, offering loans from INR 75,000 to INR 2 Lakhs with flexible, tailored solutions to help small businesses grow and thrive.

Recognition and Achievement

<p>Arohan Financial Services Limited recognised among India's Best Workplaces in BFSI 2024: Top 25</p> 	<p>Arohan Financial Services Limited ranked 35th among India's Best Companies to Work For, 2024</p> 	<p>Arohan Financial Services Limited ranked 35th among India's Best Companies to Work For Millennials 2024: Top 50 (Large)</p> 	<p>Arohan Financial Services Limited recognised among the Top 50 India's Best Workplaces Building a Culture of Innovation by All 2025, Large category</p> 
--	---	---	---

ISO Certification



Investor's Profile

Promoter



Aavishkaar Group

Institutional Investors

 <p>FMO Entrepreneurial Development Bank</p> <p>Nederlandse Financierings- Maatschappij Voor Ontwikkelingslanden N.V. (FMO)</p>	 <p>IMPACT FUND DENMARK</p> <p>Impact Fund Denmark (Formerly IFU)</p>	 <p>Aavishkaar Goodwell India Microfinance Development II Limited</p>	 <p>TANO CAPITAL</p> <p>Tano India Private Equity Fund II</p>
<p>MAJ INVEST</p> <p>Maj Invest Financial Inclusion Fund II K/S</p>	 <p>TR</p> <p>TR Capital III Mauritius</p>	 <p><i>Michael & Susan Dell FOUNDATION</i></p> <p>The Michael & Susan Dell Foundation</p>	 <p>TIAA</p> <p>Teachers Insurance and Annuity Association of America</p>

Stakeholder Engagement

At Arohan, we believe that sustainable and inclusive growth is rooted in strong, trust-based relationships with our stakeholders. Our approach to responsible finance begins with transparency, collaboration, and active engagement with those who are most impacted by or can influence our operations. Insights from stakeholders are central to shaping our priorities, enhancing our ESG focus, and reinforcing our ability to create long-term value for the communities we serve.

To ensure our sustainability initiatives remain relevant and impactful, we undertake structured stakeholder mapping and prioritisation. This process evaluates each stakeholder group's influence and relevance to our business, enabling us to engage effectively and responsibly. Key stakeholder groups include Customers, Employees, Investors and Shareholders, Regulators, Communities, and Value Chain Partners.

Our engagement approach is both systematic and responsive, incorporating stakeholder perspectives into strategic decision-making and operational planning. Through a mix of formal and informal channels, we gather feedback, understand evolving needs, and co-create solutions that strengthen financial inclusion, foster ESG best practices, and contribute to shared value creation.

Sl. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Customer	No	Email Letters Website Social Media Direct interaction Over Phone Newspaper Mobile Application	Ongoing basis. Based on customer needs/regulatory requirements/ educating customers	Engaging customer throughout entire period of loan products/ savings product.
2	Employees	No	Email Training Circulars Internal Portal MD's Town hall meeting	Ongoing basis	Most of these engagement cover areas such as Training and development, Addressing any work-related communication, updates on regulatory changes/introduction of new regulations, compliance communication.

			Staff meetings Mobile Application		
3	Investors/ Shareholders	No	Annual General Meeting Investor presentation Email Letters Financial Results Stock exchange filing Press release Website	Need basis	To keep investors/shareholders updated about the Company's business activities and performance.
4	Regulators	No	Letters Email Regulator platforms Stock Exchange filing RBI Returns	Ongoing basis	Compliance related communication and engagement for policy consultation and participation in larger economic objectives by participating in various Government initiatives and programs.
5	Communities	Yes- certain communities living in rural areas, farmer	Emails Letters	Ongoing basis	Through CSR reaching out to socially and economically disadvantaged people.

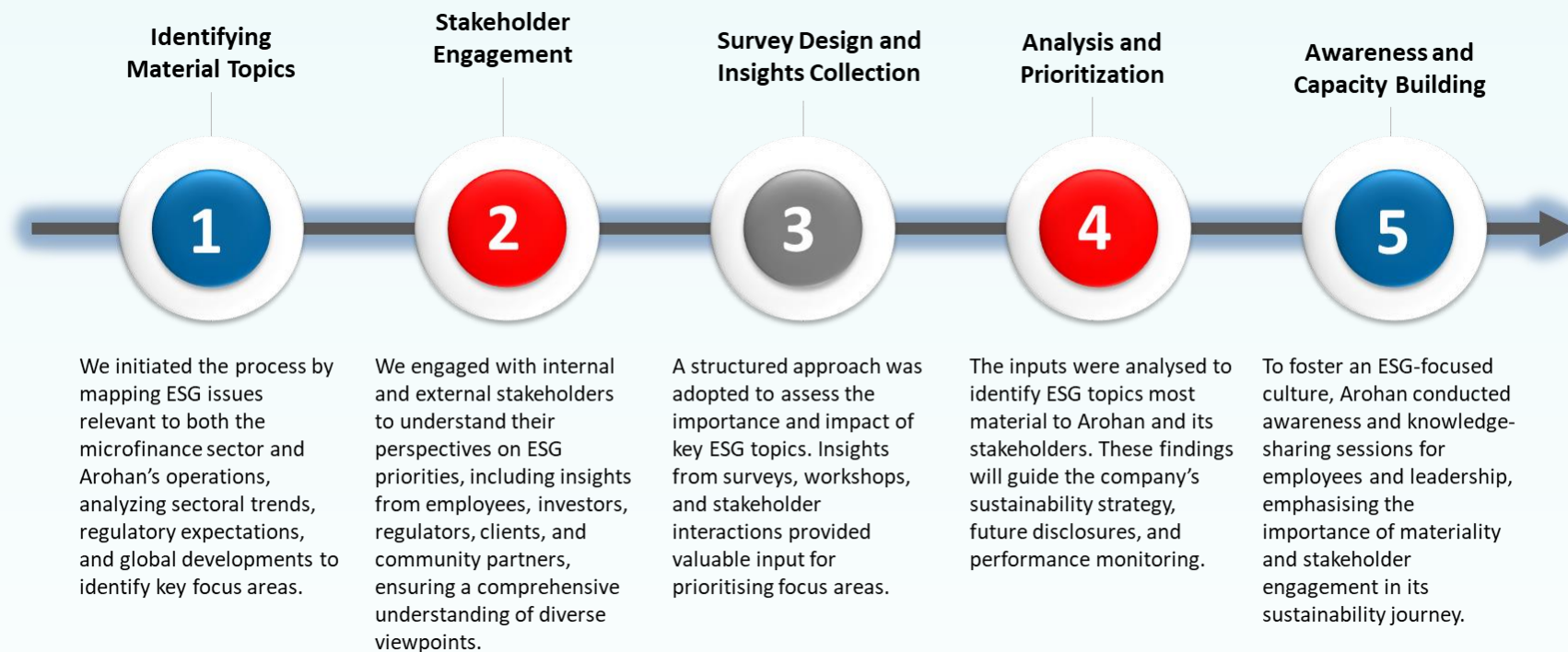
		community and low income group individuals are recognized as vulnerable & marginalised stakeholder.	Direct Interaction		
6	Value chain partners	No	Emails and Letters	Need basis	Maintaining our relationships with vendors, addressing any work related communication, updates on regulatory changes/introduction of new regulations, compliance communication

Materiality Assessment

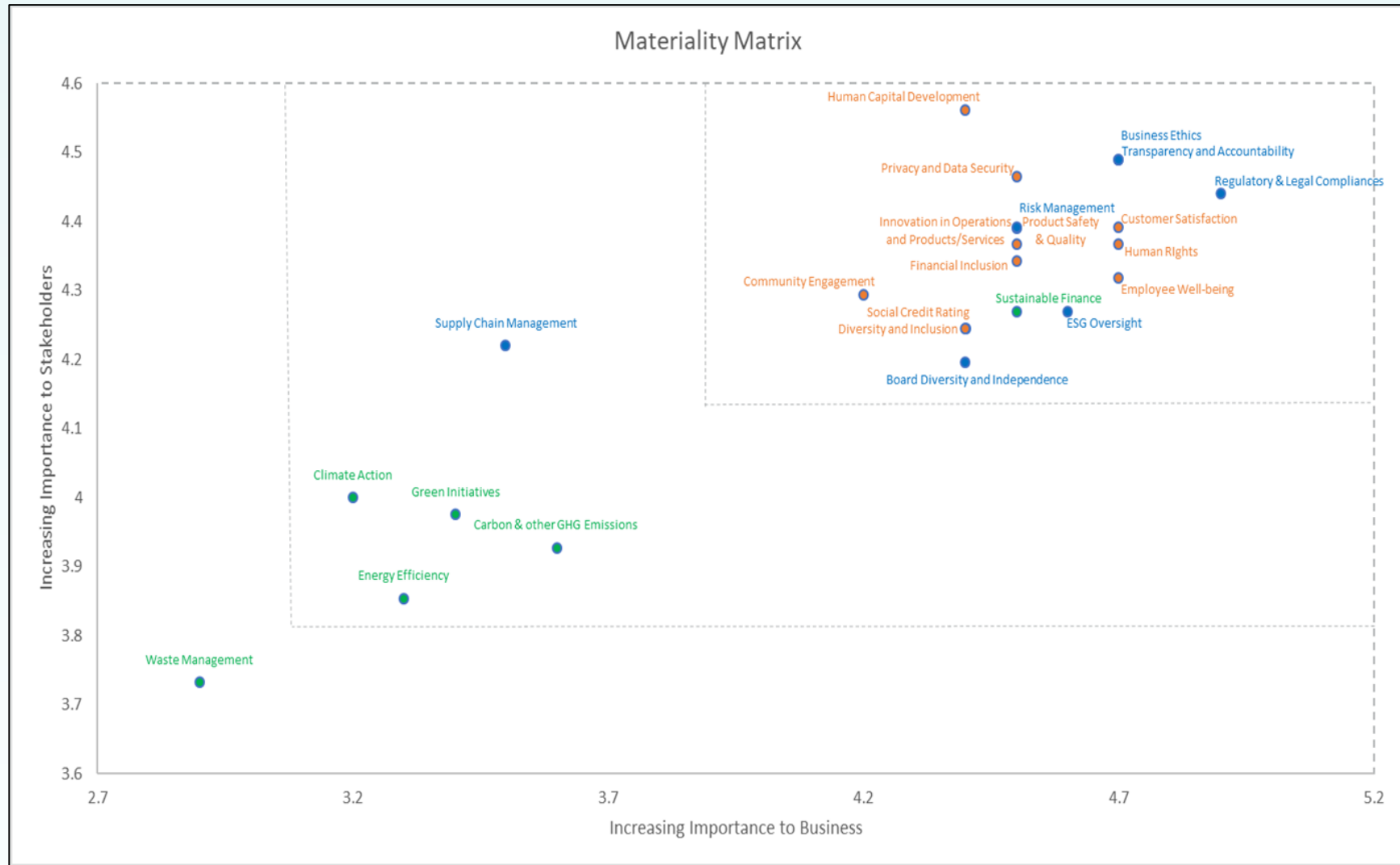
Materiality is a cornerstone of Arohan Financial Services’ sustainability strategy. It helps us focus on the Environmental, Social, and Governance (ESG) topics that are most relevant to our business and most important to our stakeholders. A structured materiality assessment strengthens decision-making, supports responsible risk management, and enhances the relevance and transparency of our sustainability disclosures.

To ensure our sustainability efforts are focused on what matters most, we have initiated a comprehensive materiality assessment as part of our ESG journey. The process is designed to be inclusive, data-informed, and aligned with emerging reporting practices, including the Business Responsibility and Sustainability Report (BRSR) and the Sustainable Development Goals (SDGs)









Process and Methodology














Materiality Matrix












Ranking of Material Topics based on Stakeholders' Responses





Theme	Key Material Issue	Why is it material for Arohan?	Alignment with UNSDGs
Very-High Priority	Regulatory & Legal Compliance	Provides crucial information to investors, regulators, and stakeholders, facilitating informed decision-making.	 
	Human Rights	Upholding human rights ensures ethical operations, protects stakeholder interests, and reinforces Arohan's commitment to social justice and fairness.	  
	Employee Well-being	Promoting employee well-being enhances morale, productivity, and retention while ensuring a safe and supportive work environment.	 
	Customer Satisfaction	To build trust and long-term customer loyalty and ensure regulatory compliance.	

	<p>Business Ethics</p>	<p>Stimulates a culture of integrity, trust, and responsible business conduct.</p>	
	<p>Transparency and Accountability</p>	<p>Effective corporate governance structures uphold transparency, accountability and ethical conduct, enhancing stakeholder trust and ensuring long-term corporate integrity.</p>	 
	<p>ESG Oversight</p>	<p>Strong ESG oversight ensures that sustainability principles are integrated into corporate strategy and decision-making, promoting responsible growth</p>	 
	<p>Sustainable Finance</p>	<p>Sustainable finance involves integrating ESG factors into investment decisions to promote long-term economic growth and resilience. It emphasizes transparency in ESG-related risks and their mitigation through responsible financial and corporate governance,</p>	   

		ensuring investments support a sustainable economy.	
	Privacy and Data Security	Evaluate the data security and privacy practices adopted by the Company in compliance with global protocols and safeguard the personal information of customers	
	Product Safety & Quality	Ensuring products meet quality and safety standards protects customers and strengthens brand trust.	 
	Financial Inclusion	Ensuring customers have access to affordable and appropriate financial services.	  
	Risk Management	Identifying and mitigating risks enhances business stability, resilience, and stakeholder confidence.	 

	<p>Innovation in Operations and Products/Services</p>	<p>Drives efficiency, customer satisfaction, and competitive advantage through continuous improvement.</p>	
	<p>Human Capital Development</p>	<p>Investing in employee growth enhances workforce capability, drives innovation, and fosters a culture of continuous learning and performance excellence</p>	 
	<p>Diversity and Inclusion</p>	<p>Encouraging diversity fosters innovation, broadens perspectives, and promotes equitable opportunities.</p>	 
	<p>Social Credit Rating</p>	<p>Evaluating social credit rating supports transparency in assessing the organization's social impact and governance performance.</p>	
	<p>Board Diversity and Independence</p>	<p>Ensures diverse perspectives and independent judgment in governance, promoting balanced and effective decision-making.</p>	 

	Community Engagement	Building strong relationships with local communities enhances social license to operate, fosters trust, and ensures the Company’s initiatives are inclusive and aligned with community needs.	 
High Priority	Carbon & other GHG Emissions	Reducing greenhouse gas emissions minimizes environmental impact and supports climate change mitigation efforts.	
	Supply Chain Management	Promotes responsible sourcing, ethical labor practices, and sustainability throughout the supply chain.	 
	Green Initiatives	Green Initiatives promotes energy efficiency, reduces carbon footprints and supports long-term environmental sustainability.	 
	Energy Efficiency	Enhancing energy efficiency lowers operational costs and environmental impact.	 

	Climate Action	Understanding and addressing climate-related risks is vital to ensuring business resilience, protecting assets, and aligning with global climate commitments.	 
Medium Priority	Waste Management	Encourages responsible waste disposal, recycling, and resource optimization, reducing environmental footprint.	 

Environment	Social	Governance
--------------------	---------------	-------------------

Environment

77,885

clean-energy products distributed

274.53 GJ

Energy Consumption in HO

0.03 tCO₂e/crore

Emission Intensity for HO

131.7 KL

Water Consumption for HO and Central Hub

55.44 tCO₂e

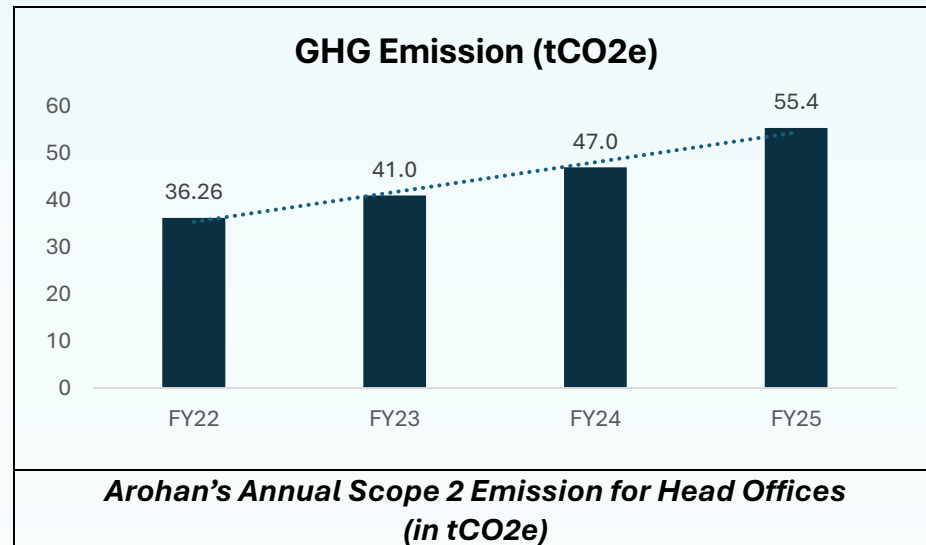
Scope 2 Emissions for HO

E&S Policy Adopted

ESG Exclusion List
Adopted

GHG Emissions

At Arohan, environmental responsibility is an integral part of our sustainability vision. As a purpose-driven financial institution, we recognise our role in mitigating climate impact by managing and progressively reducing our greenhouse gas (GHG) emissions across all operational levels. Our environmental strategy focuses on improving energy efficiency, advancing digitalisation, and fostering a low-carbon culture throughout the organisation.



The rise in Scope 2 Emissions in FY25 is mainly attributed to higher energy consumption driven by Arohan's substantial operational expansion. In FY25, Arohan continued to expand its digital and

paperless operations, including widespread adoption of e-KYC, e-signatures, and cloud-based data management systems collectively reducing paper consumption by nearly 90% in core processes and lowering indirect emissions associated with logistics and storage. The Company also distributed 77,885 clean energy products through its financial inclusion network, directly supporting India's transition towards renewable energy and enabling customers to reduce household-level carbon footprints.

While Arohan's operational footprint largely comprises service-oriented, non-industrial facilities, we have initiated systematic efforts to quantify Scope 1 (direct emissions) and Scope 2 (energy-related emissions). We aspire to expand our assessment to Scope 3 emissions. This progressive approach aligns with emerging regulatory and voluntary climate-disclosure frameworks.

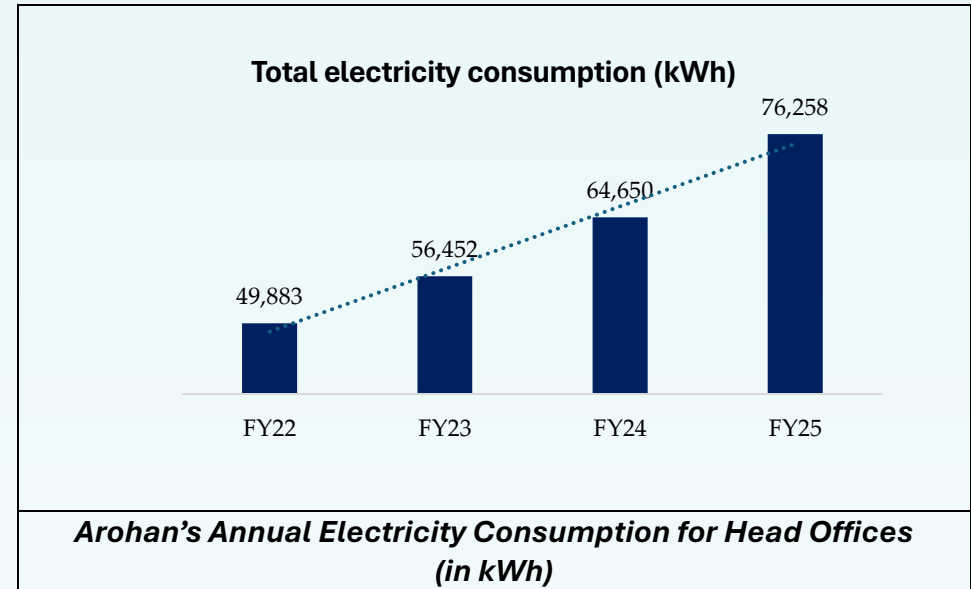
Arohan is committed to enhancing its environmental data systems and embedding climate accountability within decision-making processes. By integrating sustainable practices into daily operations and financial products, we aspire to reduce our carbon footprint.

Alignment with
UNSDG:



Energy Management

Arohan demonstrates its dedication to sustainability by actively exploring the application of Renewable Energy in its branches as a strategic initiative to reduce its carbon footprint. By adopting renewable energy solutions, the organization reinforces its environmental commitment, contributing to a cleaner and more sustainable future for all. The increase in energy consumption during FY25 primarily reflects Arohan’s significant operational expansion.



Alignment with
UNSDG:

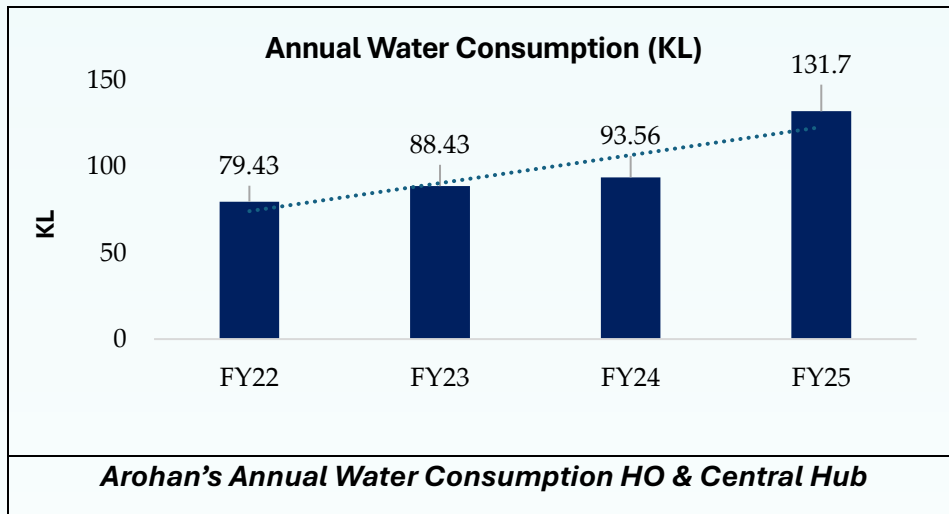


Water Management

At Arohan, responsible water management is viewed as an integral component of environmental stewardship and operational sustainability. The Company’s business model is service-oriented and non-water-intensive, Arohan acknowledges the growing global urgency around water scarcity and the need for prudent resource governance. Guided by this awareness, the Company strives to minimise water consumption within its operations, promote efficiency in facility management, and foster a culture of environmental consciousness among employees.

Arohan’s Water consumption is restricted to drinking purposes only. has implemented structured water-conservation practices across. The increase in water consumption during FY25 primarily reflects increase in the number of employees from 9,333 to 10,252. This growth naturally resulted in higher water consumption resource for drinking purposes.

Alignment with UNSDG:



Responsible Waste Management

Arohan recognises the critical importance of responsible resource consumption and waste management as part of its broader environmental stewardship. The Company is committed to minimising its ecological footprint by reducing waste generation, ensuring safe disposal, and promoting reuse and recycling wherever feasible. Arohan's waste comprising obsolete laptops, telecommunication systems, and lighting equipment, all of which were managed in full compliance with the E-Waste Management Rules and relevant environmental regulations.

To ensure responsible disposal, Arohan has implemented a structured E-waste management system across its operational network. This includes periodic collection, segregation, and disposal through authorised recycling partners, thereby preventing environmental harm and supporting a circular-economy approach. Used batteries and other electronic components are also recycled safely through certified vendors. Beyond compliance, Arohan continues to embed a culture of environmental responsibility within its operations, raising awareness among employees and encouraging resource-efficient practices. Through these initiatives, the Company reaffirms its commitment to sustainable growth,

ensuring that operational progress goes hand in hand with responsible waste stewardship and environmental protection.

**Alignment with
UNSDG:**



Climate Risk Awareness & Initiatives

In the evolving regulatory landscape, Reserve Bank of India has come up with a Draft Disclosure framework on Climate-related Financial Risks, 2024 applicable from FY26. This framework essentially mandates all 'Top & Upper Layer NBFCs' to align themselves with Taskforce for Financial Disclosure (TCFD)-like guidelines. While Arohan is categorised as a middle-layer financial institution, we are proactively advancing our climate-risk preparedness to stay ahead of regulatory expectations.

Recognizing climate risk as a material risk category for our business, we will be integrating climate-related strategy into our existing risk

management framework and will develop short, medium and long-term plans to evaluate and mitigate such exposures. Our roadmap will include expanding risk-identification processes to: (i) incorporate relevant climate-related risks such as physical, transition and liability risk dimensions, (ii) training employees on impact of climate risks on portfolio, and (iii) embedding climate metrics into our decision-making architecture. In doing so, Arohan is committed to strengthening its resilience, safeguarding stakeholder value, and contributing to a sustainable and climate-responsible financial system.

**Alignment with
UNSDG:**



Social

10,252
Total Employees

12.97%
Female Employees

21 Lakh+
Customer Strength

Rs. 3,83,90,438
CSR Spent

92.48%
Field Employee

ISO/IEC
27001:2013

ZERO
Complaints related to Human Rights

29,481
Arohan Privilege Digital Lending Customers

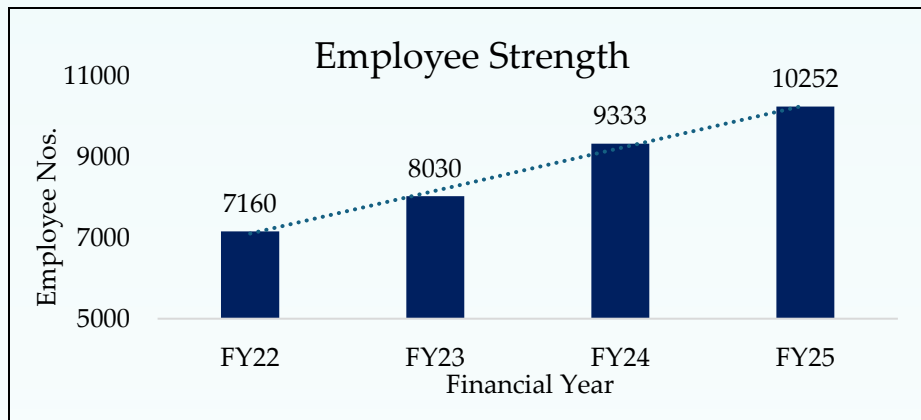


Diversity, Equity & Inclusion (DEI)

Six

All-women Branches

At Arohan, DEI is not viewed as standalone initiatives but as essential pillars of a sustainable and responsible organisation. Our strength lies in the diversity of our people, their experiences, perspectives, and aspirations which together create an agile and empathetic institution capable of serving a wide spectrum of communities across India.



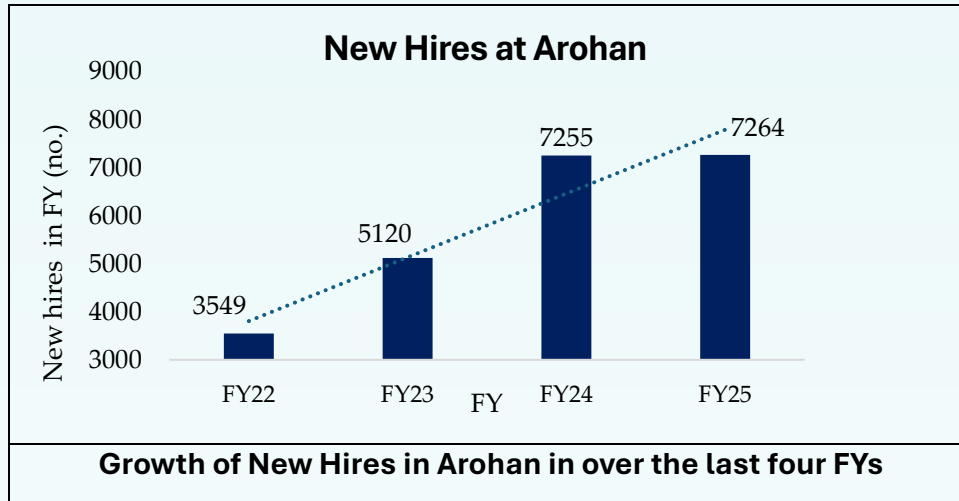
As of 31 March 2025, Arohan employed 10,252 individuals, marking a 9.85% increase as compared to FY24, with 92.48% of the

workforce positioned in field operations, a reflection of our deep customer centric model. Gender diversity continues to strengthen, with 12.97% women employees, compared to 4.9% in FY19, representing a 7% improvement over last four financial years. Importantly, 17% of leadership roles are now held by women, underscoring our commitment to equitable representation at decision-making levels.

The organisation has established six all-women branches, entirely staffed and managed by women, serving as symbols of empowerment and inclusive leadership in action. Policies that promote gender equity including flexible recruitment for career returnees, cab safety provisions, and gender-neutral Prevention of Sexual Harassment (POSH) protocols further reinforce our inclusive ethos.

Arohan’s workplace culture is built on mutual respect, fairness, and opportunity, ensuring that every employee feels valued, heard, and supported in their growth journey. Through continuous sensitisation, leadership training, and a clear commitment to equal opportunity, Arohan is shaping a workforce that reflects the diversity of the

communities it serves and the integrity of its purpose to enable empowerment at every level.



Arohan believes in building a community of changemakers individuals united by a vision to transform financial inclusion into enduring human progress

Alignment with UNSDG:



HR Policies & Employee Benefits

In FY25, Arohan undertook a progressive initiative to strengthen its human resources infrastructure by comprehensively revamping and standardising key people policies and processes. This exercise was aligned with industry-leading practices and stringent information security standards, ensuring fairness, consistency, and operational excellence across the organisation. A wide spectrum of policies covering Recruitment and Selection, Onboarding, Confirmation, Exit Protocols, Staff Loans and Salary Advances, Prevention of Sexual Harassment (POSH), and the Arohan Code of Conduct was meticulously reviewed, updated, and supported by detailed process manuals to ensure seamless implementation and compliance.

This holistic reform has reinforced a culture grounded in equity, transparency, and accountability, while creating a unified HR framework that enhances efficiency, elevates employee experience, and strengthens alignment with Arohan’s core values and strategic objectives. By embedding these best practices into everyday operations, Arohan continues to cultivate a resilient, compliant, and employee-centric workplace one where every individual feels respected, supported, and empowered to thrive.

Employee benefits play a vital role in promoting job satisfaction, well-being, and overall productivity. A well-designed benefits program demonstrates an organization’s commitment to supporting its employees both personally and professionally, fostering loyalty and reducing turnover. By providing a balanced mix of financial security, work-life balance, and career growth options, employee benefits help create a motivated workforce and contribute to a positive and sustainable workplace culture.

Arohan's compensation framework is designed to address the diverse needs of its workforce through a three-tiered approach:

Entry-Level Employees: The focus is on maximizing "cash in hand" to help meet daily expenses, supplemented by performance-linked incentive schemes to encourage productivity.

Middle Management: The emphasis is on striking a balance between long-term retirement benefits and immediate cash needs, ensuring financial stability alongside current flexibility.

Senior Leaders: Compensation prioritizes value creation through Employee Stock Option Plans (ESOPs), tax-saving benefits, and variable pay tied to the company's profitability, fostering alignment with organizational success.

Alignment with UNSDG:



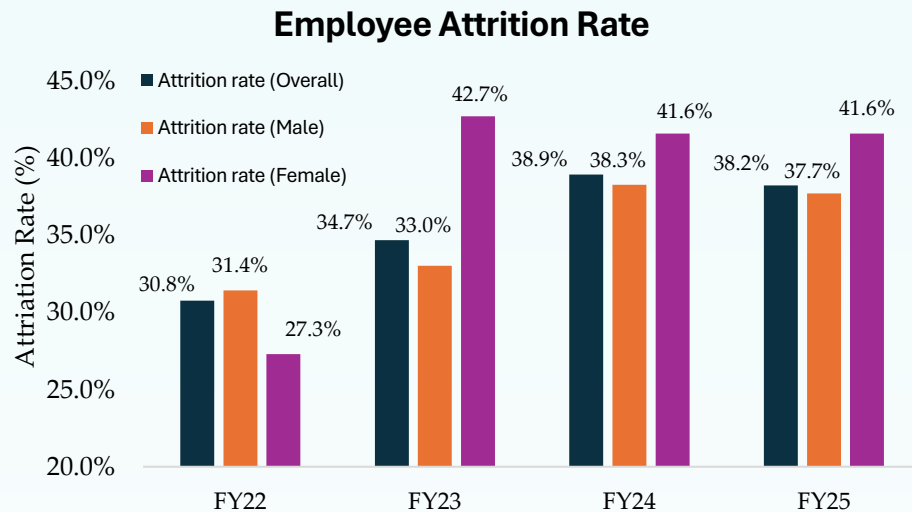


2

² For more details regarding the Employee Benefits, please refer to the Arohan's Annual Report FY25 (Pg. 71)

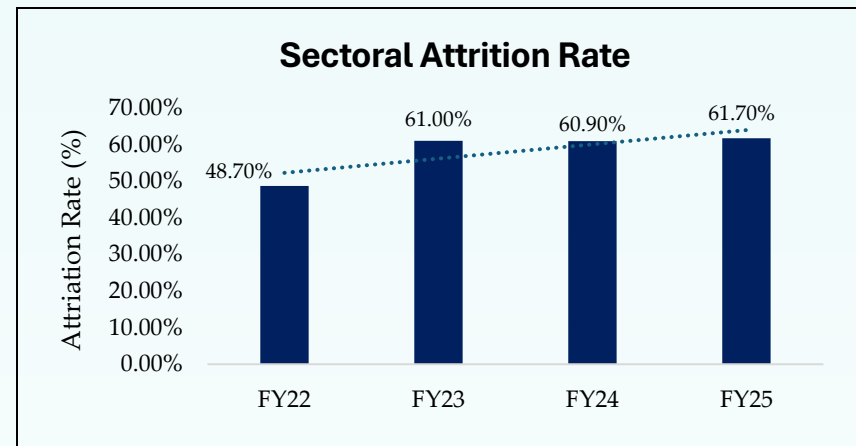
Employee Attrition

At Arohan, our people are the very essence of who we are, the energy that powers our purpose and the intelligence that shapes our impact. We believe that the true measure of an organisation’s strength extends beyond financial performance, reflecting the passion, resilience, and values of its people. Guided by this conviction, Arohan has cultivated a workplace where learning is continuous, inclusion is instinctive, and purpose is shared.



As per data published by Microfinance Institutions Network (MFIN) as of 31st March 2025, the overall attrition rate in the NBFC-MFI

sector stood at 61.7% during the period 31 March 2024 to 31 March 2025, with the highest attrition observed among probationary employees at 81.3%, reflecting the dynamic workforce environment within the microfinance industry. Attrition levels were also elevated across institution sizes, with Small MFIs reporting attrition of 67.3%, Medium MFIs 55.2% and Large MFIs 62.1%, indicating structurally higher workforce mobility across the sector.



Against this sectoral backdrop, Arohan Financial Services Limited reported a companywide attrition rate of 38.2%, which is significantly lower than the industry average, indicating relatively stronger employee retention compared to sector trends. Lower attrition supports customer relationships and operational

effectiveness, which are critical for delivering responsible financial inclusion services.

Our Human Capital Development programs are designed to equip every employee with the capabilities to grow, lead, and innovate. From structured training and leadership programmes to digital learning platforms and career-advancement initiatives, we invest deeply in nurturing potential and unlocking talent. This commitment reflects our belief that when people thrive, the organisation prospers sustainably, ethically, and with purpose.

Alignment with UNSDG:



Customer Focus

At Arohan, the customer stands at the heart of every decision, defining our business success and social priorities. We recognise that true financial inclusion is built on trust, transparency, and fairness, and therefore, we continuously strive to enhance the quality, accessibility, and integrity of our services. As of 31 March 2025, Arohan proudly served 21.39 lakh active customers across 18

states, of which 99% are women borrowers, reaffirming our mission to empower underserved communities through responsible finance.

Arohan maintains a comprehensive Customer Grievance Redressal Mechanism designed for transparency, timeliness, and fairness in resolving customer concerns. The multi-tiered process includes branch-level resolution, escalation to regional and central grievance cells, and oversight by an independent Grievance Redressal Committee. This structure ensures accountability and responsiveness at every level, resulting in a customer retention rate of 73.12%, a testament to enduring satisfaction and trust.

To safeguard clients from misinformation and undue influence, the Company has institutionalised mis-selling prevention measures through rigorous training, strict monitoring, and adherence to the Fair Practice Code and Client Protection Principles. These efforts culminated in Arohan being awarded the GOLD Standard Certification for client protection, with a compliance score of 99.1% under the Cerise + SPTF framework, a benchmark of global excellence in responsible lending.

Customer feedback remains a cornerstone of Arohan’s continuous improvement philosophy. Regular satisfaction surveys, field audits,

and digital feedback channels enable real-time insights into borrower experience and service quality. By listening, adapting, and acting with integrity, Arohan continues to strengthen relationships built on empathy and accountability.

**Alignment
with UNSDG:**



Financial Inclusion & Empowerment

<p>22.47%</p> <p>Percentage of customers who have availed first-time loans in their life cycle</p>	<p>21,39,098</p> <p>Total Number of Households impacted</p>	<p>Aims to equip 1,400 women borrowers with essential financial knowledge and skills</p>
--	---	---

At the heart of Arohan Financial Services lies an unwavering commitment to financial inclusion empowering individuals, especially women, to participate meaningfully in the economic mainstream. Guided by the belief that access to finance is a catalyst for dignity and opportunity, Arohan continues to bridge the gap between unbanked and underserved communities through responsible lending, customer education, and innovative financial solutions. As of 31 March 2025, Arohan served 21.39 lakh active customers across 18 states, with 99% being women borrowers, reaffirming its position as one of India’s leading microfinance institutions driving inclusive growth.

Empowering Women Entrepreneurs

Women empowerment remains central to Arohan’s social impact philosophy. By providing small, affordable, and purpose-driven loans, the Company has enabled millions of women to start or expand microenterprises, improve household income, and gain financial independence. The establishment of six all-women branches, entirely managed by women employees, stands as a testament to Arohan’s commitment to gender parity and leadership from within the community.

Deepening Rural and Semi-Urban Reach

Arohan’s footprint extends across some of India’s most underserved geographies, with 1,102 branches spread across 323 districts, of which nearly 64% are in rural areas. This deep reach allows Arohan to serve communities historically excluded from formal finance, offering them credit, financial literacy, and economic opportunity. By leveraging technology including digital onboarding, e-KYC, and data-driven credit processes, the Company continues to ensure efficiency, transparency, and accessibility for first-time borrowers.

Client Protection and Responsible Lending

Integrity in customer service defines Arohan’s approach to financial inclusion. The Company has institutionalised client protection and fair-practice frameworks, culminating in the prestigious GOLD Standard Certification from Cerise + SPTF, with 99.1% compliance against the Client Protection Principles (CPP). These measures ensure that lending remains ethical, transparent, and free from mis-selling, reinforcing trust among millions of customers.

Financial Literacy and Capacity Building

Arohan recognises that financial literacy is a foundational step toward economic empowerment, particularly for rural women who often lack access to formal financial education. Through a targeted Financial Literacy Program launched in Jharkhand, in collaboration with a local implementation partner, Arohan aims to equip 1,400 women with essential financial knowledge and skills.

Alignment with UNSDG:



Digital Transformation & Technology

Enablement

<p>90% Paper Reduction in operational documentation</p>	<p>ISO/IEC 27001:2013 certification</p>	<p>SWAGATAM On-premises, digitalised field recruitment system</p>
--	--	--

In an increasingly connected world, digital transformation has become an anchor of Arohan’s journey towards operational excellence, customer empowerment, and sustainable growth. Arohan recognises technology as an enabler of efficiency, and strategic driver of inclusion, transparency, and resilience. By integrating digital solutions across its operations, the Company continues to enhance service delivery, strengthen risk management, and reduce its environmental footprint.

Digital Process Transformation

FY25 marked a pivotal year in Arohan’s digital evolution. The Company achieved extensive integration of e-KYC and e-signature systems, leading to a significant reduction in paper usage in core

customer and operational documentation. Its digital loan origination system now enables real-time data entry and approval, drastically improving turnaround time and operational accuracy across 1,102 branches. Additionally, cloud-based storage and automated audit systems have streamlined compliance and reporting while eliminating redundant manual processes.

Data Security and IT Governance

Arohan maintained its ISO/IEC 27001:2013 certification for information security management, reinforcing trust and data integrity across its digital operations. The Company also implemented multi-layered cybersecurity protocols, regular vulnerability assessments, and role-based access controls to mitigate digital risks. These systems safeguard data for over 2.1 million active customers, ensuring confidentiality, accuracy, and resilience against cyber threats.

Customer-Centric Digital Innovation

Digital transformation extends to Arohan's customer interface, where mobile-based solutions and digital awareness campaigns empower borrowers to access, understand, and manage their financial products more securely. The Arohan Customer App and

digital helpdesk channels allow borrowers to make payments, raise queries, and receive updates remotely, strengthening inclusion and transparency for rural and semi-urban clients.

Mera Arohan – The Digital Backbone

At the core of Arohan's technological ecosystem lies Mera Arohan, a proprietary all-in-one digital suite that drives the Company's Digital Arohan vision. This platform enables the seamless digital execution of all core business functions, including loan origination, repayments, recoveries, internal audit, field monitoring, and document management. By digitising the entire customer lifecycle, Mera Arohan has enabled end-to-end paperless operations, enhancing efficiency, reliability, and risk-based decision-making across organization.

Credit Scoring with StrategyOne - Nirnay

To enhance credit quality and operational control, Arohan has deployed a customisable credit scoring model through CRIF's digital decisioning platform, "StrategyOne." This advanced model streamlines the lending process, automates decision-making, and strengthens credit-risk governance, ensuring consistent and data-driven portfolio management.

Profile (FIS Core Banking System)

As the first NBFC-MFI in India to adopt Profile, Arohan has revolutionised backend operations, enabling unmatched transaction volume handling and superior service reliability.

Prismatic - CRIF High Mark

Used for data-driven area selection, this advanced analytics tool informs strategic expansion into new regions.

ApnaArohan – Mobile Customer Access

Our customer-facing app provides quick loan disbursements (under 10 minutes for ArohanPrivilege users), multilingual support, real-time loan status, eligibility checks, insurance info, grievance redressal, and direct communication with field officers. It enhances customer autonomy and experience across all serviced geographies.

Swagatam – Digital Recruitment and Onboarding

To support its expanding workforce, Arohan launched Swagatam, a recruitment-to-onboarding platform that automates the entire hiring lifecycle from sourcing and screening to compliance and induction. The system has significantly reduced turnaround times and

improved candidate experience, enabling efficient coordination between HR, training, and operational teams. Integrated psychometric assessments measure key attributes like motivation, adaptability, and integrity, ensuring high-quality talent acquisition. Swagatam not only enhances efficiency but also significantly improves the candidate experience.

Adrenalin HRMS – Human Capital Automation

Arohan leverages Adrenalin HRMS, a comprehensive Human Resource Management System that integrates recruitment, payroll, performance management. The platform enhances workforce efficiency, and seamless experience for employees.

Through these digital innovations, Arohan continues to elevate its operational excellence and customer service delivery ensuring that every interaction is faster, smarter, and more impactful.

Community Engagement & CSR Initiatives

<p>3,800 free eye-care consultations and 50 cataract surgeries</p>	<p>220 medical camps organized, benefitting over 31,000 individuals with health consultations</p>
<p>Aims to train 1,400 rural women in financial planning</p>	<p>Conducted Youth Entrepreneurship Programme (YEP) and Entrepreneurship Incubation Programme (EIP)</p>
<p>Provided emergency relief and rehabilitation support to more than 5,000 individuals impacted by floods and cyclones</p>	

At Arohan, community engagement is not a peripheral responsibility but a defining expression of our purpose to empower people and enable progress where it matters most. Guided by our vision of fostering inclusive growth and sustainable development, Arohan’s CSR and community initiatives are designed to create tangible, lasting impact across health, education, and livelihood empowerment. Since 2016, these initiatives have touched over 8.5 lakh lives, extending the Company’s mission of responsible finance into broader social transformation.



Health and Well-being Initiatives

Arohan's flagship Health Express Programme continued to deliver accessible primary healthcare to underserved communities across 13 states. In FY25 alone, 220 medical camps were organised, benefitting over 31,000 individuals with health consultations, check-ups, and medicine distribution. Complementing this, the Company facilitated 3,800 free eye-care consultations and 50 cataract surgeries, restoring vision and dignity to those most in need. The Hearing Screening and Early Intervention Programme screened more than 8,000 newborns across four states, ensuring early detection and timely intervention for hearing impairments, a unique initiative in the microfinance sector.

Education and Financial Literacy

Believing that empowerment begins with awareness, Arohan invested significantly in financial literacy and education programmes, training 1,400 rural women in financial planning, digital literacy, and responsible borrowing across Jharkhand and other states. These initiatives not only promote economic independence but also strengthen borrowers' capacity to manage household finances sustainably.

Livelihood and Skill Development

Through partnerships and capacity-building programmes, Arohan supported youth entrepreneurship and women-led enterprises, particularly in Eastern Uttar Pradesh and Jharkhand. The Youth Entrepreneurship Programme (YEP) and Entrepreneurship Incubation Programme (EIP), conducted in collaboration with the Aavishkaar Foundation, nurtured innovative business ideas and strengthened grassroots entrepreneurship, enabling participants to establish viable income-generating ventures.

Disaster Relief and Community Resilience

Arohan also extended its reach to communities affected by natural calamities, providing emergency relief and rehabilitation support to more than 5,000 individuals impacted by floods and cyclones. These efforts underscore the Company's deep-rooted commitment to building climate and community resilience in regions most vulnerable to environmental disruptions. Through these diverse interventions, Arohan continues to uphold its belief that meaningful change is achieved not merely through finance, but through compassion, partnership, and purpose. Each initiative reaffirms our conviction that sustainability begins with community well-being, and that empowering people is the truest measure of our success.

Strengthening Early Childhood Hearing Awareness



Mira Kalita, Chaygaon, Assam

As part of its Corporate Social Responsibility (CSR) focus on inclusive health and child development, Arohan Financial Services, in collaboration with VAANI Deaf Children’s Foundation, supports community-based hearing screening and counselling for infants and young children. The initiative addresses low awareness of hearing health in early childhood and its direct link to speech and language development, particularly in semi-urban and rural areas.

During one such clinic visit, Mira Kalita, a resident of Chaygaon in Assam, brought her baby for a hearing test. Prior to this, she had limited understanding of how undetected hearing issues in the first years of life could lead to speech difficulties and longer-term communication challenges. At the clinic, her baby underwent a structured hearing assessment conducted by trained personnel.

Alongside the test, the VAANI team provided Mira with clear, practical information on recognising early signs of possible hearing problems in infants, the importance of closely observing the child’s responses to sound, and the need for timely medical follow up if any concerns arise. The visit thus became both a diagnostic and an educational intervention for the family.

Mira reported that the session was highly informative and changed her perspective on early childhood hearing health. She became aware that hearing issues, if not identified early, could affect her child’s ability to speak as they grow. The guidance she received on signs to watch for in

her baby's hearing development gave her confidence to monitor her child more proactively. She expressed her gratitude to Arohan and VAANI for their dedicated services and for providing important and valuable information that she might not have otherwise accessed.

This case demonstrates how Arohan's CSR partnership with VAANI contributes directly to the social dimension of its ESG commitments by improving early childhood health outcomes through timely hearing screening, promoting inclusion by extending access to specialised hearing services in underserved communities, and driving positive behaviour change by equipping parents with practical knowledge. By combining free or low-cost hearing screening with structured caregiver education, the programme enhances quality of life prospects for children like Mira's baby and supports healthier developmental trajectories in rural and semi-urban communities.

Governance

33.33%
Board Independence

Two
Women Director

One
Executive Directors

**Stakeholder Relationship
Committee oversees ESG
Performance**

**Different role of
Chairperson & MD**

Zero Data Privacy Complaints



At Arohan, our corporate governance framework is the foundation of our integrity, resilience, and sustainable success. We believe that strong governance is the anchor of responsible growth, ethical leadership, and long-term value creation for all stakeholders. Guided by the principles of transparency, accountability and fairness, our governance philosophy ensures that every strategic decision aligns with our mission of building financial inclusion and social impact.

The Board of Directors, comprising a judicious blend of Executive, Non-Executive, and Independent Directors, provides strategic guidance and vigilant oversight across all dimensions of the Company's operations.

Our governance framework is dynamic and adaptive, continually refined in response to the evolving regulatory landscape and the shifting contours of the financial services sector. It is designed to uphold the highest standards of probity and to cultivate a culture in which responsibility and performance coexist harmoniously. By embedding Environmental, Social, and Governance (ESG) considerations into our strategic agenda, we reinforce our commitment to creating enduring value not only for our investors,

but also for our customers, employees, and the communities whose aspirations we serve.

Board Governance and Composition

The Company has a broad-based and well-constituted Board of Directors, established in accordance with the SBR Master Directions, the Companies Act, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Arohan recognises and embraces the importance of Board diversity, firmly believing that an active, well-informed, independent, and heterogeneous Board brings together a rich blend of perspectives, skills, industry experience, and insights. Such diversity strengthens deliberation, advances innovation, and enhances the Company's capacity to sustain its competitive advantage in an evolving business environment.

The Board of Directors lies at the very core of Arohan's governance architecture, ensuring that management decisions consistently uphold and protect the long-term interests of all stakeholders. The Board exercises its responsibilities either collectively as a full Board or through a structured network of specialised committees, each

mandated to oversee specific areas of strategic and operational significance.

As on 31 March 2025, the Board comprised fifteen (15) Directors, including five (5) Non-Executive Independent Directors, one (1) Executive Director, and nine (9) Non-Executive Nominee Directors, of which two (2) are Women Non-Executive Nominee Directors. This composition reflects Arohan’s enduring commitment to balanced representation, independence of judgement, and inclusive governance.

During the year under review, the Board met Nine (9) times on May 24, 2024, July 09, 2024, August 05,2024, September 28, 2024, October 18, 2024, October 22, 2024, November 12, 2024, January 03, 2025, and February 12, 2025. The interval between the two



meetings was well within the maximum period mentioned under the applicable laws.



**Mr. Dinesh Kumar
Mittal
Chairman**

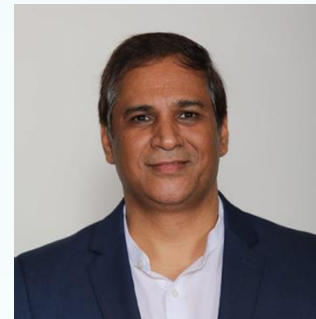
Dinesh Kumar Mittal is an Independent Non-Executive Chairman of Arohan’s Board. He has been a Director since May 15, 2018. He holds a master’s degree in physics from the University of Allahabad. He joined the Indian Administrative Services in July 1977 and has previously served with the Government of India as Secretary – Ministry of Finance, Secretary – Department of Financial Services and the Ministry of Corporate Affairs and as an Additional Secretary and Joint Secretary – Department of Commerce. He has also served as the Chief Executive Officer of IL&FS and with the Government of the state of Uttar Pradesh in various capacities including as Secretary to the Chief Minister. He has also served in the capacity of Managing Director of Uttar Pradesh Land Development Corporation, Vice Chairman of the Ghaziabad Development Authority and Special Secretary and Additional Director – Industries. He is an Independent Director on the Boards of APL Apollo Tubes Limited, Max Estates Limited, New Delhi Television Limited etc.



Mr. Manoj Kumar Narayan Nambiar
Managing Director

Manoj Kumar Narayan Nambiar is the Managing Director of Arohan. He has been a Director since October 2012, when he was appointed as the Managing Director of Arohan with effect from October 3, 2012. He holds a bachelor’s degree in mechanical engineering from VJTI and a master’s degree in management studies from JBIMS, University of Bombay, and has tertiary qualifications in Insurance from the Insurance Institute of India. He has also completed the ‘Strategic Leadership in Microfinance’ course from Harvard Business School, USA, “Strategy meets Leadership” course from INSEAD, Fontainebleau, France, “Leading for Impact” from IMD Lausanne, Switzerland, and “Enabling Strategic Impact in the Boardroom” at London Business School, London in February 2024. He has worked with various companies in the fields of business development, consumer banking & finance and microfinance across India and the Middle East. His previous employers include Modi Xerox India Limited, Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Alhamrani Company for Investment in Trade & Ahli Bank. He is the Vice Chairperson of the Group Executive Council at Aavishkaar, and a director on the board of Intellectap

& Aavishkaar, the holding company. He has served on the governing board of MFIN, the microfinance sector SRO recognised by the RBI for 8 years from 2013 including as its President from July 2015 to June 2016, as Chairman twice from July 2019 to June 2021 & is also the current Chairperson of the Governing Board of MFIN for 2024/25. He also serves on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS’21, the Microfinance Incentive & Relief Scheme 2021.



Mr. Vineet Chandra Rai

Vineet Chandra Rai is a Non-Executive Vice Chairman and Promoter Nominee Director of the Company and has been on the Board since October 24, 2013. He holds a Post Graduate Diploma in Forestry Management from the Indian Institute of Forest Management, Bhopal and is an Honorary Member of XLRI Alumni Association. Vineet Rai is the Promoter of Aavishkaar Group. He was awarded the Outstanding Social Change Agent by TiE Mumbai in January 2020 and Inclusive Finance India Award 2021 for Individual contribution to

**Non-Executive Vice
Chairman and Promoter
Nominee Director**

Financial Inclusion. He also featured on the cover of Forbes India (January 2018 issue). He served on the Social Stock Exchange Advisory Committee of SEBI. He has also served as a commission member at the Global Commission on Business and Sustainable Development and is in the Executive Committee of Indian Venture Capital Association.



**Mr. Anurag Agrawal
Promoter Nominee
Director**

Anurag Agrawal is a Non-Executive Promoter Nominee Director of the Company. He has been a Director since October 3, 2012. He holds a bachelor's degree in business administration and a master's degree in commerce from the microfinance sector SRO recognised by the RBI for 8 years from 2013 including as its President from July 2015 to June 2016, as Chairman twice from July 2019 to June 2021 & is also the current Chairperson of the Governing Board of MFIN for 2024/25. He also serves on the Board of Trustees AMFI WB and is also the Lead of the Steering Committee of the 37 MFI lenders in Assam liaising with the state government on the AMFIRS'21, the Microfinance Incentive & Relief Scheme 2021. Stephen Dongwon Lee University of Madras, Chennai, and a Post Graduate Diploma in Management from T.A. Pai Management Institute,

Manipal. He is currently a Partner at Aavishkaar Capital which is the Impact investing arm of Aavishkaar Group. He has been part of the founding team of Group Company, Intellectap and last served as its CEO. Prior to that, he has worked with ICICI Bank Limited.



**Mr. Wilhelmus Marthinus
Maria Van Der Beek
Non-Executive Nominee
Director**

Wilhelmus Marthinus Maria Van Der Beek is a Non- Executive Nominee Director of the Company. He was nominated to Arohan's Board of Directors by AG II. He has been a Director since December 5, 2016. He holds a Doctoral Degree in Economics and Business Economics from Erasmus University, Rotterdam and has completed the European Leadership Course 6 from Comenius Leergangen. He is the Founder of Goodwell Investments BV, and also manages the Aavishkaar Goodwell India Microfinance Development Company I Ltd. and AG II.



**Ms. Rupa Rajul Vora
Promoter Nominee
Director**

CA Ms. Rupa Rajul Vora is a Non-Executive Nominee Director of the Company. She was the Group Director & CFO - IDFC Alternatives for more than a decade and earlier, CFO of the Indian operations of Antwerp Diamond Bank N.V. and KBC Bank N.V. She was also associated with Calyon Bank and Oman International Bank S.A.O.G. Before joining the corporate world, she ran an independent practice as a Chartered Accountant for almost a decade. She has won the award for India's Top Women in Finance 2023 by Equalifi. She has been a member of the Jury for the CFO 100 Awards by the CFO Institute and has been conferred with the "Women Leadership Excellence Award" at the IPE - BFSI Awards 2013 by the Institute of Public Enterprise. She has also been featured among India's 10 most influential women in finance in India by Rediff.com in 2012. In addition to being an independent director on corporate boards, she is also a Fellow Member of the Institute of Directors and a lifetime member of the Independent Director's Data Bank of the Indian Institute of Corporate Affairs. She has been a member of CII's National Committee on Financial Reporting 2020-2021 to 2023-2024.



**Stephen Dongwon Lee
Non-Executive Nominee
Director**

Stephen Dongwon Lee is a Non-Executive Nominee Director of Arohan. He was nominated to our Board of Directors by Teachers Insurance and Annuity Association of America. Stephen is a Senior Director and Head of Asia on the Private Equity Impact Investing team at Nuveen. Prior to joining the firm in 2014, Stephen worked as Director of Access to Finance for Building Markets, a social enterprise based in New York that supports local businesses in post-conflict and developing countries. He has also held various positions at J.P. Morgan, Accenture and ATX Communications. Stephen graduated with a B.A. in Economics from the University of Pennsylvania, an M.B.A. from Georgetown University's McDonough School of Business and an M.S. in Foreign Service with a concentration in International Development from Georgetown University's Edmund A. Walsh School of Foreign Service. He is also a former Fulbright Scholar in Egypt.



Sri Radha Ramana Saripalli
Nominee Director

Mr. Sri Radha Ramana Saripalli has been working in Small Industries Development Bank of India (SIDBI) since 1996 in the areas of Credit, Financial Inclusion relating to MSMEs, Microfinance, MFIs, Clusters, Livelihood Enterprises, etc. He is currently a General Manager at SIDBI. Mr. Saripalli has done his Master in Sociology from Andhra University and has completed CAIBB.

No. of directorship in other public companies: 0



Mr. Nitish Chawla
Nominee Director

Nitish Chawla is a Non-Executive Nominee Director of the Company. Nitish is an Investment Director at IFU, the Danish Development Finance Institution. Prior to joining IFU in 2020, Nitish has worked as an investment manager at a single-family office where he managed the family's investments in various businesses across logistics, renewable energy and water solutions, hospitality and real estate sectors. He started his career as a buy side equity research analyst, tracking the financial services and pharmaceutical sectors in India. Nitish is a graduate in Computer Science and an MBA from Indian Institute of Management Indore. He has also cleared all three levels of the CFA examination.



Ms. Karina Isabel Alva
Alfaro
**Non-Executive Nominee
Director**

Karina Isabel Alva Alfaro is a Non-Executive Nominee Director of the Company. She is an investment manager on the Financial Inclusion Private Equity team at Maj Invest. Prior to joining the firm in 2016, she has worked with a leading Latin-American credit rating firm. She started her career working with USAID supporting small businesses to access finance and Technical Assistance. She has more than 10 years of global experience in credit analysis, project management, and private equity.

No. of directorship in other public companies: 1



Mr. Ulhas Sharadkumar
Deshpande
**Non-Executive
Independent Director**

Mr. Ulhas Sharadkumar Deshpande is a Non-Executive Independent Director of the Company since January 15, 2024. He is a postgraduate in Human Resource Management from Tata Institute of Social Sciences and started his illustrious career with GSK in 1982. In 2003, Ulhas decided to fulfil his entrepreneurial aspirations and set up Adventity Global Services, a company in the sunrise KPO/BPO sector catering to financial services sector in India and abroad. Thereafter he has set up an incubation start up in the microfinance sector which helped and provided expertise to entrepreneurs desirous of setting up microfinance companies, some of which later on became successful Companies. He returned to the corporate sector and worked with RPG Enterprises and Bharti-Axe Limited before retiring from active corporate work in November 2014. He has also been a Mentor to few start-ups helping them scale up and build the right business model and organisations. He is a trustee of a school set up near Mumbai for the differently abled children and is actively involved in running the school.



Mr. Narasimha
Kummamuri Murthy
Independent Director

Mr. Narasimha Kummamuri Murthy is an Independent Director of the Company. He has a brilliant Academic record, getting ranks in both CA & ICWA courses, and entered the profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 175 Companies covering more than 50 Industries. He is closely involved with several National Institutions at Board Level, presently on the Boards of various reputed organisations. He has been associated with more than 45 High Level Committees as Chairman / Member both at National & State Level. Currently he is serving on the Board of various companies like Raymond Limited, Raymond Lifestyle Limited, Axis Finance Ltd, Max Financial Services Ltd, etc. Earlier he was associated as Director / Member with various organisations like National Stock Exchange India Ltd., Oil and Natural Gas Corporation Ltd., UTI., IDBI Bank Ltd., UTI Bank Ltd. (Axis Bank), Max Life Insurance Company Ltd., Max Bupa Health Insurance Ltd., NABARD - Board of Supervision, CARE Ratings Ltd., - External Rating Supervision Committee, etc. His efforts in the furtherance of Costing & Management Accounting Profession in India were recognised by the Institute of Cost Accountants of India, which has honoured him by giving citation in October 2007 and December 2024.



Mr. Jose Joseph Kattoor
Independent Director

Mr. Jose Joseph Kattoor is an Independent Director of the Company. He has worked in the Reserve Bank of India (RBI) from January 1991 to June 2023 and retired as an Executive Director. During his tenure as Executive Director of the Reserve Bank of India, he has handled four departments of RBI viz. Enforcement Department, Corporate Strategy Department, Currency Department and Human Resource Department.



Mr. John Arunkumar
Diaz
**Non-Executive
Independent Director**

Mr. John Arunkumar Diaz is a Non-Executive Independent Director of the Company since January 03, 2024. He is a consultant, entrepreneur, mentor and an advisor to a Venture Capital company. He holds a degree in Mathematics and an MBA from XLRI, Jamshedpur. He has worked with Standard Chartered Bank for 28 years in all areas of banking with assignments in India, Europe, the Middle East and the Asia Pacific Region. Thereafter he had a brief stint as Head, Reuters Consulting South Asia before taking up freelance consulting in Banking with assignments in Indonesia, Thailand, Laos, Mauritius and Seychelles among others. More recently, he was MD of Jain Sons Finlease Limited, an NBFC which provides loans to SME and MSME companies with limited or no collateral. He also had some experience as an entrepreneur in the healthcare sector with two ventures in the healthcare delivery space, one a clinic and the other a hospital chain. He is also an active member of TiE-Mumbai (The Indus Entrepreneurs, Mumbai Chapter) and enjoys mentoring new upcoming entrepreneurs whilst also doing some Angel investments. He is on the boards of several companies of which 3 are Regulated Entities.

Board Expertise

	Industry Experience Operations
	Technology, Sales and Marketing
	General management & Leadership
	Innovation & R&D Oversight
	Legal, Governance and Compliance
	Finance & Risk Management
	Climate Action
	Banking, Financial services & Microfinance

Committees of the Board

The Board, together with the Nomination & Remuneration Committee, sets clear performance-evaluation benchmarks for the whole Board and for each category of director. Assessments are carried out as peer reviews, and the director under review does not take part in his or her own appraisal. Some of the performance indicators based on which the directors were evaluated includes:

- Participation in the meeting

Audit Committee

Audit Committee has been constituted under Section 177 of the Companies Act 2013 and under Regulation 18 and Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee has been charged with the principal oversight of financial reporting process and to ensure accurate and timely disclosure with the highest levels of transparency, integrity and aims to enhance the confidence in the quality of the Company's financial reporting, to review of internal audit reports and action taken reports and assessment of the efficacy of the internal control systems. The Audit Committee also looks after the compliance with the legal and

- Value addition
- Time devoted to analyse and examine governance and compliance issues
- Compliance with Law and relevant standards
- Effectiveness of Governance
- Risk Evaluation
- Independence of management from Board of Arohan confirms that the Independent Directors fulfil the conditions specified in the regulations and are independent of the management.

statutory requirements, related party transactions and recommends the appointment of statutory auditor to the Board.

Chairperson Mr. Narasimha Kummamuri
Murthy

Members Mr. Dinesh Kumar Mittal
Mr. John Arunkumar Diaz
Mr. Ulhas Sharadkumar
Deshpande

<p>Nomination and Remuneration Committee</p>	<p>Nomination and Remuneration Committee has been constituted under Section 178 of the Companies Act 2013 and under Regulation 19 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee has been responsible to oversee that the Company’s nomination process including succession planning for the senior management and the Board and specifically to assist the Board by identifying, screening and reviewing individuals qualified to serve as directors so that the directors appointed would have appropriate skills to support the functioning of the Company and also to advise Board on Remuneration policy for Directors, Key Managerial Personnel and other employees.</p>
	<p>Chairperson Mr. Ulhas Sharadkumar Deshpande</p> <p>Members Mr. Jose Joseph Kattoor Mr. Narasimha Kummamuri Murthy Mr. Dinesh Kumar Mittal Mr. Vineet Chandra Rai Mr. John Arunkumar Diaz</p>

<p>Stakeholders Relationship Committee</p>	<p>Stakeholder's Relationship Committee has been constituted under Section 178 of the Companies Act 2013 and under Regulation 20 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee has been responsible for redressal of grievances of interest of investors, shareholders, debenture holders and other security holders including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends and performing such other functions as may be delegated by the Board.</p>
	<p>Chairperson Mr. John Arunkumar Diaz</p> <p>Members Mr. Anurag Agrawal Mr. Manoj Kumar Narayan Nambiar</p>

Information Technology Strategy Committee	<p>NBFCs has been mandated to form an IT Strategy Committee as per RBI Master Directions. The Committee carries 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. It may look after the present and future need of the induction of Information Technology and also takes care of need of providing the training to the existing as well new incumbents.</p>
	<p>Chairperson Mr. John Arunkumar Diaz</p> <p>Members Mr. Manoj Kumar Narayan Nambiar Mr. Narasimha Kummamuri Murthy</p>

Risk Management Committee	<p>Risk Management Committee has been constituted under Regulation 21 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 along with the RBI Master Direction. The Committee has overall responsibility to the identification, evaluation and mitigation of strategic, operational, and external environment risks; for monitoring and approving the risk policies and associated actionable. The Committee has been also responsible for reviewing and approving risk disclosure statements for dissemination.</p>
	<p>Chairperson Mr. Jose Joseph Kattoor</p> <p>Members Mr. Wilhelmus Marthinus Maria Van Der Beek Mr. Narasimha Kummamuri Murthy Mr. John Arunkumar Diaz Mr. Ulhas Sharadkumar Deshpande</p>

Corporate Social Responsibility Committee	Corporate Social Responsibility Committee has been constituted under Section 135 of the Companies Act 2013. Primary objective of the Committee has been assisting the Board in fulfilling its corporate social responsibility. The Committee has overall responsibility for Identifying the areas of CSR activities and implementing and monitoring the CSR Policy also recommends the amount of expenditure to be incurred on the identified CSR activities.
	<p>Chairperson Mr. John Arunkumar Diaz</p> <p>Members Mr. Anurag Agrawal Mr. Wilhelmus Marthinus Maria Van Der Beek Mr. Manoj Kumar Narayan Nambiar</p>

Share Transfer and Securities Allotment Committee	The Share Transfer and Securities Allotment 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 provisions of the Companies Act, 2013.
	<p>Chairperson Mr. Manoj Kumar Narayan Nambiar</p> <p>Members Mr. Anurag Agrawal Mr. Vineet Chandra Rai</p>

ESG Governance & Oversight



Arohan Financial Services has established a robust ESG governance architecture that ensures accountability, strategic alignment, and effective execution across all organisational levels. The framework is structured to integrate sustainability principles into corporate decision-making and operational practices. At the apex, the Board of Directors provides strategic direction and oversight, ensuring that ESG priorities are embedded within Arohan’s long-term business vision. The Managing Director translates these priorities into actionable goals across operations and keeps the Board apprised of key developments. Supporting this, the Stakeholder Relationship Committee steers the implementation of sustainability and CSR initiatives, while Functional Heads evaluate and define relevant ESG performance indicators. The Heads of Business Verticals (HoDs) drive execution at the ground level, translating strategic intent into measurable outcomes. This layered governance model enables seamless coordination, transparent reporting, and continuous monitoring, thereby ensuring that Arohan’s ESG commitments are pursued with rigour, integrity, and measurable impact.

Policies Supporting ESG Commitments

The following relevant policies, their version nos., effective date and links are provided below:



Prevention of Sexual Harassment

Version 6.0 (Effective date: 6 August 2024)

Arohan is committed to maintaining a workplace that is safe, inclusive, and free from any form of harassment. The POSH Policy ensures swift, fair, and confidential redressal of complaints through a duly constituted Internal Complaints



Anti-Bribery and Anti-Corruption Policy

Version 4.0 (Effective date: 12 February 2025)

The Company follows a zero-tolerance approach to bribery and corruption. All business dealings are conducted with integrity, fairness, and strict compliance with applicable laws and ethical standards



AML & KYC Policy

Version 10.2 (Effective date: 12 February 2025)

Arohan's AML and KYC framework ensures transparent and legitimate financial transactions. Robust verification, monitoring, and reporting mechanisms are in



Version 6.0 (Effective date: 12 February 2025)
 Whistle Blower Policy encourages employees and stakeholders to report unethical practices or policy violations without fear of retaliation. All disclosures are treated confidentially and investigated with objectivity and integrity.



Version 5.0 (Effective date: 12 February 2025)
 Independent Directors adhere to a formal Code of Conduct that upholds ethical leadership, independence of judgment, and accountability.



Version 7.0 (Effective date: 12 November 2025)
 Arohan’s Corporate Governance Policy ensures transparency, accountability, and ethical conduct across all operations. It establishes a framework for effective oversight, sound decision-making, and long-term stakeholder value creation.



Version 4.0 (Effective date: 13 August 2025)
 The Company’s Fair Practice Code upholds principles of fairness, transparency, and responsible lending. It ensures that customers are treated with dignity, informed consent, and equal opportunity at every stage of the financial relationship.



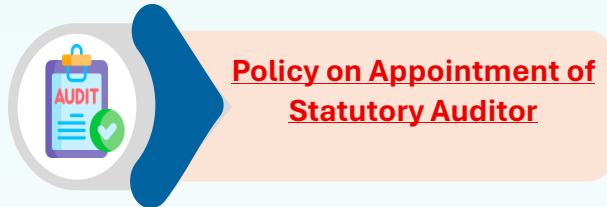
Customer Grievance Redressal Policy

Version 12.0 (Effective date: 13 February 2026)
 Arohan has a robust Grievance Redressal mechanism that provides customers with accessible and timely resolution of concerns.



Corporate Social Responsibility Policy

Version 2.8 (Effective date: 13 February 2026)
 The CSR Policy reflects Arohan’s dedication to inclusive and sustainable development. Through targeted community initiatives, the Company contributes to social empowerment, education, health, and environmental stewardship.



Policy on Appointment of Statutory Auditor

Version 4.0 (Effective date: May 2025)
 The policy ensures the appointment of independent and qualified auditors through a transparent, merit-based process, in full compliance with applicable regulatory and statutory

Risk Management Framework

Arohan has instituted a comprehensive and forward-looking Risk Management Framework designed to safeguard its business resilience, stakeholder confidence, and long-term sustainability. The framework enables proactive identification, assessment, and mitigation of risks across strategic, operational, financial, and environmental dimensions of the organisation.

At its core, the framework integrates governance discipline with data-driven insight, supported by well-defined policies, robust internal controls, and continuous monitoring mechanisms. A structured three lines of defence model ensures accountability where risk ownership, oversight, and assurance operate in clear alignment.

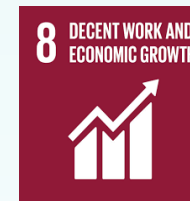
In an evolving business and regulatory environment, Arohan emphasises a culture of risk awareness rather than risk aversion. This approach empowers decision-makers to balance growth with prudence, innovation with compliance, and opportunity with responsibility.

The framework also recognises emerging risks linked to climate change, cybersecurity, social impact, and responsible finance,

reflecting the Company’s commitment to sustainable value creation. Through periodic reviews, scenario analyses, and stress testing, Arohan continually strengthens its preparedness and adaptability.

The risk management at Arohan is a control mechanism, and a strategic enabler that underpins resilient growth, ethical governance, and enduring stakeholder trust.

**Alignment
with UNSDG:**



Business Ethics & Code of Conduct

Arohan’s ethics values guide daily conduct and are explained to every new employee during Code-of-Conduct orientation to embed integrity and accountability at all levels(arohan.in).

The RBI’s Master Direction on IT Governance, Risk, Controls and Assurance Practices (April 2023) obliges all regulated entities to

defence mechanism, but as a strategic enabler of trust, transparency, and long-term sustainability in an increasingly connected ecosystem.

**Alignment with
UNSDG:**



Business Continuity & Adaptive Planning

At Arohan, ensuring the safety of our employees, protecting critical business operations, and maintaining uninterrupted service for our clients are key priorities. Our Business Continuity and Adaptive Planning framework is designed to identify potential risks, prepare for disruptions, and ensure timely recovery of operations with minimal impact on stakeholders.

The framework includes risk identification, contingency planning, and clear communication protocols to manage disruptions such as natural events, operational challenges, or technological outages. By integrating adaptive planning into our day-to-day operations, we aim to build organisational resilience and safeguard the trust of our clients and stakeholders.

Key focus areas under this framework include:

- Establishing protocols for rapid response to operational or IT disruptions.
- Ensuring continuity of critical financial services and loan operations.
- Training employees on roles and responsibilities during contingencies.
- Maintaining effective communication channels to keep employees, clients, and stakeholders informed during any disruption.
- Periodically reviewing and updating continuity plans to reflect evolving risks and operational priorities.

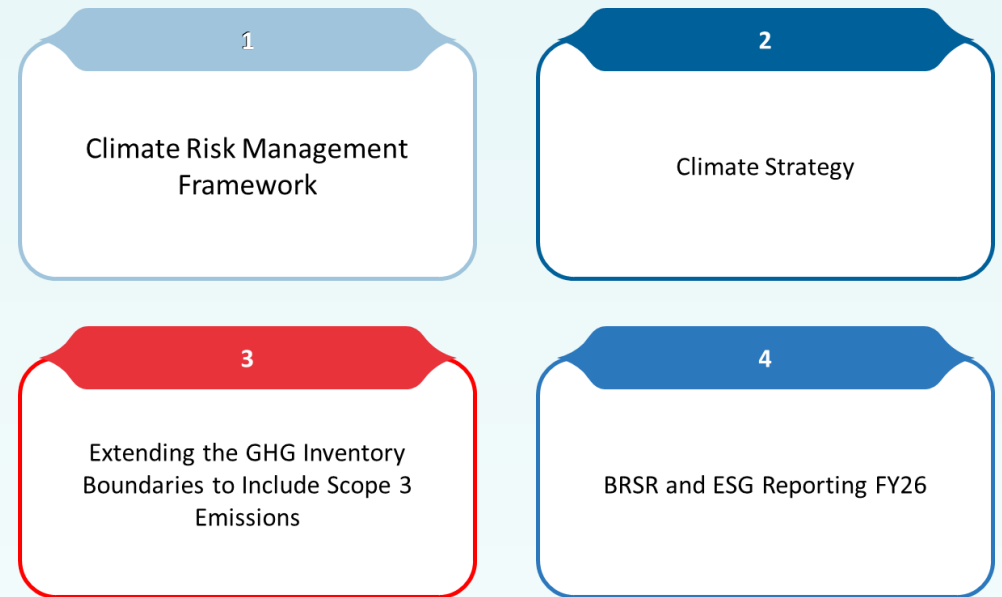
Through these initiatives, Arohan is committed to strengthening its preparedness, enabling consistent delivery of services, and fostering resilience in the communities and clients we serve.

Way Forward

As a diligent corporate entity, Arohan is steadfast in its commitment to sustainability, recognizing its responsibility towards the environment, society, and the governance frameworks that guide the Company. Arohan aims to set a benchmark by integrating environmental care, social equity, and governance best practices into the foundation of its operations. By cultivating a mindset of innovation and responsibility, Arohan is dedicated to addressing both global and local sustainability challenges in a manner that aligns with the business’s core principles.

Looking ahead, the Company focuses on continuously evaluating new risks and opportunities, ensuring they inform the development of its robust ESG framework to support responsible and enduring growth. Arohan’s approach emphasizes forward-thinking decision-making, with the aim of creating long-term value for its stakeholders while contributing to the well-being of the communities and ecosystems it interacts with.

As part of its sustainability journey, Arohan has finalized its action plan for FY25-26, which encompasses:



As Arohan advances on this journey, it remains committed to translating its ESG goals into measurable, impactful actions that resonate with the Company’s values and drive tangible progress. By prioritizing transparency, fostering collaboration, and engaging meaningfully with all stakeholders, Arohan strives to inspire positive change and set a benchmark of excellence within the industry. This commitment empowers the Company to remain resilient and adaptive in the ever-evolving realm of environmental and social responsibility.

Annexure: ESG Strategy

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
Green Finance Initiative	Look into the feasibility of introducing new environmentally friendly product lines such as green inverters, solar PV, solar home lighting systems to existing customer bases.	Number of Clean Energy Product Distribution (Including Retail Distribution): 77,885
Energy Consumption	(a) Establish an energy baseline by tracking and reporting energy consumption from both renewable and non-renewable sources across HO, offices and major branches by FY26.	Energy Consumed: 76,258 kWh
GHG Emission (Scope 1, 2 & 3) measurement & monitoring	<p>(a) Establish a stable baseline for Scope 1 (incl. direct emission, e.g. Fuel consumption from Diesel & Petrol in owned vehicles) and Scope 2 (purchased electricity) emissions from HO and across all large regional / zonal offices and branches. Report same in Arohan’s Annual Sustainability Report.</p> <p>(b) Increase scope of Scope 1 (Direct emission) and</p>	<ul style="list-style-type: none"> • Scope 1 Emissions FY25: 0 tCO₂e • Scope 2 Emission FY25: 55.4 tCO₂e • Arohan trades in carbon through its Clean Energy Program helps provide clean energy credit loans to its customers and reduces carbon footprint.

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	Scope 2 (electrical energy) reporting to HO, rented officed and branches from FY26 onward.	
Sustainable Finance Inclusion of ESG Factors in credit risk management framework	(a) Instead of just negative screening (alcohol, gambling etc.), Arohan can adopt a positive screening by actively lending high-impact ESG themes like renewables, small EVs (b) Start application of modified Tools. (c) Additionally, Arohan can engage with existing borrowers to help them enhance their ESG performance. By collaborating, they can identify ESG risks and opportunities.	At present, Arohan has an ESMS developed in 2021. The ESMS constitutes an ESG Policy and Procedure (Tools). Arohan follows an exclusion list which is a part of the ESMS policy.
Data Security and Privacy	(a) Develop a rapid detection and response protocol for reporting any material data breach incidents within 72 hr. (under draft DPDP Rules 2025) (b) Arohan should conduct third-party data security audits by mid- FY26. (c) Arohan’s BCP should include mechanisms for managing consent withdrawals, data corrections,	<ul style="list-style-type: none"> • Arohan’s deployment and practice of Business Continuity Plan (BCP) was led and anchored by the Risk & IT Security unit, which was also audited by the Reserve Bank of India (RBI) and was found to be satisfactory. • Information Technology Strategy committee is present as per RBI Master Directions.

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	<p>and deletions under draft DPDP Rules sec. 3–4, 7, and 13 by FY26.</p> <p>(d) Arohan should consider obtaining Cyber security Insurance from a reputed third-party insurance company to comply with Digital Data Protection Rules, 2025.</p>	<ul style="list-style-type: none"> The Committee carries out review and amends the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. Arohan’s Information Security Management Systems is certified with ISO/IEC 27001:2013 by BSI.
Human Capital Development / Employee Well-being	<p>(a) Reduce the employee attrition rate to 38.5% (considering by identifying (i) pockets, (ii) roles, and (iii) gender, involve higher attrition by FY26.</p> <p>(b) Arohan should conduct role-based training of employees, to make them future ready.</p> <p>(c) Track person hours spent in training per FY (preferably gender disaggregated)</p> <p>(d) Build a future-ready workforce through structured, role-based training programs and continuous skill development (minimum 50% employees).</p>	<p>Arohan has adopted a three-pronged approach for its compensation structure to cater to the unique needs of the different groups of employees:</p> <ul style="list-style-type: none"> For entry-level employees, the approach focuses on ensuring more ‘cash in hand’ to meet their day-to-day expenditures, encouraging performance-linked incentive schemes. For middle management level employees, the focus is on balancing the aspects of long-term Retirement benefits and cash-in-hand to meet their immediate requirements. For senior leaders, the focus is on value creation through ESOP and other tax-saving benefit schemes and variable pay, where the payout.
Employee Diversity	<p>(a) Formalize a Diversity & Inclusion (D&I) Policy to guide equitable hiring, promotion, and workplace practices.</p> <p>(b) Set and disclose short-term gender diversity</p>	<ul style="list-style-type: none"> Arohan is actively dedicated to fostering gender diversity within its field workforce, undertaking a diversity charter with clear annual targets for gender representation over the next three years. Specific roles across departments are earmarked for female candidates, reflecting the Company’s commitment to

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	<p>targets in Arohan’s FY26 Annual Report / Sustainability Report.</p> <p>(c) Track nos. of women promoted on Y-o-Y basis by end of FY25.</p> <p>(d) Identify roles, where gender neutral job descriptions could be presented. Identify these roles along with prospective team leaders by the end of FY26.</p> <p>(e) Track and report the number of women advancing from junior to middle, and middle to senior management annually in sustainability Report FY26.</p> <p>(f) Launch a mentorship program for high-potential women employees to support leadership development from FY26 onwards. Women leader (VP onwards) could share their journey and provide insight.</p>	<p>equality.</p> <ul style="list-style-type: none"> • Arohan also supports employees seeking to re-enter the workforce after a sabbatical, offering tailored programs to facilitate their career resurgence. By tapping into industry-specific talent pools, Arohan ensures high-quality hires, valuing the diverse perspectives and expertise each candidate brings. • Diversity Council actively spearheads initiatives to introduce women-friendly policies and processes, with the overarching goal of attracting and retaining a growing number of female talents. To ensure the complete safety of women during their travel, all female employees at Arohan are eligible to claim a minimum of one notch-up travel reimbursement. • Arohan’s women employees, who may need to work late in the office, are eligible for cab service arranged by the Company, to drop them off at their home locations. <p>By the end of FY25, Arohan’s workforce diversity stands at 12.97%. In contrast in FY19 the figure stood at around 4.9%.</p>
Grievance Redressal Mechanism	<p>(a) Disclose nos. of grievances resolved in a FY and nos. of grievances pending</p> <p>(b) Disclose nos. of grievances exceeding pre-defined TAT in FY</p> <p>(c) Nos. of grievances reported to RBI Ombudsman in FY.</p>	<p>Powered by a cloud-based Customer Relationship Management (CRM) system, Arohan efficiently routes and resolves queries within defined timelines, bolstering customer satisfaction. As the custodian of Arohan’s Customer Grievance Redressal mechanism,</p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
		<p>the function operates in strict adherence to guidelines set forth by the Micro Finance Industry Network (MFIN), the Self-Regulatory Organization, and the Reserve Bank of India.</p> <p>Arohan has enhanced its Customer Grievance Redressal Mechanism by implementing a Directly Responsible Individual (DRI) assigned to each grievance received. This strategic initiative has significantly reduced the average Turn Around Time (TAT) from 15 working days in FY23 to just 4 working days in FY25, ensuring prompt resolution of customer concerns.</p> <p>Arohan has introduced Escalation levels 1 and 2 to further expedite the resolution process. In cases where a complaint is not resolved by the designated DRI within the stipulated timeframe, it is automatically escalated for priority resolution, ensuring that no customer grievance goes unresolved.</p>
Customer Satisfaction (Customer Protection, Fair Practices, Mis-selling, Transparency in Communication)	(a) Calculate Net Promoter Score (NPS) scores and Sentiment analysis as a part of Inbound and Outbound Survey from FY26 onward. (b) Identify pockets where (i) average NPS customer rating / sentiment may have dipped (ii) products offtake may have dipped or (iii) loan repayment	<p>Arohan maintains the highest-rated C1 grading for the eighth consecutive year. The top-notch grading has been awarded to Arohan by CARE Advisory Research and Training Limited (CareEdge Advisory). The score of 93% has been earned on indicators concerning Transparency, Client Protection, Governance,</p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	<p>ratio may have dipped in recent past and investigate possible reasons.</p> <p>(c) Frequency of customer survey / technique of customer survey may be increased in these pockets.</p>	<p>Recruitment, Client Education, Feedback & Grievance Redressal, and Data Sharing.</p> <p>The loan origination process is facilitated through ‘Mera Arohan & Apna Arohan App,’ which enables real-time credit bureau checks for customer indebtedness, provides automatic guidance on maximum loan amounts, and allows for the upload of customer KYC documents. The App ‘Mera Arohan & Apna Arohan’ also conducts Group Recognition Tests, a crucial step before onboarding.</p> <p>Arohan has a fair practices code in place as per latest RBI guidelines, MFIN (Microfinance Institutions Network), Sa-Dhan and Smart Campaign’s global standards of Customer Protection Principles.</p> <p>The integrated WhatsApp Chatbot service enables efficient handling of multiple customer queries simultaneously, significantly improving response times and overall customer satisfaction. Arohan’s products and processes are transparent to its clients such that the information communicated to them is clear, sufficient and timely in a manner and language clients can understand so that clients can make informed decisions.</p> <p>Outbound Customer Surveys (Customer Insights).</p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
		<p>Arohan conducts structured, proactive outreach using outbound calls to gather feedback. In FY25, they detailed quarter-wise outbound successful calls:</p> <ul style="list-style-type: none"> • Q1: 67,348 calls • Q2: 80,654 calls • Q3: 74,122 calls • Q4: 70,695 calls <p>Inbound Feedback Channels</p> <p>The Annual Report also covers customer interactions via inbound channels:</p> <ul style="list-style-type: none"> • Q1: 19,995 received • Q2: 25,719 received • Q3: 26,275 received • Q4: 25,116 received <p><u>117 complaints have been received in FY25 (2 pending) for non-observance of the Fair Practices code, which decreased 66.53% over the last year.</u></p> <p><u>Arohan received 247 staff behavior-related complaints in FY25, which increased 22.28% over FY24. However, 99.99% complaints have been closed satisfactorily through Arohan’s Grievance Mechanism.</u></p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
Employee Satisfaction	<p>(a) Disclosing nos. of employee grievances in Annual Report / Sustainability Report and have a strong target toward lowering the TAT (received and pending cases).</p> <p>(b) Measure employee satisfaction on an annual basis (i) Great Place of Work[®] Survey or (ii) smaller cohort-wise (e.g., salesperson, IT teams, accountants etc.) or in Geographic pockets to understand patterns- on a yearly or six-monthly basis by FY26.</p>	<p>Arohan recorded the highest ever employee satisfaction score of 92 in the Great Place to Work[®] Trust Index[®] Employee Survey, ranking 35th in the Top 100 companies' list in India, among the Top 25 in the BFSI sector and the coveted Best in the Microfinance Industry in India.</p> <p>This marks the fourth time we've been recognized for cultivating a High Trust, High-Performance Culture - a reflection of our unwavering commitment to building a workplace where every individual feels valued, empowered, and inspired to thrive.</p>
Employees training & awareness programs	<p>(a) Track engagement metrics, like (i) Gender and role-aggregate training, (ii) Training recall factor (% after 3 / 6 -months of training), (iii) apparent-benefits derived from training - data being reported at the end of FY26 in Annual Report and Sustainability Report.</p> <p>(b) Increase coverage of ESG awareness and training programs for at least 50% of the RM and Credit Risk Manager by FY26.</p> <p>(c) Introduce new training modules with interactive sessions and LMS.</p>	<p>Arohan focuses on qualitative enhancements, automation of training, wider LMS roll-out, ~800 induction sessions with 90% effectiveness score in FY25.</p>
Community Engagement	<p>(a) Arohan could undertake a peer benchmarking as per Schedule VII of Companies Act by FY27 and present it to the CSR Committee</p>	<p>Arohan, through its focus on community development through ESG practices, has helped move its customers and their communities towards sustainability.</p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	<p>(b) Arohan should endeavour to spent entire 2% of average net profit of last 3 Financial years as CSR expenses</p>	<p>Arohan undertakes CSR activities as defined by its CSR Policy. The CSR policy identifies the following activities to be financed under CSR projects.</p> <ul style="list-style-type: none"> • Promotion of education, awareness campaigns, child welfare, menstrual hygiene • Empowering women and employment enhancing vocational skills, Community development, health care, sanitation, building of school premises <p>Arohan operates in the most financially excluded states of India, and its customers belong to communities where access to basic healthcare is inadequate. To address this gap, Arohan organizes free health and awareness camps providing access to medical and basic diagnostic services for the women in such communities.</p> <p>Total lives impacted through Corporate Social Responsibility initiatives (2016-2025): ₹ 8,52,355</p>
Social Impact Assessment	<p>(a) Publish Arohan’s Social Impact Assessment (SIA) report with: (i) CSR projects, (ii) methodology for selection, (iii) beneficiaries, (iv) methodology for assessment, (v) impacts, (vi) case study and (vii) lessons learnt by a credible Third-party agency.</p> <p>(b) To evaluate publishing of 60 dB MFI index for</p>	<p>Social Rating – ALINUS SPI5: In FY 2025, Arohan received an Alpha Social Rating with a Positive Outlook from M-CRIL, based on an assessment conducted using the ALINUS SPI5 tool methodology— a globally recognized standard for social performance management. With a score of 85% on a 7-point scale, the report cited Arohan’s “strong social commitment,</p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	Arohan by FY27	very good systems, and clear evidence of alignment with its social mission and values.” This marks Arohan’s first social rating under the ALINUS SPI5 framework , with the rating valid for two years, reinforcing the company’s dedication to achieving its social impact goals alongside financial growth.
Ensure Regulatory and Legal Compliances	Arohan should consider formulating a comprehensive Board Diversity Policy by FY26.	<p>The Company has complied with all the requirements of regulatory authorities. No penalties or restrictions were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the activities of the Company except as mentioned in the Director’s Report.</p> <p>Arohan had 2 Women Directors and 5 Independent Director out of 14 Directors as on March 31, 2025. Chairman of the Board is independent as on March 31, 2025.</p>
Business Ethics & integrity	<p>(a) Training sessions regarding Anti-bribery Anti-corruption (ABAC) policy should be organized during onboarding and periodically to educate employees and senior management about the repercussions of policy violations.</p> <p>(b) (i) No. of training courses conducted, and (ii) % of employees covered under ABAC policy should be disclosed in the Annual Report.</p> <p>(c) Target should be set to cover minimum 70-80% of Arohan’s employees by FY27.</p>	<p>At Arohan, our Core Values, encapsulated in the acronym ETHICS, serve as guiding principles for workplace behavior. Ensuring alignment with these values is paramount for all employees. New hires undergo thorough orientation on our Code of Conduct, emphasizing the significance of integrating these values into our actions and interactions.</p> <p>In compliance with the Prevention of Money Laundering Act, 2022, Arohan’s Employees receive an annual refresher on Anti-Money Laundering practices and their</p>

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
	(d) Arohan may consider disclosing (i) the number of Whistleblower complaints received, (ii) investigations conducted or (iii) substantiated cases in Annual Report FY26 / Sustainability Report in FY26.	critical importance. Arohan’s Anti Money Laundering (AML) and Know Your Customer (KYC) Version. 10.2. Policy dt. 12 February 2025 (Link). Arohan’s Anti-Bribery and Anti-Corruption Policy Version 4. dt. 12 February 2025 (Link). Arohan’s Whistle Blower Mechanism Version 6.0 dt. 12 February 2025 (Link).
Independent Assessment of the Board	Conduct an Independent Evaluation of the Board once in three years from FY26 onwards.	Arohan has not conducted external evaluation of the Board.
ESG Oversight	(a) Update ESG Policy and ESMS periodically to meet the (i) latest ESG legal requirements, (ii) industry good practices, (iii) ESG expectations from the investors while ensuring usability for teams. (b) Launch ESG integration projects with the support from the ESG Sub-Committee. ESG integration will include ESG reporting like (i) Business Responsibility and Sustainability Report (BRSR) and (b) Sustainability Report (SR) from FY26 onwards.	Arohan’s Stakeholder Relationship Committee steers the implementation of Sustainability and ESG practices, shaping ESG strategy, and monitoring ESG performance, supported by a formal ESG Policy and an Environmental and Social Management System (ESMS).

Performance against Aspirational ESG Targets		
ESG KPIs	Near-Term Targets	Performance as on 31 st March, 2025
Climate Risk Management	<ul style="list-style-type: none"> (a) Arohan should conduct a detailed assessment of Arohan’s loan portfolio exposure to physical climate risks such as floods, droughts, cyclones, and heatwaves using geospatial data and local climate indices. (b) Develop a Climate Risk Policy in line with RBI’s Draft Disclosure framework on Climate-related Financial Risks, 2024 (Link) by FY27. (c) Develop a Climate Risk ‘Governance’ Mechanism by end of FY26 in line with Task Force for Climate-related Financial Disclosure. (d) Train concerned (i) credit risk team, and (ii) business teams on physical climate risk identification using reputed third-party tools and integration into credit appraisal and monitoring processes. 	<p>The Business & Risk strategies that were deployed appropriately enable Arohan to remain well-prepared for facing and mitigating challenges throughout FY25.</p> <p>The Risk Management function of the Company is led by the Chief Risk Officer (CRO) and has independent reporting to the Risk Management Committee of the Board of Directors, headed by an eminent Independent Director, with regular administrative guidance from the Managing Director of the Company.</p> <p>In addition, Arohan adheres to RBI’s requirement of Business Continuity by having a Business Continuity Management Plan. The plan covers disasters like floods.</p>



Arohan Financial Services Limited

PTI building, 4th floor, DP-9, Sector V, Kolkata 700 091

W: www.arohan.in | P: +91 33 40156000

Contact

Kedar Deshpande
ESG Director

Email: Kedar.Deshpande@careedge.in

Vikram Thirani
Head Business Development

Email: Vikram.Thirani@careedge.in

About Us

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's leading ratings agency, with a credible track record of rating companies across diverse sectors. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd, and (II) CARE ESG Ratings Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings Africa (Private) Ltd in Mauritius, CARE Ratings South Africa (Private) Ltd, and CARE Ratings Nepal Ltd.

CARE Analytics and Advisory Private Limited

(Wholly-owned subsidiary of CareEdge Ratings)

Corporate Office:

303B, 3rd Floor, B wing Times Square' Building
Andheri - Kurla Road, Gamdevi, Marol, Andheri East,
Mumbai - 400059, Maharashtra, Phone: +91-22-6517-6900
www.careedge.in

Registered Office:

4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456, Email: care@careedge.in
www.careedge.in