

Walker Chandiook & Co LLP

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

T +91 33 4050 8000

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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

Basis for Opinion

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

Key Audit Matters


4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Walker Chandiook & Co LLP


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

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

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

Walker Chandiook & Co LLP

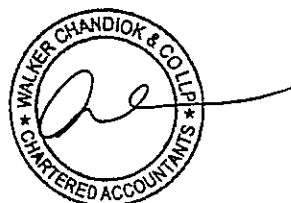
Independent Auditors' Report of even date to the members of Arohan Financial Services Limited (Formerly Arohan Financial Services Private Limited) on the financial statements for the year ended 31 March 2019 (Cont'd)

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

Walker Chandiook & Co LLP

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

<p>Complex Information Technology ('IT') environment:</p> <p>The Company is dependent on their IT system (FIS software) for recording customer's operational data, supporting their business processes, ensuring complete and accurate processing of financial transactions and supporting the overall internal control framework. This system is maintained by FIS Payment Solutions ("FIS") which acts as technology partner for implementing an end-to-end banking solution, infrastructure and network components. Their scope includes customer information management, user management and role-based access control. Many of the Company's internal controls over financial reporting are dependent on automated application level controls. The completeness and integrity of the system generated reports are dependent on appropriate functioning of the IT systems.</p> <p>FIS software is a complex IT system which runs on a mobility platform and is used for recording all disbursements and collections, identification and tagging of pledged loans to customers and calculating interest income and overdue days. Currently, the Company has approximately 19 Lacs customers, spread across 613 branches within India.</p> <p>Accordingly, considering the pervasive impact of the IT system on the financial statements and testing of such IT systems and related controls being the most significant aspect of our audit strategy, we have determined the same as a key audit matter.</p>	<p>Our audit procedures included testing of IT General Controls (ITGCs) and IT Application Level Controls (ITACs) implemented by the management in the IT system with the help of auditor's experts.</p> <p>Key aspects of the ITGC testing involved, but were not limited to, the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities. • Evaluated whether Company has controls for log capturing, review and follow up action. • Evaluated management processes for modifications to the IT environment including monitoring and authorization of such modifications. Tested changes made to the IT system that involved significant impact on financial reporting. • Tested segregations of duties controls around program maintenance, security administration and key business processes. • Assessed the appropriateness of IT system job scheduling and alert configuration capabilities. • Tested the process and controls implemented for user access management, including granting, change and removal of access to systems and operations. Evaluated the appropriateness of processes and tools to ensure availability of data as per user requests and business requirements, including data back-up and restoration plans of the Company. • Where deficiencies were identified, we tested compensatory mitigating controls along with additional substantive procedures. <p>Key aspects of the IT application level controls testing involved, but were not limited to, the following audit procedures:</p> <ul style="list-style-type: none"> • Identification and understanding of systems used by the Company to maintain security access to financial applications • Evaluated segregation of incompatible duties relevant to security administration • Tested access set up and change procedures • Tested automated controls on key financial applications including interest
---	---



Walker Chandiook & Co LLP

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

	calculation, overdue days' identification etc. Our results: Based on the above procedures, the IT general controls and IT application level controls implemented by the management appear to be reasonable.
--	---

Information other than the Financial Statements and Auditor's Report thereon

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

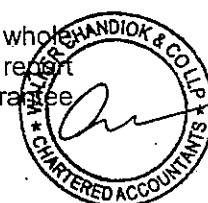
When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee



Walker Chandiook & Co LLP

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

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

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

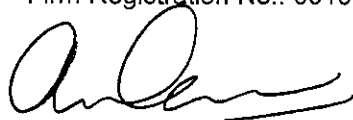


Walker Chandiook & Co LLP

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

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

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



Anamitra Das
Partner
Membership No.: 062191

Place: Kolkata
Date: 15 May 2019



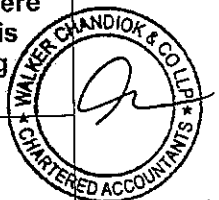
Walker Chandiook & Co LLP

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

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

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

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



Walker Chandiook & Co LLP

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

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

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

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



Anamitra Das
Partner
Membership No.: 062191



Place: Mumbai
Date: 15 May 2019

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Walker ChandioK &Co LLP

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

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



Anamitra Das
Partner
Membership No.: 062191

Place: Kolkata
Date: 15 May 2019



Walker Chandiook & Co LLP

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

T +91 33 4050 8000

Auditor's Report

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

To

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

Dear Sirs,

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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



with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

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

Conclusion

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




Walker Chandiook & Co LLP

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

Restriction on use

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

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



Anamitra Das
Partner
Membership No.: 062191

Place: Kolkata
Date: 15 May 2019



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



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

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

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

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

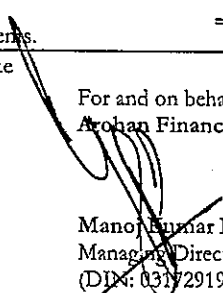
For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

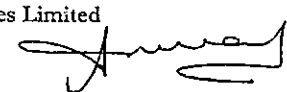

Anamitra Das

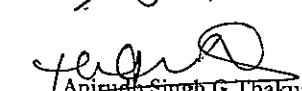
Partner
Membership No. 062191

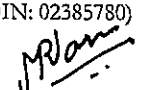
Place: Kolkata
Date: 15 May 2019

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

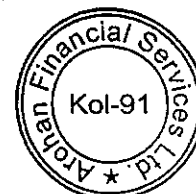

Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)


Anurag Agrawal
Director
(DIN: 02385780)


Anirudh Singh G Thakur
Company Secretary


Milind Nare
Chief Financial Officer

Place: Kolkata
Date: 15 May 2019



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



AROHAN

AAVISHKAAAR-INTELLECAP ENTERPRISE

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

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

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

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

Anamitra Das
Partner
Membership No. 062191

Place: Kolkata
Date: 15 May 2019



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

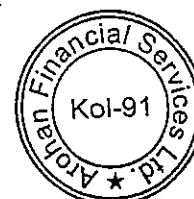
Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 15 May 2019

Anurag Agrawal
Director
(DIN: 02385780)

Milind Nare
Chief Financial Officer



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



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



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



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

Note 1:

Cash and bank balances (Note 19)
Less: Other bank balances
Cash and cash equivalents considered for cash flow

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

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

Anamitra Das
Partner
Membership No. 062191

Place: Kolkata
Date: 15 May 2019



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

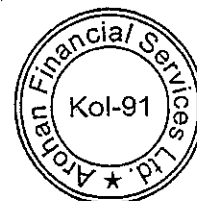
Manoj Kumar Nambiar
Managing Director
(DIN: 03178919)

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 15 May 2019

Anurag Agrawal
Director
(DIN: 02385780)

Milind Nare
Chief Financial Officer



1 Corporate information

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

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

As a NBFC-MFI with headquarter in Kolkata, Arohan mainly operates in the low income states such as Bihar, Jharkhand, Odisha, Assam, West Bengal, Chattisgarh, Meghalaya, Uttar Pradesh, Madhya Pradesh etc. The Company is primarily engaged in providing the livelihood promotion services such as micro-credit to socio-economically disadvantaged customers un-reached by the formal banking systems and other allied services such as distribution of insurance and pension products.

2 Basis of preparation

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

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

3 Significant Accounting Policies

a) Use of estimates

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

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

b) Property, plant and equipment - tangible assets

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

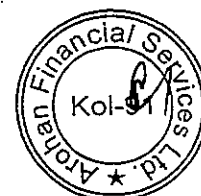
c) Intangible assets

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

d) Depreciation/Amortization

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

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



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

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

f) **Investments**

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

g) **Revenue recognition**

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

- 1) Interest on loans given is recognized on accrual basis at agreed interest rates, except in the case of Non-Performing Assets ("NPAs"), where interest is recognized upon realization, in accordance with the RBI guidelines.
- 2) Loan processing fees income is recognized over the period of the loan on a straight-line basis.
- 3) Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.
- 4) Profit/loss on sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.

5) **Securitization and direct assignment of loan portfolio**

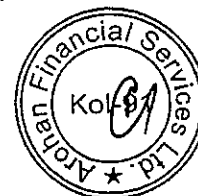
Profit / premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the Statement of Profit and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

6) **Acquisition of Assets through Direct Assignment of Cash Flows**

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

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

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



h) Taxes

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

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

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

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

i) Asset classification and provisioning

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

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

Provision for loan portfolio

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

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

Loans write off

Under the following circumstances, loans are written off:

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

j) Earnings per equity share

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



k) Employee benefits:

Provident fund

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

Leave Encashment

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

Gratuity

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

Employee state insurance

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

Employee share based payments

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

Termination benefit

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

l) Provisions, contingent liabilities and contingent assets

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



m) **Leases**

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

n) **Transactions in foreign currency**

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

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

o) **Borrowing costs**

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

p) **Cash and cash equivalents**

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



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

(a) Reconciliation of Equity Share Capital

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

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

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

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

(b) Terms and rights attached:

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

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

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

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



(e) Scheme of Arrangement

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

The investment held in the Transferee Company by the Transferor Company (1,80,67,494 equity shares of ₹ 10 each) have been cancelled (securities premium adjusted ₹ 5,66,79,154). The Transferee Company has issued 2.1344 equity shares for every 1 share held in the Transferor Company to the shareholders of the Transferor Company aggregating to 2,39,70,479 equity shares of ₹ 10 each.

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

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

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

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

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

Reconciliation of stock options:

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





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

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



6 Borrowings

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

a) Terms and conditions of debtentures issued

Name of Debenture Holder	Amount borrowed (₹)	Rate of Interest	Repayment Schedule
Secured debtentures			
Blue Orchard Microfinance Fund for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹10,00,000)	26,00,00,000	14.30%	Bullet Repayment in April 2020
Hinduja Leyland Finance Limited (Face Value ₹10,00,000)	35,00,00,000	11.49%	Bullet Repayment in December 2019
Unsecured debtentures			
HMRC Capital Finance Private Limited (Face Value ₹ 20,00,000)	10,00,00,000	14.25%	Bullet Repayment in September 2022
Debtenture Northern Arc (Face Value ₹ 10,00,000)	65,00,00,000	13.50%	Bullet Repayment in April 2025
Northern Arc Capital Limited (Face Value ₹ 10)	35,00,00,000	13.50%	Bullet Repayment in september 2025

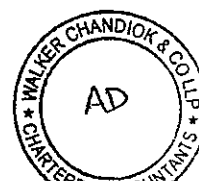
b) Terms and conditions of long-term borrowings and nature of security

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

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

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

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





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

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



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

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



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

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



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



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

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

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



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



7 Other long-term liabilities

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

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

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

10 Other current liabilities

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

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



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



11 Employee benefits

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

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

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

v) Key actuarial assumptions

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

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

vi) Table for 5 years actuarial valuation disclosures for Gratuity

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

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



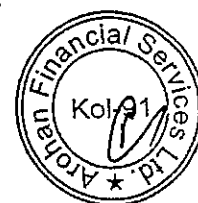
Arohan Financial Services Limited
(Formerly Arohan Financial Services Private Limited)
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)



12 Property, plant and equipment - tangible assets

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

(This space has been intentionally left blank)



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



13 Intangible assets

	Computer Software	Total
Gross block		
Balance as at 1 April 2017	3,74,29,277	3,74,29,277
Additions	4,51,18,120	4,51,18,120
Balance as at 31 March 2018	8,25,47,397	8,25,47,397
Additions	1,87,09,865	1,87,09,865
Reversal on disposal of assets	(21,917)	(21,917)
Balance as at 31 March 2019	10,12,35,345	10,12,35,345
Accumulated amortisation		
Up to 31 March 2017	1,40,27,910	1,40,27,910
Amortization charge	1,51,07,860	1,51,07,860
Up to 31 March 2018	2,91,35,770	2,91,35,770
Amortization charge	1,50,69,141	1,50,69,141
Reversal on disposal of assets	(6,671)	(6,671)
Up to 31 March 2019	4,41,98,240	4,41,98,240
Net block		
Balance as at 31 March 2018	5,34,11,627	5,34,11,627
Balance as at 31 March 2019	5,70,37,105	5,70,37,105

14 Investments

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

15 Deferred tax assets (net)

	As at 31 March 2019	As at 31st March 2018
Deferred tax assets		
On account of provision for standard and non performing assets	9,88,85,517	7,48,40,840
On disallowances of expenses allowed on payment basis	1,82,99,777	91,50,814
On others	43,94,217	8,32,655
	12,15,79,511	8,48,24,309
Deferred tax liabilities		
On difference between written down value of property, plant and equipment and intangible assets as per books and as per income tax	(64,32,171)	(63,13,575)
Deferred tax assets (net)	11,51,47,340	7,85,10,734



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

16 Loan to customers

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

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

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

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

17 Loans and advances

(Unsecured, considered good, unless otherwise stated)

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



(This space has been intentionally left blank)



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



18 Other non-current assets

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

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

19 Cash and bank balances

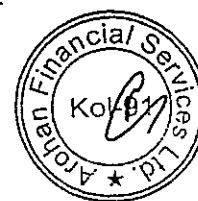
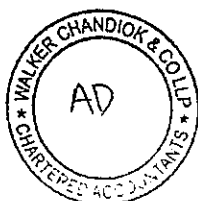
	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks		
- in current accounts	59,52,45,049	84,92,23,475
- in deposit accounts (with original maturity upto 3 months) [refer (a) below]	1,10,21,55,209	69,00,00,000
Cash in hand	4,38,75,479	4,68,96,754
	<u>1,74,12,75,737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

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

20 Other current assets

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

(This space has been left intentionally blank)





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





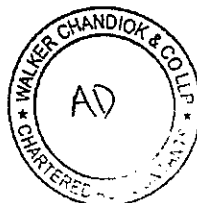
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)

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

(*) done by other auditors

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

(This space has been left intentionally blank)



28 Related party disclosures

a) Names of related parties and description of relationship

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

b) Transactions with related parties

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



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



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



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



29 Additional disclosures pursuant to the RBI guidelines and notifications:

i) Capital

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

ii) Investments

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

iii) Derivatives

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

iv) Disclosures relating to Securitisation

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



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



	31 March 2019	31 March 2018
4) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
Credit enhancements provided and outstanding (Gross):		
Principal collateralisation	-	4,45,79,041
Interest collateralisation	-	4,27,12,743
Corporate gurantee	13,11,68,714	
Cash collateral	-	3,56,63,233

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

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

C) Details of Assignment transactions undertaken by NBFCs

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

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

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

v) Asset Liability Management

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

vi) Exposures

A) Exposure to Real Estate Sector

The Company did not have any exposure to real estate sector during the current and previous year.

B) Exposure to Capital Market

The Company did not have any exposure to capital market during the current and previous year.



C) Details of financing of parent company products

The Company does not have a parent company and accordingly no disclosures required.

D) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC

There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year.

E) Unsecured Advances - refer Note 16.

vii) Miscellaneous

A) Registration obtained from other financial sector regulators

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

B) Disclosure of Penalties imposed by RBI and other regulators

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

C) Related Party Transactions

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

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

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

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

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

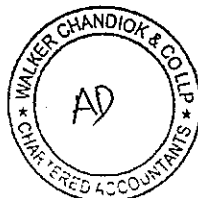
Name of Directors	31 March 2019	31 March 2018
Dinesh Kumar Mittal	25,00,000	-
Vineet Chandra Rai	25,00,000	-
Anurag Agrawal	15,00,000	-
Matangi Gowrishankar	15,00,000	-
Rajat Mohan Nag	10,00,000	-
Sumantra Banerjee	10,00,000	-

viii) Additional Disclosures

A) Provisions and Contingencies

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

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



B) Draw Down from Reserves

There have been no instances of draw down from reserves by the Company during the current and previous year.

C) Concentration of Advances, Exposures and NPAs

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

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

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

d) Sector-wise NPAs

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

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

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

e) Movement of NPAs

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



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



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

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

g) Off-balance sheet SPVs sponsored

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

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

ix) Disclosure of customer complaints

	31 March 2019	31 March 2018
a) No. of complaints pending at the beginning of the year	74	110
b) No. of complaints received during the year	766	690
c) No. of complaints redressed during the year	806	726
d) No. of complaints pending at the end of the year	34	74

x) Information on instances of fraud identified during the year

	31 March 2019	31 March 2018
Nature of fraud		
Cash embezzlement		
No. of cases	9	4
Amount of fraud	27,59,988	14,49,185
Recovery	10,61,472	75,000
Amount provided for	16,98,516	13,74,185
Loans given against fictitious documents		
No. of cases	1	-
Amount of fraud	4,98,000	-
Recovery	-	-
Amount provided for	4,98,000	-
Others (Snatching etc.)		
No. of cases	32	17
Amount of fraud	39,89,383	23,01,791
Recovery	8,10,731	-
Amount provided for	31,78,652	23,01,791

xi) Information on net interest margin (qualifying asset)

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

(This space has been left intentionally blank)



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

30 Asset Liability Management

Maturity pattern of assets and liability as on 31 March 2019

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

Maturity pattern of assets and liability as on 31 March 2018

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

Notes:

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



AROHAN
AAVISHKAAR-INTELLECAP ENTERPRISE



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

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

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

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

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

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



AROHAN
AAVISHKAAR-INTELLECAP ENTERPRISE





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

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

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





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

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

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

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

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

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

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

(7) Other information

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



33 Contingent liabilities and commitments

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

34 Earnings per equity share [EPES]

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

(This space has been intentionally left blank)





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

35 Foreign Currency Disclosures

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

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

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

37 Segment reporting

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

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

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

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

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



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

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



AROHAN

AAVISHKAAR-INTELLECAP ENTERPRISE

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

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

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

Anamitra Das
Partner
Membership No. 062191

Place: Kolkata
Date: 15 May 2019



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

Manoj Kumar Nambiar
Managing Director
(DIN: 03172919)

Anirudh Singh G Thakur
Company Secretary

Place: Kolkata
Date: 15 May 2019

Anurag Agrawal
Director
(DIN: 02385780)

Milind Nare
Chief Financial Officer

