

Independent Auditor's Review Report on unaudited financial results of Arohan Financial Services Limited for the quarter ended June 30, 2024 pursuant to the Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To The Board of Directors of Arohan Financial Services Limited

1. We have reviewed the accompanying statement of unaudited financial results of Arohan Financial Services Limited (hereinafter referred to as 'the Company') for the quarter ended June 30, 2024 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulations').
2. This Statement, which is the responsibility of Company's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder ('Ind AS 34'), and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Tushar Kurani
Partner
Membership Number.:118580
UDIN: 24118580BKFBX8128

Mumbai
August 05, 2024

Arohan Financial Services Limited
Statement of unaudited financial results for the quarter ended 30 June 2024

(₹ in lakhs)

Particulars	Quarter ended			
	30 June 2024 (Unaudited)	31 March 2024 (Refer note 4)	30 June 2023 (Unaudited)	31 March 2024 (Audited)
1 Revenue				
(a) Interest income	41,221.82	38,049.45	29,707.77	1,38,016.48
(b) Fees and commission income	4,322.54	4,643.81	3,939.20	16,885.91
(c) Net gain on derecognition of financial instruments	1,167.71	781.89	873.20	4,132.58
(d) Others	197.71	81.04	0.33	82.16
Total revenue from operations	46,909.78	43,556.19	34,520.50	1,59,117.13
(e) Other income	1,035.63	1,381.02	855.54	4,346.19
Total revenue	47,945.41	44,937.21	35,376.04	1,63,463.32
2 Expenses				
(a) Finance costs	17,619.32	15,946.13	13,356.86	59,223.26
(b) Impairment on financial instruments	4,043.69	3,930.02	8,952.70	17,875.97
(c) Employee benefits expenses	8,925.97	8,785.34	7,173.00	32,471.95
(d) Depreciation and amortization	165.18	154.68	129.85	568.34
(e) Other expenses	3,336.60	4,427.94	2,515.45	12,080.50
Total expenses	34,090.76	33,244.11	32,127.86	1,22,220.02
3 Profit before tax (1-2)	13,854.65	11,693.10	3,248.18	41,243.30
4 Tax expense				
(a) Current tax expense	4,189.99	1,154.36	117.99	3,412.65
(b) Deferred tax expense/ (credit)	(743.67)	237.40	509.50	6,381.98
(c) Tax expense/ (credit) for earlier period/ year	0.37	(14.43)	80.81	66.50
5 Net Profit after tax (3-4)	10,407.96	10,315.77	2,539.88	31,382.17
6 Other comprehensive income				
(a) Items that will not be reclassified to profit or loss				
(i) Remeasurement of post employment benefit obligations	(138.21)	(176.83)	(105.00)	(494.64)
(ii) Income tax relating to items that will not be reclassified to profit or loss	34.78	44.50	26.43	124.49
(b) Items that will be reclassified to profit or loss				
(i) Fair valuation of financial assets	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Other comprehensive income (a+b)	(103.43)	(132.33)	(78.57)	(370.15)
Total comprehensive income for the period/ year (5+6)	10,304.53	10,183.44	2,461.31	31,012.02
7 Paid-up equity share capital (Face value of ₹ 10 each)	15,741.23	15,741.23	18,170.76	15,741.23
8 Earning per equity share (not annualised)				
(a) Basic (In ₹)	6.83	8.75	2.17	26.62
(b) Diluted (In ₹)	6.82	8.73	1.82	26.57

Arohan Financial Services Limited

Notes:-

- 1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of Arohan Financial Services Limited ('the Company') at respective meetings held on August 05, 2024.
- 2 The unaudited financial results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- 3 The above financial results for quarter ended June 30, 2024, June 30, 2023 and year ended March 31, 2024 have been reviewed/ audited by M S K A & Associates, Chartered Accountants, on which they had issued unmodified opinion/ conclusion.
- 4 The figures for the quarter ended March 31, 2024 are the balancing figures between audited figures in respect of the year ended March 31, 2024 and reviewed figures for the nine month ended December 31, 2023.
- 5 Details of loan transferred/ acquired during the quarter ended June 30, 2024 vide RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on transfer of loan exposures dated September 24, 2021 are given below:
 - (i) Details of loan transfer through direct assignment transaction in respect of loans not in default for the quarter ended June 30, 2024:

Particulars	To Banks/ NBFC's
Number of loans	66,712
Aggregate amount of loans transferred (₹ in lakhs)	14,950.79
Safe Consideration (₹ in lakhs)	14,950.79
Weighted average residual maturity (in months) (*)	14.46
Weighted average holding period by the originator (in months)	8.82
Retention of beneficial economic interest by the originator	13.20% to 15.45%
Tangible security coverage	-
Rating-wise distribution of rated loans	-
Number of instances where it has agreed to replace loans transferred to transferee(s)	-
Number of instances where it has agreed to pay damages arising out of any representation or warranty	-

- (*) residual maturity from the time of transfer
- (ii) The Company has not acquired any stressed loans during the quarter ended June 30, 2024.
 - (iii) The Company has not acquired loans not in default during the quarter ended June 30, 2024.
 - (iv) (a) The company has not transferred NPA & SMA loans during the quarter ended June 30, 2024.
 - (iv) (b) Security Receipts (SR's) held and recovery ratings assigned to such SR's by the credit rating agency.

Particulars	Category of recovery ratings	As at June 30, 2024 (₹ In lakhs)
Security Receipts under trust floated by ARC's (FY 23-16)	IND RR2 (75%-100%)	4,984.00
Security Receipts under trust floated by ARC's (FY 23-36)	IND RR3 (50%-75%)	4,528.36

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

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

Manoj Kumar Nambiar
Managing Director
DIN: 03172919

Place: Kolkata
Date: August 05, 2024

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

Arohan Financial Services Limited

Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the quarter ended June 30, 2024.

Annexure 1

Sl. No	Particulars	Ratio
A	Debt-equity ratio ⁽¹⁾	2.97
B	Debt service coverage ratio ⁽²⁾	Not Applicable
C	Interest service coverage ratio ⁽²⁾	Not Applicable
D	Debenture redemption reserve ⁽³⁾	Not Applicable
E	Capital redemption reserve ⁽³⁾	Not Applicable
F	Outstanding redeemable preference shares (quantity and value)	Nil
G	Net worth (₹ in lakhs) ⁽⁴⁾	1,94,536.73
H	Net profit after tax (₹ in lakhs)	10,407.96
I	Earnings per share (in ₹)	
	(i) Basic	6.83
	(ii) Diluted	6.82
J	Current ratio ⁽⁷⁾	Not Applicable
K	Long term debt to working capital ⁽⁷⁾	Not Applicable
L	Bad debts to account receivable ratio ⁽⁷⁾	Not Applicable
M	Current liability ratio ⁽⁷⁾	Not Applicable
N	Total debts to total assets ⁽⁵⁾	73.10%
O	Debtors turnover ⁽⁷⁾	Not Applicable
P	Inventory turnover ⁽⁷⁾	Not Applicable
Q	Operating margin (%) ⁽⁷⁾	Not Applicable
R	Net profit margin (%) ⁽⁶⁾	21.71%
S	Sector specific equivalent ratios, as applicable	
	(i) Capital Adequacy Ratio ⁽⁸⁾	30.30%
	(ii) Gross stage 3 Ratio ⁽⁹⁾	1.94%
	(iii) Net stage 3 Ratio ⁽¹⁰⁾	0.00%

Notes:-

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

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For **Arohan Financial Services Limited**

Manoj Kumar Nambiar
Managing Director
DIN: 03172919

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