



## JANUARY 2025

### From the Management's Desk

In the News

Arohan receives  
INR 30.91 Cr as  
first tranche for  
CAT III payout  
from the Assam  
Government  
under AMFIRS,  
2021



Arohan achieved a significant milestone with the receipt of INR 30.91 Cr as the first tranche payment for CAT III from the Government of Assam under the Assam Microfinance Incentive & Relief Scheme 2021. The No Dues Certificates were formally handed over to our customers by the Honorable Chief Minister, Shri Himanta Biswa Sarma, during a ceremony held in Guwahati in December 2024.

#### Season's Greetings

Wish all of you a great new 2025 with abundance of health, wealth & cheer.

Quarter 3 of the business year 2024/25 has been a very different and difficult period given the unfortunate Cease & Desist order served on us by our regulator, the Reserve Bank of India on October 17, 2024. It gave us a chance to interact with the Regulator across levels and understand their point of view in lending to this very sensitive customer segment. We engaged with them to address the 3 points mentioned in the order: pricing, control change approval and renewal loan process. Our board took a very positive approach in guiding the management and used this to introduce a first in the sector, a self-imposed margin cap of 12% over the cost of funds and also a max 25% growth guidance for any business year. With detailed discussions over data points on pricing & projections, we ended up being the 3rd lowest in microfinance pricing in the sector. The mutual understanding, respect and recognition helped us get the order lifted on January 3, 2025 being the second fastest to get resolved. It has been a learning experience and I wish to thank the millions of our borrowers, thousands of our employees, our lenders, our investors & of course our Regulator for the patience and faith in us, as a Company.

Quarter 3 also saw the first “green shoots” in the otherwise volatile market of H1 in this business year. Buoyed by the higher economic activity in the post-harvest & festive season, the cash flows improved and also borrower repayments. The sector SRO, MFIN’s Guard Rails 1.0 had a stabilising impact with borrowers realising that taking a loan and not paying back is not an option. We focused on collections in this period with special attention to capacitation & training of our frontline staff, working on new products and getting ready to open up. Our new pricing, monthly repayment, wide range of products and loyalty points make the offering a very strong one in the field.

The RBI report on Currency and Finance 2023-24 still shows 31% of the rural credit needs being met by informal lenders – if this has to be with regulated lenders, then an additional INR 35,000 Cr (~US\$4bn) will be needed as primary equity capital. For this to happen, it is critical that all of us appreciate the key role played by investors and also a decent return that is expected from the business. This is key for the bottom of the pyramid to grow, create employment and contribute to our country growing at 10% plus towards “Viksit Bharat”, as we approach 100 years of independence.

Our heartfelt gratitude to those who wish us well and support us in this journey.

Warm regards,

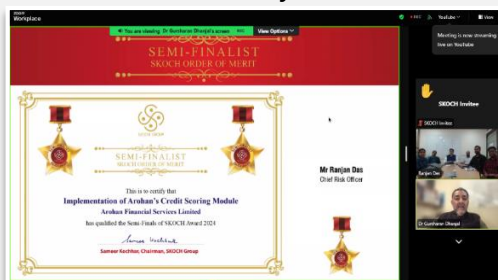
Manoj Kumar Nambiar  
Managing Director

## In the News

### Arohan wins SKOCH Order of Merit Awards 2024 for Implementation of its Credit Scoring Module

On November 12, 2024, Arohan Financial Services Limited has received the SKOCH Order of Merit Award 2024 for Implementation of Arohan's Credit Scoring Module. The SKOCH Order-of-Merit ceremony was held online as part of the SKOCH Summit.

On receipt of this recognition, Mr. Ranjan Das, Chief Risk Officer, Arohan Financial Services Ltd stated *"We are honored to receive this award, which reflects the hard work and collaboration of our cross functional team members from Risk, Credit, Product, Internal Audit & Business Intelligence. The implementation of the credit scoring module, consisting of the NIRNAY model hosted in the Strategy One platform, represents a significant milestone in our commitment to innovation, accuracy of underwriting & risk pricing, and enhancing credit risk management processes. This achievement not only strengthens our ability to serve our clients through unbiased & data based customer selection but also reinforces our dedication to maintaining the highest standards of financial integrity & consistency."*

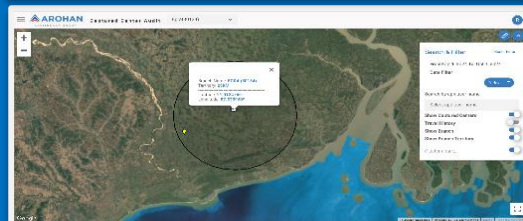
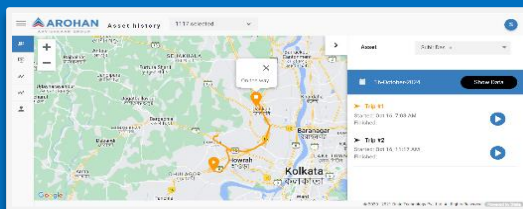


## Thought Leadership

### Arohan onboards AI-enabled location intelligence platform, further optimising operational efficiency

Arohan Financial Services Limited has taken a significant step towards optimising its field operations by partnering with Dista, an AI-enabled location intelligence platform headquartered in Pune, India. Dista specialises in helping the BFSI sector harness the power of location data for strategic decision-making and efficient field operations management.

Commenting on this significant operational upgrade, Mr. Manoj Nambiar, Managing Director, Arohan Financial Services Limited said, *"In microfinance, which is a field & employee intensive industry it is critical to optimise the field time of the staff to optimise operational coverage & efficiency. By leveraging Dista's advanced platform, Arohan reaffirms its commitment to utilising technology to streamline workforce management and drive higher levels of performance across its operations."*



### Arohan successfully conducted 19 Depositor Education Awareness (DEA) Workshops across West Bengal in December 2024



The first set of Depositor Education Awareness (DEA) workshop, funded by the Reserve Bank of India, in collaboration with MFIN, took place in the month of December, 2024, across 19 locations in West Bengal. These workshops are a part of a series of 117 sessions to be conducted across 26 districts in four states to promote financial literacy. The workshops have benefitted approximately 950 customers so far, with essential financial knowledge on secured banking practices.



## Thought Leadership

### Mr. Manoj Kumar Nambiar, at the release of MFIN Micro Matters - Macro View 2023-24

Mr. Manoj Kumar Nambiar, Managing Director of Arohan Financial Services Limited and Chairperson of the Governing Board of Microfinance Industry Network (MFIN), attended the launch of this year's edition of MFIN Micro Matters - Macro View, Indian Microfinance Review, 2023-24. The launch was also attended by other eminent dignitaries including the CEO of MFIN, Dr. Alok Misra.



## Engagement Initiatives

### Free health check up camp in Jharkhand benefitted 3000 people



Arohan, in alignment with its Corporate Social Responsibility (CSR) efforts, has launched a comprehensive health check-up initiative aimed at supporting marginalised communities across Jharkhand. As part of this initiative, free health screenings were conducted, accompanied by the distribution of over-the-counter medicines. By the conclusion of the programme, over 3,000 individuals benefitted from these vital health services.

### Arohan distributes free spectacles at Eye Check-up Camps in several districts of Rajasthan



Arohan recently hosted eye check-up camps across the state of Rajasthan, providing free screenings and consultations to local communities. With the support of skilled optometrists, this initiative helped beneficiaries identify vision-related issues, while offering referrals for further treatment. A total of 635 individuals also received free spectacles. This initiative successfully reinforced Arohan's commitment to establishing holistic well-being in the communities it caters to.



## Engagement Initiatives

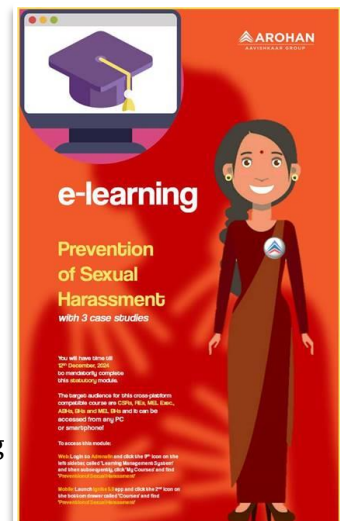
### Arohan Financial Services hosts Health Express - Free Health Check-Up Camps across 12 states



Arohan organises Health Express – free health check-up camps in collaboration with 7 NGOs across 12 states – Assam, Bihar, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu, Tripura, Uttar Pradesh, and West Bengal – spanned across December 2024 and January 2025. The primary objective of this project is to improve the overall health of individuals in various districts across the participating states by conducting 151 health check-up camps, aiming to benefit over 23,000 individuals. These camps offer essential health assessments and provide necessary interventions to address common illnesses.

### Arohan completed its mandatory POSH session for the entire organisation

In December, 2024, Arohan, with its focus on safety and wellbeing of all, organised and completed the mandatory annual POSH training for all its employees. The sessions were conducted in multiple batches covering each cadre of employees. The training focused on identifying inappropriate behavior, understanding the company's anti-harassment policies, and knowing the proper reporting channels. Its goal was to promote a culture of respect, equality, and safety, empowering employees to prevent and address harassment.



## Voice of Customer

*Reflecting on her experience, Suparna shares, "Receiving my first loan from Arohan was a moment of joy. Their support has empowered me to dream big and achieve my goals."*



Suparna Mondal, hailing from Chaital in North 24 Parganas, West Bengal, turned her life around with a microfinance loan from Arohan. Back in 2019, she faced significant challenges in managing her three-acre fishery business and was initially wary of availing loans due to concerns about high-interest rates. However, Arohan's commitment to responsible lending changed her outlook.

With their support, Suparna made strategic investments that not only expanded her business but also established her as a local fishing expert. Her inspiring journey underscores the transformative power of responsible microfinance, motivating others in her community to pursue their aspirations. Her story is a testament to resilience and the impact of accessible financial solutions.

More power to entrepreneurs like her!