

# B S R & Co. LLP

Chartered Accountants

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## **Limited Review Report on unaudited financial results of Arohan Financial Services Limited for the quarter ended 31 December 2024 and year to date results for the period from 1 April 2024 to 31 December 2024 pursuant to Regulation 52 of 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 31 December 2024 and year to date results for the period from 1 April 2024 to 31 December 2024 (“the Statement”).
2. This Statement, which is the responsibility of the Company’s management and approved by its Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”). Our responsibility is to issue a report 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. 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 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 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 the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters to the extent applicable.

5. The financial results of the Company for the year ended 31 March 2024 were audited by the predecessor auditor whose report dated 24 May 2024 had expressed an unmodified opinion. The financial results of the Company for the corresponding quarter ended 31 December 2023 and the corresponding period from 1 April 2023 to 31 December 2023 were reviewed by the predecessor auditor whose report dated 14 February 2024 had expressed an unmodified conclusion.

**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No.: 101248W/W-100022

Kolkata  
12 February 2025

**Nitesh Shetty**  
*Partner*  
Membership No.: 123493  
UDIN: 25123493BMNXDI1676

**Arohan Financial Services Limited**
**Statement of unaudited financial results for the quarter and nine months ended December 31, 2024**

Particulars	(₹ in lakhs)					
	For the Quarter ended			Nine months ended		For the year ended
	December 31, 2024 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)	March 31, 2024 (Audited)
<b>1 Revenue from operations</b>						
(a) Interest income	39,563.41	42,452.83	36,495.97	1,24,178.42	99,967.03	1,38,016.48
(b) Dividend income	-	12.50	-	12.50	-	-
(c) Fees and commission income	511.28	3,104.75	4,052.08	7,938.57	12,242.10	16,885.91
(d) Net gain on derecognition of financial instruments	-	-	879.49	1,167.91	3,350.69	4,132.58
(e) Other operating income	1.57	14.75	0.78	214.03	1.12	82.16
<b>Total revenue from operations</b>	<b>40,076.26</b>	<b>45,584.83</b>	<b>41,428.32</b>	<b>1,33,511.43</b>	<b>1,15,560.94</b>	<b>1,59,117.13</b>
(f) Other income	81.82	62.74	1,087.04	239.83	2,965.17	4,346.19
<b>Total revenue</b>	<b>40,158.08</b>	<b>45,647.57</b>	<b>42,515.36</b>	<b>1,33,751.26</b>	<b>1,18,526.11</b>	<b>1,63,463.32</b>
<b>2 Expenses</b>						
(a) Finance costs	15,703.19	16,730.16	15,362.29	50,052.67	43,277.13	59,223.26
(b) Impairment on financial instruments	10,474.96	9,885.23	4,441.72	24,403.88	13,945.95	17,875.97
(c) Employee benefits expenses	10,105.76	9,589.87	8,249.12	28,621.60	23,686.61	32,471.95
(d) Depreciation and amortization	181.86	170.37	140.63	517.41	413.66	568.34
(e) Other expenses	3,193.99	3,383.99	2,551.20	9,914.58	7,652.56	12,080.50
<b>Total expenses</b>	<b>39,659.76</b>	<b>39,759.62</b>	<b>30,744.96</b>	<b>1,13,510.14</b>	<b>88,975.91</b>	<b>1,22,220.02</b>
<b>3 Profit before tax (1-2)</b>	<b>498.32</b>	<b>5,887.95</b>	<b>11,770.40</b>	<b>20,241.12</b>	<b>29,550.20</b>	<b>41,243.30</b>
<b>4 Income tax expenses:</b>						
- Current tax						
- Tax expense for current period/ year	563.00	1,837.51	1,256.90	6,590.50	2,258.29	3,412.65
- Tax expense for earlier period/ year	-	-	-	0.37	80.93	66.50
- Deferred tax expense/ (credit) for the period/ year	(414.21)	(411.35)	2,437.58	(1,569.23)	6,144.58	6,381.98
<b>5 Net Profit after tax (3-4)</b>	<b>349.53</b>	<b>4,461.79</b>	<b>8,075.92</b>	<b>15,219.48</b>	<b>21,066.40</b>	<b>31,382.17</b>
<b>6 Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
(i) Remeasurement of post employment benefit obligations	(201.96)	(264.10)	(105.00)	(604.27)	(317.81)	(494.64)
(ii) Income tax relating to items that will not be reclassified to profit or loss	50.83	66.47	26.43	152.08	79.99	124.49
<b>Other comprehensive income (i+ii)</b>	<b>(151.13)</b>	<b>(197.63)</b>	<b>(78.57)</b>	<b>(452.19)</b>	<b>(237.82)</b>	<b>(370.15)</b>
<b>Total comprehensive income for the period/ year (5+6)</b>	<b>198.40</b>	<b>4,264.16</b>	<b>7,997.35</b>	<b>14,767.29</b>	<b>20,828.58</b>	<b>31,012.02</b>
<b>7 Paid-up equity share capital (Face value of ₹ 10 each)</b>	<b>15,891.23</b>	<b>15,891.23</b>	<b>18,240.76</b>	<b>15,891.23</b>	<b>18,240.76</b>	<b>15,741.23</b>
<b>8 Earning per equity share (not annualised)</b>						
(a) Basic (In ₹)	0.23	2.93	6.91	9.98	18.02	26.62
(b) Diluted (In ₹)	0.23	2.92	5.50	9.96	14.34	26.57

**Notes:-**

- 1 The aforesaid 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 meetings held on February 12, 2025.
- 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') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Any application guidance/ clarification/ directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued/ applicable.
- 3 The Company has applied its accounting policies and methods of computation in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2024.
- 4 The above unaudited financial results for quarter ended December 31, 2024 and nine months period ended December 31, 2024 have been subjected to limited review by the statutory auditors. The statutory auditors have expressed an unmodified conclusion thereon.
- 5 Details of loan transferred/ acquired during the quarter ended December 31, 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) The company has not transferred any loans not in default through direct assignment transaction during the quarter ended December 31, 2024.
  - (ii) The Company has not acquired any stressed loans during the quarter ended December 31, 2024.
  - (iii) The Company has not acquired loans not in default during the quarter ended December 31, 2024.
  - (iv) (a) The Company has not transferred non performing asset & special mentioned account loans during the quarter ended December 31, 2024.  
(b) Security receipts (SRs) held and recovery ratings assigned to such SRs by the credit rating agency.

Particulars	Category of recovery ratings	As at December 31, 2024 (₹ In lakhs)
Security Receipts under trust floated by ARC's (FY 23-16)	IND RR2 (75%-100%)	4,048.00
Security Receipts under trust floated by ARC's (FY 23-36)	IND RR3 (50%-75%)	3,015.43

Total carrying amount of SRs held by the Company is ₹5,063.43 lakhs (gross book value: ₹7,063.43 lakhs, impairment allowance: ₹2,000 lakhs) as at December 31, 2024.

- 6 The Reserve Bank of India (RBI), exercising its authority under section 45L(1)(b) of the Reserve Bank of India Act, 1934, issued an order on October 17, 2024, directing the company to cease and desist from sanctioning or disbursing loans, effective from the close of business on October 21, 2024. However, these business restrictions did not prevent the company from servicing its existing customers or conducting collection and recovery processes in accordance with the regulatory Order. Subsequently, the Company initiated all necessary remedial action and submitted its various compliances to RBI and having been satisfied based on the submissions the order was lifted on January 03, 2025 with immediate effect. The Company's qualifying assets (i.e. microfinance loans to total assets) is 71.78% which is below the minimum regulatory requirement of 75%. RBI has issued an interim relief to the Company vide letter dated December 31, 2024 to comply with the requirement of qualifying asset by March 31, 2025.
- 7 The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108-"Segment Reporting". The Company operates in a single geographical segment i.e. domestic. The Company is not reliant on revenues from transactions with any single external customer. The Company does not have operations outside India and hence there is no external revenue or assets which require disclosure.
- 8 Information as required by Regulations 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is attached as Annexure 1.

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

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

Place: Kolkata  
Date: February 12, 2025

**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 quarter and nine months period ended December 31, 2024.**

**Annexure 1**

Sl. No	Particulars	Ratio
A	Debt-equity ratio <sup>(1)</sup>	2.39
B	Debt service coverage ratio <sup>(2)</sup>	Not Applicable
C	Interest service coverage ratio <sup>(2)</sup>	Not Applicable
D	Debenture redemption reserve <sup>(3)</sup>	Not Applicable
E	Capital redemption reserve <sup>(3)</sup>	Not Applicable
F	Outstanding redeemable preference shares (quantity and value)	Nil
G	Net worth (₹ in lakhs) <sup>(4)</sup>	2,06,263.18
H	Net profit after tax (₹ in lakhs) (i) For the quarter ended (ii) For the nine months period ended	349.53 15,219.48
I	Earnings per share (in ₹) (i) Basic For the quarter ended For the nine months period ended (ii) Diluted For the quarter ended For the nine months period ended	0.23 9.98 0.23 9.96
J	Current ratio <sup>(7)</sup>	Not Applicable
K	Long term debt to working capital <sup>(7)</sup>	Not Applicable
L	Bad debts to account receivable ratio <sup>(7)</sup>	Not Applicable
M	Current liability ratio <sup>(7)</sup>	Not Applicable
N	Total debts to total assets <sup>(5)</sup>	68.87%
O	Debtors turnover <sup>(7)</sup>	Not Applicable
P	Inventory turnover <sup>(7)</sup>	Not Applicable
Q	Operating margin (%) <sup>(7)</sup>	Not Applicable
R	Net profit margin (%) <sup>(6)</sup> (i) For the quarter ended (ii) For the nine months period ended	0.87% 11.38%
S	Sector specific equivalent ratios, as applicable (i) Capital Adequacy Ratio <sup>(8)</sup> (ii) Gross stage 3 Ratio <sup>(9)</sup> (iii) Net stage 3 Ratio <sup>(10)</sup> (iv) Provision coverage ratio (PCR) <sup>(11)</sup>	36.63% 2.86% 0.52% 82.35%

**Notes:-**

- 1 Debt - equity ratio = [debt securities + borrowings (other than debt securities) + subordinated liabilities] / (Equity Share Capital + Other Equity).
- 2 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.
- 3 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.
- 4 Net worth is calculated as defined in section 2(57) of the Companies Act, 2013.
- 5 Total debts to total assets = [debt securities + borrowings (other than debt securities) + subordinated liabilities] / total assets
- 6 Net profit margin = Net profit after tax / Total revenue
- 7 The Company is a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, hence these ratios are generally not applicable.
- 8 Capital adequacy ratio is calculated as per the RBI guidelines.
- 9 Gross stage 3 ratio = gross stage 3 loans exposure at default (EAD) / gross total loans EAD
- 10 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)
- 11 Provision coverage ratio = total impairment loss allowance for stage 3 / gross stage 3 loan EAD

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

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

Place: Kolkata  
Date: February 12, 2025

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