

**Walker Chandiook & Co LLP**

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**Independent Auditor's Review Report on Unaudited Half-Yearly Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Arohan Financial Services Limited (formerly Arohan Financial Services Private Limited)**

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of **Arohan Financial Services Limited** ('the Company') for the half-year ended 30 September 2019, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). Attention is drawn to the fact that the figures for the corresponding half year ended 30 September 2018 and year ended 31 March 2019, including the reconciliation of net profit under Indian Accounting Standards ('Ind AS') of the corresponding half year ended 30 September 2018 and the year ended 31 March 2019 with net profit reported under previous GAAP and the reconciliation of equity under Ind AS for the year ended 31 March 2019 with the equity reported under previous GAAP, as included in the Statement have been approved by the Board of Directors but have not been subject to review or audit. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. 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 is limited primarily to inquiries of the company personnel and analytical procedures applied to the financial data, and thus, provides less assurance than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 ('the Act'). We have not performed an audit and accordingly, we do not express an audit opinion.
3. 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 Ind AS 34, prescribed under Section 133 of the Act, and as per the requirements of the SEBI Circular CIR/IMD/DF1/69/2016 dated 10 August 2016, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

  
**Manish Gujral**  
Partner  
Membership No. 105117

**UDIN No:19105117AAAAPN3931**

**Place:** Mumbai

**Date:** 14 November 2019

**Arohan Financial Services Limited**

(Formerly Arohan Financial Services Private Limited)

**Statement of unaudited financial results for the half year ended 30 September 2019**

Particulars	(₹ in lakhs)		
	Half year ended		Year ended
	30 September 2019 (Unaudited)	30 September 2018 (Refer Note 3)	31 March 2019 (Refer Note 3)
<b>1 Revenue</b>			
(a) Interest income	41,548.15	25,934.62	60,679.06
(b) Fees and commission income	1,117.35	792.50	2,132.82
(c) Net gain on derecognition of financial instruments	2,837.04	830.71	2,074.31
(d) Others	192.72	248.37	364.85
<b>Total revenue from operations</b>	<b>45,695.26</b>	<b>27,806.20</b>	<b>65,251.04</b>
(e) Other Income	456.54	104.58	273.12
<b>Total revenue</b>	<b>46,151.80</b>	<b>27,910.78</b>	<b>65,524.16</b>
<b>2 Expenses</b>			
(a) Finance costs	18,209.23	10,914.31	25,478.45
(b) Impairment on financial instruments	2,575.92	2,311.27	4,049.18
(c) Employee benefits expenses	7,364.89	5,415.06	11,725.82
(d) Depreciation and amortization expenses	323.86	252.77	527.25
(e) Other expenses	3,305.19	3,085.70	6,029.79
<b>Total expenses</b>	<b>31,779.09</b>	<b>21,979.11</b>	<b>47,810.49</b>
<b>3 Profit before tax (1-2)</b>	<b>14,372.71</b>	<b>5,931.67</b>	<b>17,713.67</b>
<b>4 Tax expense</b>			
(a) Current tax	3,745.63	1,716.31	4,479.75
(b) Deferred Tax charge/ (credit)	(150.30)	65.09	469.89
<b>5 Net Profit after tax (3-4)</b>	<b>10,777.38</b>	<b>4,150.27</b>	<b>12,764.03</b>
<b>6 Other Comprehensive Income</b>			
(a) <b>Items that will not be reclassified to profit or loss</b>			
(i) Remeasurement of post employment benefit obligations	(111.39)	(31.46)	(116.08)
(ii) Income tax relating to items that will not be reclassified to profit or loss	28.04	10.99	40.56
(b) <b>Items that will be reclassified to profit or loss</b>			
(i) Fair valuation of financial assets	541.67	-	(299.42)
(ii) Income tax relating to items that will be reclassified to profit or loss	(165.59)	-	104.63
<b>Total Other Comprehensive Income (A+B)</b>	<b>292.73</b>	<b>(20.47)</b>	<b>(270.31)</b>
<b>Total Comprehensive Income for the period (5+6)</b>	<b>11,070.11</b>	<b>4,129.80</b>	<b>12,493.72</b>
<b>7 Paid-up equity share capital (Face value of ₹ 10 each)</b>	<b>11,032.10</b>	<b>8,906.54</b>	<b>10,267.39</b>
<b>8 Earning per share (not annualised)</b>			
(a) Basic (In ₹)	10.64	4.71	14.05
(b) Diluted (In ₹)	10.62	4.70	14.02



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

(₹ in lakhs)

Balance Sheet		
Particulars	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Refer Note 3)
<b>A ASSETS</b>		
<b>1 Financial assets</b>		
(a) Cash and cash equivalents	59,825.41	17,420.23
(b) Bank balance other than cash & cash equivalents	11,623.33	8,799.10
(c) Loans	3,87,646.06	3,51,521.64
(d) Investments	3.32	3.32
(e) Other financial assets	5,124.51	4,168.02
<b>Total financial assets</b>	<b>4,64,222.63</b>	<b>3,81,912.31</b>
<b>2 Non-financial assets</b>		
(a) Current tax assets (net)	442.68	323.91
(b) Deferred tax assets (net)	377.45	364.70
(c) Property, plant and equipment	662.37	601.03
(d) Intangible assets under development	42.50	5.29
(e) Other Intangible assets	1,376.18	1,216.07
(f) Other non-financial assets	1,093.46	883.03
<b>Total non-financial assets</b>	<b>3,994.64</b>	<b>3,394.03</b>
<b>TOTAL ASSETS</b>	<b>4,68,217.27</b>	<b>3,85,306.34</b>
<b>B LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>1 Financial liabilities</b>		
(a) Payables		
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Debt securities	3,501.61	6,245.89
(c) Borrowings (other than debt securities)	3,35,177.70	2,77,587.83
(d) Subordinated liabilities	18,856.95	18,515.22
(e) Others financial liabilities	13,005.21	9,347.49
<b>Total financial liabilities</b>	<b>3,70,541.47</b>	<b>3,11,696.43</b>
<b>2 Non-financial liabilities</b>		
(a) Provisions	753.44	523.69
(b) Other non-financial liabilities	3,268.74	3,370.62
<b>Total non-financial liabilities</b>	<b>4,022.18</b>	<b>3,894.31</b>
<b>Equity</b>		
(a) Equity share capital	11,032.10	10,267.39
(b) Other equity	82,621.52	59,448.21
<b>Total equity</b>	<b>93,653.62</b>	<b>69,715.60</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,68,217.27</b>	<b>3,85,306.34</b>



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

**Notes:-**

- The 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 their respective meetings held on 13 November 2019 and 14 November 2019 respectively.
- The financial results of the Company have been prepared in accordance with Indian Accounting Standards ("IndAS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted IndAS from 01 April 2019 and the effective date of such transition is 01 April 2018.  
 These financials results for the current and previous periods may require adjustments due to any change in financial reporting requirements arising from new standards, modification to the existing standards, guidelines issued by the Ministry of Corporate Affairs and Reserve Bank of India or changes in the use of one or more optimal exemptions from the full retrospective application of certain IndAS permitted under IndAS 101 'First time adoption of Indian Accounting Standards'.
- The above financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 52 of the SEBI Listing Obligations and Disclosure Requirements Regulations 2015 ('Listing Regulations'). IndAS compliant financial results, pertaining to the corresponding six months ended 30 September 2018 and year ended 31 March 2019 has not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs for comparison purpose.
- During the current half year, the Company has issued 7,647,058 equity shares of ₹10 each on private placement basis at a price of ₹170 (including premium of ₹160) aggregating to ₹1,299,999,860.
- The Company has prepared a reconciliation of the net profit as required by para 32 of IndAS 101 of the corresponding period under the previous GAAP with the respective figures as reported in the financial results under IndAS. The net profit reconciliation for the six months ended 30 September 2018 and for the year ended 31 March 2019 is presented below:

(₹ in lakhs)

Nature of adjustment	Profit reconciliation	
	Year to date	Year ended
	30-Sep-2018 (Unaudited)	31-Mar-2019 (Unaudited)
1 Net profit as per previous GAAP	3,953.81	11,207.52
2 Adjustment resulting in increase/ (decrease) in profit after tax as reported under previous GAAP		
(a) Impact on recognition of financial asset and financial liabilities at amortised cost by application of effective interest rate method	191.40	327.22
(b) Net gain on derecognition of loans sold under assignment transaction	133.13	2,074.31
(c) Fair valuation of financial assets and liabilities	(43.38)	(103.73)
(d) Others	20.88	94.97
(e) Deferred tax impact on IndAS adjustments	(105.57)	(836.26)
3 <b>Net profit as per IndAS (1+2)</b>	<b>4,150.27</b>	<b>12,764.03</b>
4 Other comprehensive income, net of taxes	(20.47)	(270.31)
5 <b>Total comprehensive income (3+4)</b>	<b>4,129.80</b>	<b>12,493.72</b>

- As required by para 32 of IndAS 101, the equity reconciliation between the figures reported under previous GAAP and IndAS for the year ended 31 March 2019 is presented below:

(₹ in lakhs)

Particulars	Equity reconciliation
	Year ended
	31 March 2019 (Unaudited)
1 Equity as per previous GAAP	68,121.92
2 Adjustment resulting in increase/ (decrease) in equity reported in previous GAAP	
(a) Impact on recognition of financial asset and financial liabilities at amortised cost by application of effective interest rate method	628.90
(b) Net gain on derecognition of loans sold under assignment transaction	2,074.31
(c) Fair valuation of financial assets and liabilities	(431.20)
(d) Others	108.47
(e) Deferred tax impact on IndAS adjustments	(786.80)
<b>Equity as per IndAS (1+2)</b>	<b>69,715.60</b>



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- 7 The Company has elected to exercise the option permitted under section 115BBA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the company has recognised provision for income tax for the period ended 30 September 2019 with the revised effective tax rate calculated basis the new tax rate of 25.17% applicable to the Company including re-measurement of deferred tax asset.
- 8 The Company is primarily engaged in the business of micro-finance and as such no separate information is required to be furnished in terms of IndAS 108 "Operating Segment" specified under section 133 of the Act.

By order of the Board  
For Arohan Financial Services Limited

  
Manoj Kumar Nambiar  
Managing Director  
DIN: 03172919

Place: Kolkata  
Date: 14 November, 2019

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