



COMPANY PROFILE

AROHAN FINANCIAL SERVICES LTD.

<https://www.arohan.in>



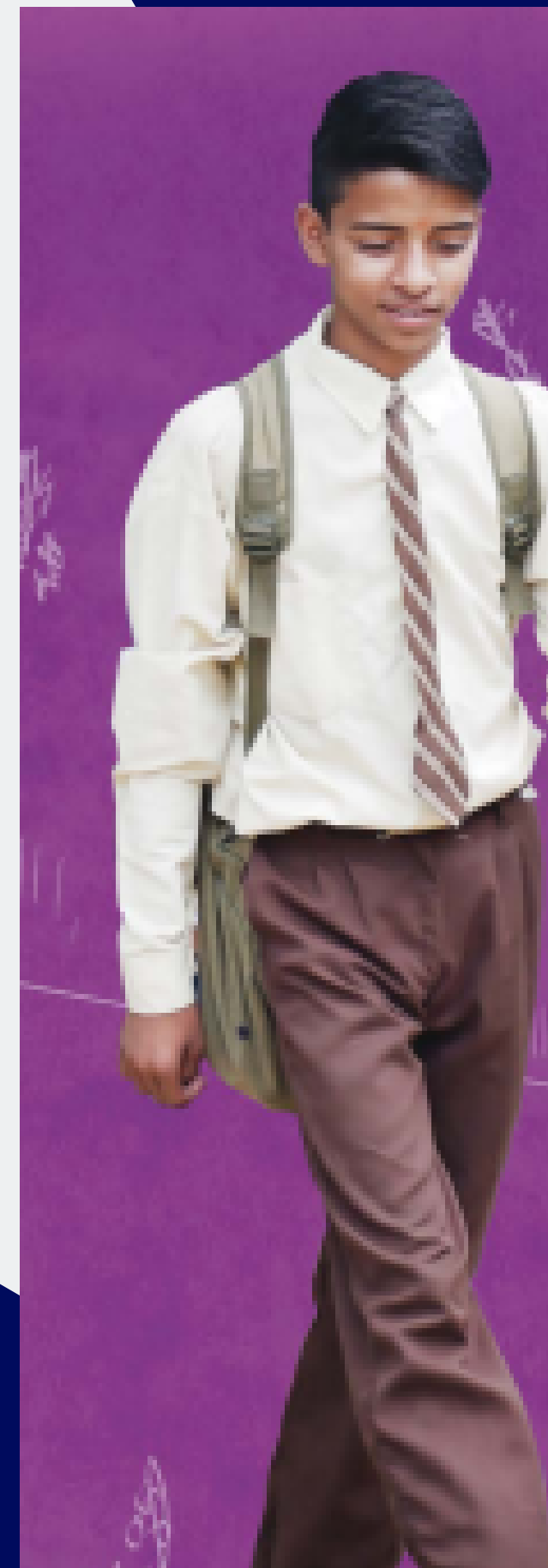
COMPANY OVERVIEW

INTRODUCTION

Arohan Financial Services Limited is a prominent NBFC-MFI based in West Bengal. It specializes in providing income-generating loans and other financial products to customers lacking access to traditional financial services. Arohan is recognized as one of the largest NBFC-MFIs in India based on its Gross Loan Portfolio (GLP), which stood at INR 5,357 Crores as of March 31, 2023.

Their credit offerings consist of loan and insurance products catering to household needs. Arohan also extends term loans to other microfinance institutions, supporting their activities and growth endeavours.

The company aims to promote financial inclusion and empower underserved communities. Additionally, they offer programs to help clients manage their finances effectively.

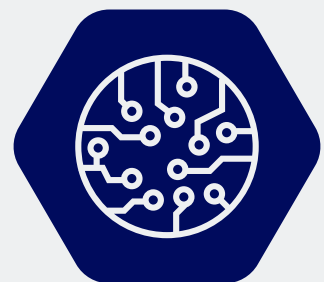


VISION, MISSION AND VALUES



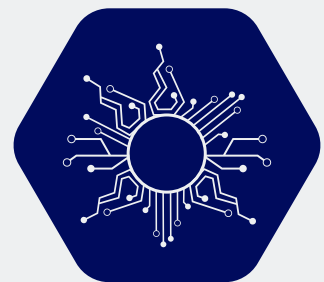
Mission

To empower the under-served households by offering a range of financial services in a manner sustainable for all stakeholders.



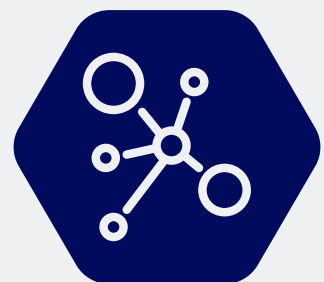
Vision

1. To impact over 28 million lives by 2028.
2. To be among the Top 3 MFI players, serving nearly 6 million households and being a preferred place to work for our employees.



Values

- Employee Engagement
- Transparency
- Honesty and Integrity
- Customer Centricity
- Shareholder Value Focus



AWARDS

Key awards, accreditations, certifications and recognitions recieved by the Company

- ‘Microfinance Company of the Year’ Award at the 3rd ANNUAL BFSI TECHNOLOGY EXCELLENCE Awards programme, organised by Quantic.
- Best Risk Management Initiatives Award by AMFI West Bengal.
- AMFI Awards, 2023 for Technology Innovations.
- SKOCH Order of Merit Awards for Innovation in Lending (ArohanPrivilege), Solution in Lending (Nirnay), and Solution in Financial Inclusion Programme.
- Head of Human Resources, Admin, Training & CSR at Arohan has been awarded for “Outstanding contribution during COVID in motivating staff and client” at UPMA’s Vth State Conference.
- Two Modern Governance Top 100 Awards in the categories Boards & Governance Innovator and ESG, Diversity & Climate Trailblazer.





PRODUCT PORTFOLIO

CORE PRODUCTS

Saral Loan, Arohan's flagship product, is strategically designed to cater to the financial needs of women in low-income areas engaged in trade and services. The product is tailored to empower economically active women by providing them access to financing.

Arohan employs the Joint Liability Group (JLG) model for disbursing Saral loans, typically extending financing to groups of three to five women. This model facilitates access to credit and promotes a sense of mutual responsibility among borrowers.

Loan Size: INR 25,000–75,000
Rate of Interest: 24.50%
Loan Tenure: 24–30 months

Bazaar Loan is Arohan's loan product tailored to meet the working capital needs of small businesses located in authorized marketplaces or clusters of shops organized by Traders' Associations.

This offering targets primarily men engaged in small trading and micro-enterprises.

Loan Size: INR 25,000–1,50,000
Rate of Interest: 26%
Loan Tenure: 18–24 months

PRODUCT PORTFOLIO

SECONDARY PRODUCTS

Cross-Sell Products: Arohan implements cross-selling techniques using a Technology Platform, '**ApnaBazaar**'. This platform offers various products accessible to Field Staff via mobile or tablet devices. It allows customers to browse product availability at specific locations, place orders, and access estimated delivery schedules.

Loan Tenure: 3 to 24 months.



DIGITAL LENDING

In FY 2023, Arohan achieved a significant milestone by launching the **Digital Lending platform** called **ArohanPrivilege**. This platform revolutionizes the lending experience for gold-standard MFI customers, enabling them to apply for and manage their loans conveniently through the proprietary **apnaArohan** app. Customers can receive loan disbursements directly into their accounts within minutes of a successful application, all from the comfort of their homes.

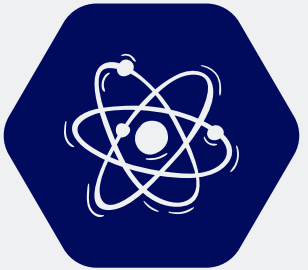
Loan Size: INR 5000-75000

Loan Tenure: 05-24 months



PRODUCT PORTFOLIO

FINANCIAL SAFETY NET PRODUCTS



Name of Loan / Product	Maximum Amount of Loan / Credit Limit / Insurance Coverage	Term (Months/Week)
Term Life Insurance	Coverage is equal to loan amount disbursed to customer	Loan Term + 2 Months
Health Insurance	INR 500 / 1,000 / 1,500 per day for normal hospitalisation up to 30 days and INR 1,000 / 2,000 / 3,000 day for ICU hospitalisation up to 20 days in a year.	12/24 Months
Dwelling Insurance	Upto INR 1 lakh depending on extent of damage caused to the house	12 Months
Loans to Small MFIs Term Loans	INR 25 Cr	12-36 Months



Key Performance Indicators

Solvency & Liquidity



Networth:
INR 1,338 Cr



Funds Drawn:
INR 4,195 Cr



Capital Adequacy Ratio:
28.74%



Cash and Cash Equivalent:
INR 935 Cr

Efficiency Ratios



Credit Rating:
A-
(Stable Outlook)



OPEX:
7.25%



Fee income
(as a % age of Total Income):
9%

ArohanPrivilege Digital Lending



Number of Customers:
6,435



Portfolio:
INR 31 Cr

Impact Numbers



States:
17



Districts:
252



Customer Strength:
2.01 mn

BRANCH:



No. of Branches:
829



Rural branch
percentage:
72%



Disbursement
for FY 23:
INR 5,299 Cr

EMPLOYEES:



No. of
employees:
8,030



Field employee
percentage:
92.80%



Gross Loan
Portfolio:
INR 5,357 Cr

BORROWER'S DEMOGRAPHY:



Rural:
77%



Urban:
23%



Women:
98%

SHAREHOLDERS

(e) Details of shareholders holding more than 5% shares

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	%	Number	%
Equity shares of ₹10 each				
Aavishkaar Venture Management Services Private Limited	2,40,95,182	19.88%	2,47,63,774	20.61%
Aavishkaar Goodwell India Microfinance Development Company II Limited	1,85,39,529	15.30%	1,85,39,529	15.43%
Tano India Private Equity Fund II	1,66,87,029	13.77%	1,69,14,279	14.07%
Intellectual Capital Advisory Services Private Limited	1,64,72,146	13.59%	1,64,72,146	13.71%
Maj Invest Financial Inclusion Fund II	1,54,01,267	12.71%	1,54,01,267	12.82%
TR Capital III Mauritius	97,18,722	8.02%	97,18,722	8.09%

Distribution of Shareholdings:

Range of Holdings	Number of Shares	Amount (INR)	% to Capital	No. of Shareholders	% of Shareholders
1 to 5,000	1,00,016	10,00,160	0.08	164	54.13
Above 5,000 to 10,000	69,312	6,93,120	0.06	9	2.97
Above 10,000	12,10,07,975	1,21,00,79,750	99.86	130	42.90

FINANCIALS

KEY PERFORMANCE INDICATORS

₹ in crores

PARTICULARS	31st March, 2023	31st March, 2022	% increase
Revenue	1069.45	901.72	18.60%
PAT	70.71	60.95	16.01%
EPS	6.05	5.22	
EBITDA	541.81	471.87	14.82%

FY – 2023

GNPA	2.80%
NNPA	0.21%

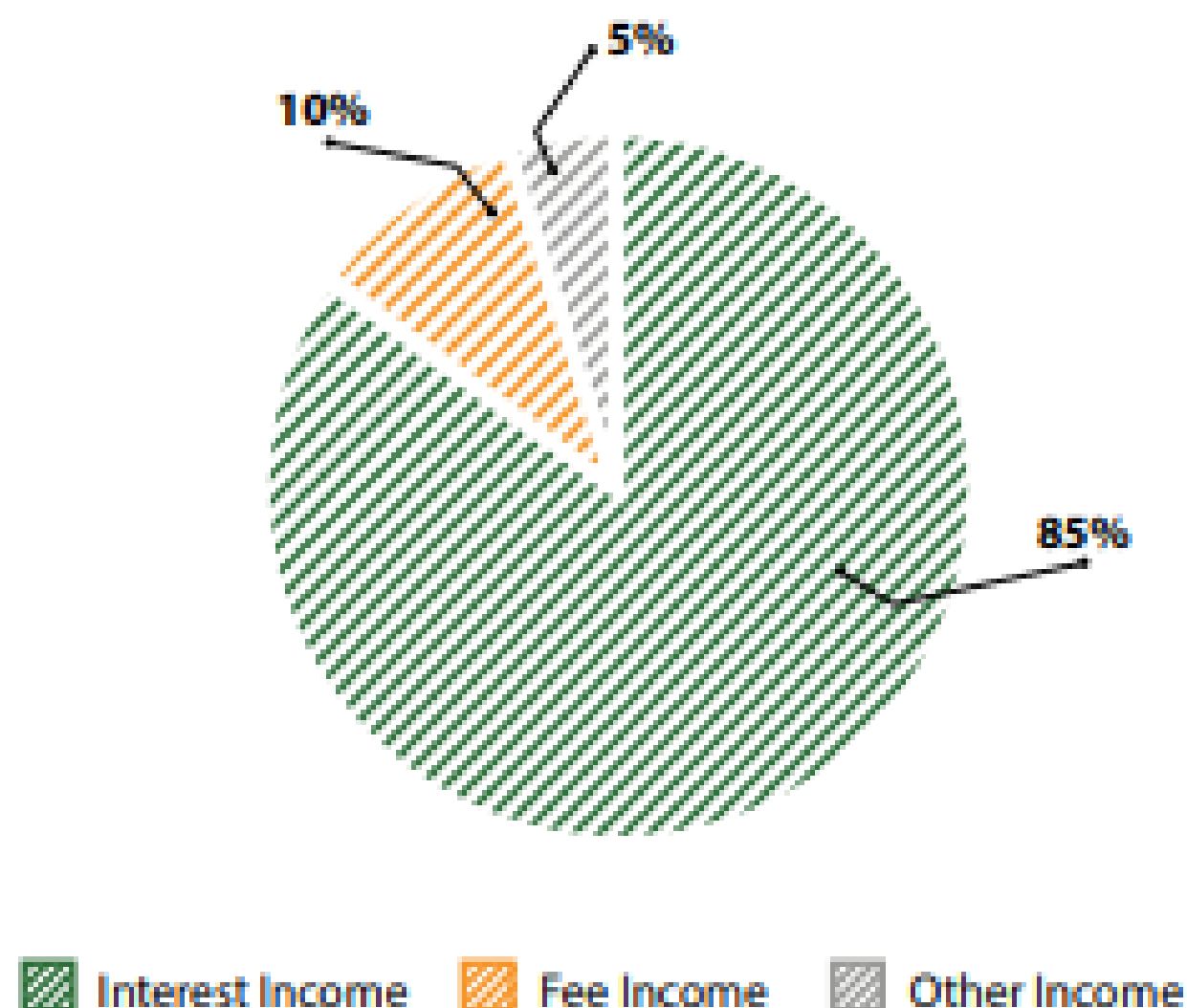
5-Year Revenue CAGR: 27.15%

5-Year PAT CAGR: 18.97%

KEY BUSINESS HIGHLIGHTS

REVENUE, EXPENSES, AUM

Break-up of Revenue for FY 2023



AUM: In terms of gross AUM, the Company had grown from INR 4,122 Crores to INR 5,357 Crores.

EXPENSES: In FY 2023, interest expenses surged by 8.7% YoY. The employee count grew from 7,160 to 8,030 in FY 2023, resulting in a 17% increase in employee costs, totalling INR 246 Cr. Administrative costs also saw a marginal uptick of 4% due to the expansion of the branch network.

In FY 2023, Outstanding Borrowings and Net Worth surged, with increases of 10% and 31%, respectively, compared to FY 2022. This growth can be attributed to the expansion of business activities and an infusion of INR 248 Cr from new investors through CCPS (Compulsorily Convertible Preference Shares).



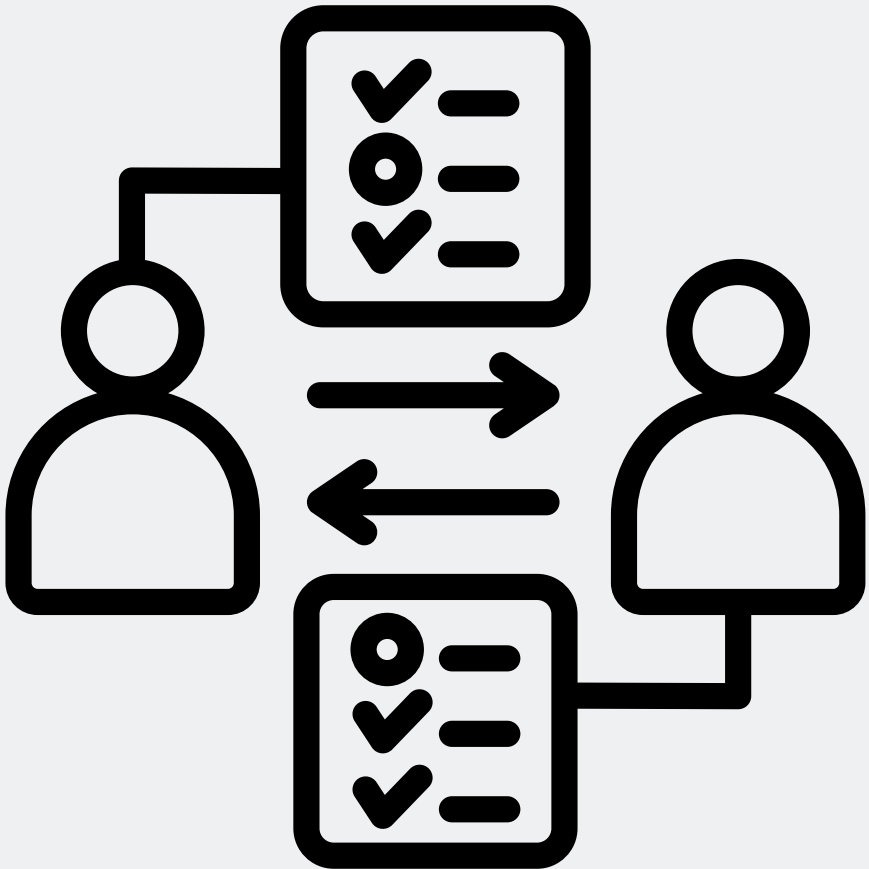
VALUATIONS

KEY PERFORMANCE INDICATORS

Particulars	31st March, 2023	04th March, 2024
Share Price	193	206
Outstanding shares	12,53,59,682	12,53,59,682
MCAP	2419.44 Crs	2582.4 Crs
P/E Ratio	31.90	34.05
P/S Ratio	2.26	2.41
P/B Ratio	1.81	1.93
Book value per share	106.73	106.73

PEER COMPARISON

Particulars	AROHAN Financial Services Ltd.	Equitas Small Finance Ltd.	Fusion Microfinance Ltd.
Revenue	1069.45	4831	521
PAT	70.71	190	115
EPS	6.05	6.78	48.41
P/E	34.05	14.50	10.50
P/B	1.93	2.06	1.99
MCAP	2582.4 Crs	11326 Crs	5117 Crs



KEY STRENGTHS

1. **Scale of Operations:** Arohan serves over 2 million borrowers across 15 states with a 30% AUM growth in FY2023.
2. **Diversified Funding Profile:** Arohan has funding relationships with over 37 lenders, maintaining stability through equity, long-term loans, and other instruments.
3. **Experienced Management Team:** Promoted by the Aavishkaar group and backed by institutional investors, Arohan benefits from strong leadership and strategic guidance.
4. **Improved Asset Quality & Healthy Capitalization**

KEY WEAKNESSES

1. **Moderate Profitability:** While profitability has improved, Arohan's OPEX cost remains high at 7.25% on March 30, 2023.
2. **Geographical Concentration:** Arohan exhibits a high concentration of loans in its top three states, WB, UP and Bihar.
3. **Susceptibility to Risks:** Arohan's operations are vulnerable to event-based risks, including regulatory changes and natural disasters.

RECENT DEVELOPMENTS

April 10 2023: Arohan Financial Services recently concluded a successful funding round, garnering a substantial **Rs 730 crore from private equity investors**. American asset managers Nuveen and Dutch contributed Rs 165 crore, while Piramal Alternatives invested Rs 200 crore. The company is planning to surpass **Rs 10,000 crore AUM by March 2025**.

February 2024: Arohan Financial Services achieved the prestigious **GOLD Standard in Client Protection** Principles from the MFR Certification Committee. This recognition underscores their commitment to upholding rigorous standards in client protection, boasting a compliance rate of **99.1%** across various indicators. Sharoni Pal, Head of Central Operations, expressed pride in the achievement, highlighting Arohan's dedication to transparency and governance.

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