

**IDBI Trusteeship Services Ltd.  
CIN U65991MH2001GOI131154  
Universal Insurance Building,  
Ground Floor, Sir P.M. Road,  
Fort, Mumbai - 400001**

**NOTICE OF THE MEETING  
OF  
DEBENTURE HOLDERS OF THE DEBENTURES ISSUED BY  
AROHAN FINANCIAL SERVICES LIMITED  
ON PRIVATE PLACEMENT BASIS**

NOTICE is hereby given that pursuant to the Clause 2.3.3 to the Chapter X: Breach of Covenants, Default and Remedies of SEBI OPERATIONAL CIRCULAR FOR DEBENTURE TRUSTEES dated March 31, 2023 and Debenture Trust Deed dated December 11 2020, a meeting of the debenture holders of the listed, fully, secured redeemable, taxable, non-convertible debentures (hereinafter referred to as "**Debentures/NCDs**") issued on private placement basis by AROHAN FINANCIAL SERVICES LIMITED ("**Company**") will be held virtually on 13<sup>th</sup> day of June, 2023 at 11:00 A.M. , to discuss and transact the following special business :-

**Special Business:**

**To discuss and decide (as per the terms of the issue read with SEBI Regulations as applicable):**

1. Based on the Independent Auditor's Report dated May 12, 2023, a copy of which is circulated herewith as an annexure to this notice, (as per the terms of the issue read with SEBI Regulations as applicable), there exists/ there has occurred a breach of covenant on account of :
  - a. PAR 30 + restructured loan + net write off of 12months/Gross Loan Portfolio of the Company, should not exceed 10%, however ratio of the Company as at March 31, 2023 is 16.09%.
  - b. PAR 90 + restructured loans - provision/Tier 1 of the Company, should not exceed 10%, however ratio of the Company as at March 31, 2023 is 21.69%

Debenture holders to discuss and decide the further course of action to be initiated in pursuant to the breach of covenant as mentioned under point no. 1 and if though fit, to pass the following resolution as Special Resolution, with or without modification:

1. **“RESOLVED THAT** pursuant to the provisions of the debenture trust deed dated December 11 2020 entered into between AROHAN FINANCIAL SERVICES LIMITED (**“Company”**) and IDBI Trusteeship Services Limited (**“Trustee”**) in relation to the non-convertible, redeemable secured debentures (**“Debentures”**) issued to various investors through private issue (**“Debenture Holders”**) under ISIN no. **INE808K07246** and subject to other applicable laws, rules, regulations, guidelines, contracts, if any, the consent and approval of the Majority Debenture Holders be and is hereby granted to Debenture Trustee to undertake and the Debenture Trustee is hereby authorised to do all acts, deeds and things as may be expedient and necessary, including formation of Committee of Debenture Holders, to protect the interest of the Debenture Holders including but not limited to enforcement of security by the Debenture Trustee as may be advised by the majority Debenture Holders.”

**For IDBI Trusteeship Services Limited**

**SD/-**

**Sheetal Mehta**  
**Chief Manager**

June 05, 2023

**NOTES:**

1. The Meeting shall be held virtually. The link for the meeting shall be shared separately prior to the meeting.
2. The Explanatory Statement for above notice is hosted on our website [www.idbitrustee.com](http://www.idbitrustee.com);
3. Hindu Undivided Family ( HUF)/ Body Corporate(s) intending to send their authorized representative(s) to attend the Meeting are requested to send to the Debenture Trustee a certified true copy of the relevant resolution / power of attorney/ KYCs authorizing their representative(s) to attend and/or vote on their behalf at least 48 hours before the meeting at [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)/ [sheetal@idbitrustee.com](mailto:sheetal@idbitrustee.com)/ [suhani@idbitrustee.com](mailto:suhani@idbitrustee.com).
4. In case the meeting is to be attended by the Debenture Holder by some other email id, then the same is to be intimated to Debenture Trustee at least 48 hours before the meeting at [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)/ [sheetal@idbitrustee.com](mailto:sheetal@idbitrustee.com)/ [suhani@idbitrustee.com](mailto:suhani@idbitrustee.com)
5. Body Corporate(s) intending to send their authorized representative(s) to attend the Meeting are requested to send to the Debenture Trustee a certified true copy of the relevant resolution / power of attorney authorizing their representative(s) to attend and/or vote on their behalf at least 48 hours before the meeting.

**Voting at the Meeting:**

The Debenture Holders shall communicate their decision to Debenture Trustee by way of E-mail on the day of meeting or maximum by the next day of the meeting.

### **EXPLANATORY STATEMENT**

**Pursuant to Section 102(1) of the Companies Act, 2013 to the Notice dated December 30, 2022**

**Item No. 1:**

AROHAN FINANCIAL SERVICES LIMITED (“**Company**”) has issued non-convertible, redeemable debentures (“**Debentures**”) to various investors (“**Debenture Holders**”) on private placement basis, in terms of various Debenture Trust Deed(s) entered into between the Company and IDBI Trusteeship Services Limited (“**IDBI**” / “**Trustee**”) (“**DTDs**”), as per details given below:

**A. Secured Non – Convertible Debentures:**

<b>Sr. No.</b>	<b>ISIN</b>	<b>Debenture Trust Deed dated</b>	<b>Issue Amount (Rs. in Crore)</b>
1.	INE808K07246	December 11 2020	65 Crs

IDBI Trusteeship Services Limited (ITSL) in our capacity as Debenture Trustee for the Secured, Listed NCDs issued by AROHAN FINANCIAL SERVICES LIMITED (Issuer/ Company) under the Debenture Trust Deed dated December 11 2020.

**As per the records available with us the Company is regular in servicing its debt obligations and it has been paying the interest to the Debenture holders on a regular and timely basis.**

As per SEBI OPERATIONAL CIRCULAR FOR DEBENTURE TRUSTEES dated March 31, 2023, shall provide Quarterly Compliance Certificate to the Debenture Trustee. Based on the Independent Auditor’s Report dated May 12, 2023, a copy of which is circulated herewith as an annexure to this notice, (as per

the terms of the issue read with SEBI Regulations as applicable), there exists/ there has occurred a breach of covenant on account of:

a. PAR 30 + restructured loan + net write off of 12months/Gross Loan Portfolio of the Company, should not exceed 10%, however ratio of the Company as at March 31, 2023 is 16.09%.

b. PAR 90 + restructured loans - provision/Tier 1 of the Company, should not exceed 10%, however ratio of the Company as at March 31, 2023 is 21.69%

Further, the Issuer has provided following email clarification for same on May 30, 2023:

“The company is in breach of certain financial covenants for INE808K07246 & INE808K08053.

However, it is to be noted that the company as well as the microfinance industry has witnessed events like COVID-19, lockdowns, restricted movement of transport post-relaxation, and natural calamities across different geographies. Due to these external events, our customers' repayment ability to their loan got impacted. Hence, the company was in breach of certain financial covenants, which are directly related to the customer loan repayment ability. However, **it is to be highlighted that there has been tremendous improvement in the last few quarters in all of the parameters, where there is a breach.** The below table mentions the figures in the different quarters ending for these parameters:

Sl. No.	ISIN No.	Covenant	Benchmark	Sep-21	Dec-21	Mar-22	June -22	Sep-22	Dec-22	Mar-23
1	INE808K07246	(PAR 30+Restructured loan+ Net Write off 12months)/AUM	Shall not exceed 10%	47.36%	44.91%	42.28%	26.92%	24.24%	18.45%	16.09%
2	INE808K07246	(PAR 90+Restructured Loan- Provision) /Tier 1	Shall not exceed 10%	176.60%	153.76%	128.67%	104.33%	82.37%	35.69%	21.69%

It is also to be noted that the organization has made necessary changes to strengthen the credit underwriting policies, changes in product design to suit the customer needs etc. These initiatives have directly led to significant positive growth in our businesses and profit and loss statements of the company as can be seen in the following table:

S.No.	Parameters	Units	FY22	FY23
1	Branches	X	749	831
2	Customers	INR lakhs	18.64	20.13

**IDBI Trusteeship Services Ltd**

CIN : U65991MH2001GOI131154



3	AUM		INR Cr	4121.92	5357.37
4	Capital Infusion	Tier I	INR Cr	0.00	248.29
		Tier II	INR Cr	225.00	0.00
5	Income		INR Cr	920.43	1091.00
6	Profit after Tax		INR Cr	60.95	70.72
7	Net Worth		INR Cr	1023.48	1338.03

Please note that Arohan's financial position has substantially strengthened since March'20. The company has infused tier-II capital of INR 225 Crores in FY 2021-22. Additionally, **the company has also infused equity of INR 515 Cr** in the last six months for future business growth. This has boosted the capital adequacy levels to a comfortable 28.74% as against RBI requirement of 15% as on March 31, 2023. This parameter states the strength of any financial institution. Further, the company is fairly liquid and has carried sufficient cash and cash equivalents as well as undrawn sanctions.

In view of the above, the Management is confident in scaling the company as per the projected business plan. We hereby thank all the investors through your good office for understanding these interim issues due to unforeseen external challenges like COVID-19 and we look forward to continuous support from you.

**Further, in terms of the above facts and statements, we would like to highlight that the financial position of the Company has been improving day by day, and as intimated earlier, we expect the non-compliance with the above financial covenants to continue until March'24. "**

On the above and in the event of determination by the Majority Debenture Holders (as per terms of issue) that there exist Breach of Covenants, we as Debenture Trustee, would request, the Majority Debenture Holders (as per terms of issue) to enable us to take further course of action as instructed by Majority Debenture Holders (as per terms of issue) as more specifically mentioned in the notice and voted thereon.

IDBI Trusteeship Services Ltd. or its Directors are not interested in the agenda item other than to the extent being the Trustee for the debentures held by the Debenture Holders.

Accordingly, the Special resolution set out at item no. 1 of the accompanying notice for approval of the Debenture Holders.