

June 03, 2022

Pahal Financial Services Pvt. Ltd.: Rating withdrawn for PTC issued under a pool of micro loan receivables

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Newgen Siddhi October 2020	PTC Series A1	14.11	2.13	0.00	[ICRA]BBB+(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under micro loan receivables transaction originated by Pahal Financial Services Pvt. Ltd. (Pahal) [Pahal rated; [ICRA]BBB-(Stable)], as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Pahal Financial Services Pvt. Ltd. is an Ahmedabad-based non-banking financial company-microfinance institution (NBFC-MFI) registered with the Reserve Bank of India. The company started its operations in March 2011 by acquiring the existing operations of Lok Vikas Nidhi, a trust operational in Gujarat for over 25 years. The current promoters acquired the portfolio of Rs. 2.6 crore spread over 15 branches, along with the field staff of Lok Vikas and subsequently transferred the acquired portfolio to an NBFC along with an equity contribution of Rs. 2 crore. The NBFC was renamed Pahal Financial Services Pvt. Ltd. PFSPSPL lends to poor women primarily in the rural and semi-urban areas of Gujarat, Rajasthan, Madhya Pradesh, Bihar and Maharashtra. Pre-Covid, it had also ventured into Chhattisgarh and Uttar Pradesh where growth has been low due to Covid-related issues.

PFSPSPL reported a profit after tax (PAT) of Rs. 1.94 crore in 9M FY2022 on assets under management (AUM) of Rs. 842.53 crore as on December 31, 2021 against a profit of Rs. 4.29 crore in FY2021 on AUM of Rs. 773.25 crore as on March 31, 2021.

Key financial indicators (IndAS)

	FY2020	FY2021	9M FY2022*
Total Income (Rs. crore)	145.10	157.58	127.12
Profit after Tax (Rs. crore)	15.90	4.29	1.94
Overall Assets under Management (Rs. crore)	736.44	773.25	842.53
Gross Non-performing Assets (NPA; %)	0.23%	2.30%	8.13%
Net NPA (%)	0.23%	2.24%	7.22%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * As per limited review 9M financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No	Trust Name	Current Rating (FY2023)				Chronology of Rating History for the past 3 years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					June 03, 2022		Dec 13, 2021	Dec 16, 2020^	Oct 30, 2020*
1	Newgen Siddhi October 2020	PTC Series A1	14.11	0.00	[ICRA]BBB+(SO); Withdrawn	[ICRA]BBB+(SO)	[ICRA]BBB-(SO)	Provisional [ICRA]BBB-(SO)	-

*Provisional rating assigned

^Provisional rating finalised

Complexity level of the rated instruments

Instrument	Complexity Indicator
PTC Series A1	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Newgen Siddhi October 2020	PTC Series A1	October 2020	10.48%	March 2022	0.00	[ICRA]BBB+(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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