

August 18, 2022

Arohan Financial Services Limited: Rating withdrawn for PTCs issued under one microfinance loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Aavishkaar May 2021 Trust I	PTC Series A1	214.98	214.98	0.00	[ICRA]A-(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under a microfinance loan receivables transaction originated by Arohan Financial Services Limited {Arohan/originator; [ICRA]A- (Negative)}, as tabulated above. All the payouts to the investors in the above-mentioned instrument have 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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

Arohan Financial Services Limited is a Kolkata-headquartered non-banking financial company-microfinance institution (NBFC-MFI). It was incorporated on September 27, 1991. Arohan is engaged in the business of microlending mainly to women borrowers and operates on the joint liability group (JLG) model. It was set up through the acquisition of an existing NBFC, ANG Resources Ltd, with the support of Bellwether Microfinance Fund. The company's name was changed to Arohan Financial Services Limited in March 2008. Arohan became a part of the Aavishkar Group in September 2012. As on March 31, 2022, it was catering to 18.6 lakh borrowers through a network of 749 branches spread across 224 districts and 14 states while managing a portfolio of Rs. 4,122 crore.

Key financial indicators (audited)

	FY2020	FY2021	FY2022
Total income	935	1,014	920
Profit after tax	127	(160)	61
Gross loan portfolio	4,854	4,648	4,122
Gross non-performing assets (NPA)	2.3%	11.2%	4.5%
Net NPA	-	4.0%	1.4%

Source: Company data, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	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	Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
					Aug 18, 2022	August 13, 2021^	May 19, 2021*	--	--
1	Aavishkaar May 2021 Trust 1	PTC Series A1	214.98	0.00	[ICRA]A-(SO); Withdrawn	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	--	--

*Initial rating assigned

^Final rating assigned

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	Moderately Complex

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 analyzing 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 I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Aavishkaar May 2021 Trust 1	PTC Series A1	May 2021	10.00%	February 2023	0.00	[ICRA]A-(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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Branches



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