

July 24, 2023

## Arohan Financial Services Limited: Ratings withdrawn for PTCs issued under microfinance loan securitization transactions.

### 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Aavishkaar December 2021 Trust III	PTC Series A2	6.60	6.60	0.00	[ICRA]A(SO) Withdrawn
Aavishkaar December 2021 Trust IV	PTC Series A2	1.35	1.35	0.00	[ICRA]A-(SO)Withdrawn
Aavishkaar March 2022 Trust I	PTC Series A1	115.52	NA	0.00	[ICRA]AA(SO) Withdrawn
	PTC Series A2	11.55	NA	0.00	[ICRA]A(SO) Withdrawn
Aavishkaar March 2022 Trust III	PTC Series A1	45.21	NA	0.00	[ICRA]AA(SO) Withdrawn
	PTC Series A2	4.52	NA	0.00	[ICRA]A(SO) Withdrawn

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the rating for the pass through certificates (PTCs) issued under a microfinance loan receivables transaction originated by Arohan Financial Services Limited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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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

Aavishkaar December 2021 Trust III and Aavishkaar December 2021 Trust IV: [Link](#);

Aavishkaar March 2022 Trust I: [Link](#) and

Aavishkaar March 2022 Trust III: [Link](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the company

Arohan Financial Services Limited (Arohan) is a Kolkata-headquartered 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, 2023, it was catering to 20.12 lakh borrowers through a network of 831 branches spread across 254 districts and 12 states while managing a portfolio of Rs. 5,357 crore.

#### Key financial indicators (audited)

	FY2021	FY2022	FY2023
<b>Total income</b>	1,014	920	1,091
<b>Profit after tax</b>	(160)	61	71
<b>Gross loan portfolio</b>	4,648	4,122	5,357
<b>Gross stage 3</b>	11.2%	4.5%	2.7%
<b>Net stage 3</b>	4.0%	1.4%	0.2%

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 (FY2024)				Chronology of Rating History for the Past 3 Years						
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in 2024		Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021		
					Jul 24, 2023	May 15,2023		Jan 19,2023	Feb 28,2022		Jan 04, 2022	-
1	Aavishkaar December 2021 Trust III	PTC Series A1	65.97	0.00	-	[ICRA]AA(SO) withdrawn	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-		
		PTC Series A2	6.60	6.60	[ICRA]A(SO); withdrawn	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-		

Trust Name	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in 2024		Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021	
				Jul 24, 2023	May 15,2023		Jan 19,2023	Feb28,2022		Jan 04, 2022
2 Aavishkaar December 2021 Trust IV	PTC Series A1	47.34	0.00	-	[ICRA]A+(SO) Withdrawal	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	
	PTC Series A2	1.35	1.35	[ICRA]A-(SO); Withdrawal	[ICRA]A-(SO);	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)		

Trust Name	Instrument	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years				
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in 2024	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
				Jul 24, 2023	Jul 25, 2022	Mar 31, 2022	-	-
<b>Aavishkaar 3 March 2022 Trust I</b>	PTC Series A1	115.52	115.52	[ICRA]AA(SO) Withdrawn	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-
	PTC Series A2	11.55	11.55	[ICRA]A(SO) Withdrawn	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

Trust Name	Instrument	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in 2024	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
				Jul 24, 2023	Jul 25, 2022	Apr 05, 2022	-	-
<b>Aavishkaar 4 March 2022 Trust III</b>	PTC Series A1	45.21	45.21	[ICRA]AA(SO) withdrawn	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)		-
	PTC Series A2	4.52	4.52	[ICRA]A(SO); withdrawn	[ICRA]A(SO)	Provisional [ICRA]A(SO)		-

### Complexity level of the rated instrument

Instrument	Instrument	Complexity Indicator
<b>Aavishkaar December 2021 Trust III</b>	PTC Series A2	Moderately Complex
<b>Aavishkaar December 2021 Trust IV</b>	PTC Series A2	Moderately Complex
<b>Aavishkaar March 2022 Trust I</b>	PTC Series A1	Moderately Complex
	PTC Series A2	
<b>Aavishkaar March 2022 Trust III</b>	PTC Series A1	Moderately Complex
	PTC Series A2	

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: [Click Here](#)

#### Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
<b>Aavishkaar December 2021 Trust III</b>	PTC Series A2	December 2021	12.50%	September 2023	0.00	[ICRA]A(SO) Withdrawn
<b>Aavishkaar December 2021 Trust IV</b>	PTC Series A2	December 2021	14.00%	September 2023	0.00	[ICRA]A-(SO) Withdrawn
<b>Aavishkaar March 2022 Trust I</b>	PTC Series A1	March 2022	9.00%	December 2023	0.00	[ICRA]AA(SO) Withdrawn
	PTC Series A2	March 2022	14.00%	December 2023		[ICRA]A(SO) Withdrawn
<b>Aavishkaar March 2022 Trust III</b>	PTC Series A1	March 2022	9.15%	December 2023	0.00	[ICRA]AA(SO) Withdrawn
	PTC Series A2	March 2022	12.50%	December 2023		[ICRA]A(SO) Withdrawn

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

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