

September 28, 2023

Arohan Financial Services Limited: Ratings withdrawn for PTCs issued under two microfinance loan securitisation transactions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Aavishkaar June 2022 Trust I	PTC Series A1	115.19	NA	0.00	[ICRA]A+(SO); Withdrawn
Aavishkaar July 2022 Trust I	Series A1 SN	80.15	NA	0.00	[ICRA]A(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under two microfinance loan receivables transactions originated by Arohan Financial Services Limited {Arohan/originator; [ICRA]A- (Positive)}, 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 link:

For Aavishkaar June 2022 Trust I: [Click here](#)

For Aavishkaar July 2022 Trust I: [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 (Arohan) 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 June 30, 2023, it was catering to around 20.2 lakh borrowers through a network of 906 branches spread across 271 districts and 15 states while managing a portfolio of Rs. 5,564 crore (provisional).

Key financial indicators

	FY2022	FY2023	Q1 FY2024
	Audited	Audited	Provisional
Total income	920	1,091	354
Profit after tax	61	71	25
Gross loan portfolio	4,122	5,357	5,564
Gross non-performing assets (NPA)	4.5%	2.7%	1.7%
Net NPA	1.4%	0.2%	0.0%

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	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
				Sep 28, 2023	Sep 21, 2022 [^]	Jun 28, 2022 [*]	-	-
1 Aavishkaar June 2022 Trust I	PTC Series A1	115.19	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-

^{*}Initial rating assigned

[^]Final rating assigned

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
				Sep 28, 2023	Nov 21, 2022 [^]	Aug 04, 2022 [*]	-	-
2 Aavishkaar July 2022 Trust I	Series A1 SN	80.15	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

Trust Name	Instrument	Complexity Indicator
Aavishkaar June 2022 Trust I	PTC Series A1	Moderately Complex
Aavishkaar July 2022 Trust I	Series A1 SN	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 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: [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Aavishkaar June 2022 Trust I	PTC Series A1	June 2022	10.25%	March 2024	0.00	[ICRA]A+(SO); Withdrawn
Aavishkaar July 2022 Trust I	Series A1 SN	July 2022	9.55%	April 2024	0.00	[ICRA]A(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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Branches



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