

December 14, 2023

Arohan Financial Services Limited: Ratings withdrawn for PTCs issued under microfinance loan securitization transaction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Aavishkaar May 2022 Trust I	PTC Series A	191.40	23.82	0.00	[ICRA]AA(SO); Withdrawn
Aavishkaar June 2022 Trust II	PTC Series A1	74.96	10.34	0.00	[ICRA]AA+(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for both the pass through certificates (PTCs) issued under a microfinance loan receivables transaction originated by Arohan Financial Services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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 link:

Aavishkaar May 2022 Trust I and Aavishkaar June 2022 Trust II: [Link](#)

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 (audited)

	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; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	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 FY2024		Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					Dec 14, 2023	Aug 21, 2023	Aug 26, 2022	May 30, 2022	-	-
1.	Aavishkaar May 2022 Trust I	PTC Series A	191.40	0.00	[ICRA]AA(SO) Withdrawn	[ICRA]AA(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

S. No.	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 FY2024		Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					Dec 14, 2023	Aug 21, 2023	Sep 21, 2022	Jun 30, 2022	-	-
2.	Aavishkaar June 2022 Trust II	PTC Series A1	74.96	0.00	[ICRA]AA+(SO) Withdrawn	[ICRA]AA+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

Complexity level of the rated instrument

Instrument	Instrument	Complexity Indicator
Aavishkaar May 2022 Trust I	PTC Series A	Moderately Complex
Aavishkaar June 2022 Trust II	PTC Series A1	

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
Aavishkaar May 2022 Trust I	PTC Series A	May 2022	10.25%	February 2024	0.00	[ICRA]AA(SO); Withdrawn
Aavishkaar June 2022 Trust II	PTC Series A1	June 2022	10.25%	March 2024	0.00	[ICRA]AA+(SO); Withdrawn

* The actual tenure is likely to be shorter owing to prepayments and accelerated amortisation

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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