

June 14, 2024

Arohan Financial Services Limited: Rating withdrawn for PTCs issued under a microfinance loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Outstanding Amount (Rs. crore)	Rating Action
Aavishkaar November 2022 Trust I	PTC Series A1	100.00	2.82	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	2.86	2.86	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for the pass-through certificates (PTCs) backed by microfinance loan receivables originated by Arohan Financial Services Limited {Arohan; rated [ICRA]A (Stable)}. 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position, and rating sensitivities have not been captured as the ratings assigned to the instruments have been withdrawn. The previous detailed rating rationale is available at this [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 originator

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 Aavishkaar Group in September 2012. As on March 31, 2024, it was operating through a network of 975 branches spread across 293 districts and 17 states while managing assets under management (AUM) of Rs. 7,112 crore (limited review).

Key financial indicators

	FY2022	FY2023	FY2024
Total income	920	1,091	1,635
Profit after tax	61	71	314
Total managed assets (grossed up for provisions)	5,697	6,635	8,654
Gross stage 3 assets	4.5%	2.7%	1.6%
CRAR*	34.6%	28.7%	29.0%

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 (FY2025)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022
				Jun 14, 2024	Feb 26, 2024	Feb 17, 2023	Nov 30, 2022	-
1 Aavishkaar November 2022 Trust I	PTC Series A1	100.00	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-
	PTC Series A2	2.86	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	Moderately Complex
PTC Series A2	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: [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 November 2022 Trust I	PTC Series A1	November 2022	9.65%	August 2024	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2		13.00%		0.00	[ICRA]AAA(SO); Withdrawn

Source: Company; *Scheduled PTC maturity date at transaction initiation

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria
+91 22 6114 3440
abhishek.dafria@icraindia.com

Sumit Pramanik
+91 22 6114 3462
sumit.pramanik@icraindia.com

Tina Parekh
+91 22 6114 3455
tina.parekh@icraindia.com

Sachin Joglekar
+91 22 6114 3470
Sachin.joglekar@icraindia.com

Rushabh Gohel
+91 22 6114 3450
rushabh.gohel@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
Shivkumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.