

July 20, 2026

Arohan Financial Services Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Ascent Alpha February 2026

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action	Financial sector regulator#
Ascent Alpha February 2026	Series A1 PTCs	78.48	[ICRA]AA(SO); provisional rating confirmed as final	RBI

*Instrument details are provided in Annexure I

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

In March 2026, ICRA had assigned provisional rating to the Series A1 Pass-Through Certificates (PTCs) issued by Ascent Alpha February 2026 under a securitisation transaction originated by Arohan Financial Services Limited (Arohan/Originator; rated [ICRA]A (Stable)¹). The PTCs are backed by a pool of microfinance loan receivables originated by Arohan with an aggregate principal outstanding of Rs. 182.89 crore (pool receivables of Rs. 220.12 crore). Arohan is also the servicer for the transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

Pool performance summary

Parameter	Ascent Alpha February 2026
Payout month	June 2026
Months post securitisation	3
Pool amortisation	15.0%
Series A1 PTCs amortisation	17.6%
Cumulative prepayment rate ²	0.9%
Cumulative collection efficiency ³	102.1%
Loss cum 0+ dpd ⁴	1.1%
Loss cum 30+ dpd ⁵	0.5%
Loss cum 90+ dpd ⁶	0.1%
Cumulative cash collateral utilisation	0.0%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus EIS, after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. However, on the occurrence of predefined trigger events such as 30+DPD of the pool crossing 8.0% of original pool principal in any payout

¹ The current rating rationale of the originator, available at this [link](#), provides its detailed rating history and rating transitions.

² Principal outstanding at the time of prepayment of contracts prepaid till date / Principal outstanding on the pool at the time of securitisation

³ Cumulative collections (incl. advances but excl. prepayments) / (Cumulative billings + Opening overdue at the time of securitisation)

⁴ Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

⁵ Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

⁶ Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

month, the residual EIS every month shall be utilised for accelerating the principal payment due to Series A1 PTCs. Any prepayment in the pool would be used for the prepayment of Series A1 PTCs.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 6.00% of the initial pool principal, amounting to Rs. 5.41crore, provided by the Originator, (ii) principal subordination of 13.00% of the initial pool principal for Series A1 PTCs in the form of over-collateralisation (OC) (iii) the excess interest spread (EIS) of 15.05% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool with available credit enhancement – The pool is granular, consisting of 17,937 contracts, with top 10 borrowers forming less than 0.19% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

Seasoned contracts in the pool – The pool has weighted average pre securitisation amortisation of 19.94% as on the cut-off date with no delinquencies observed in any of the contracts, post loan disbursement, thereby reflecting the borrowers' relatively better credit profile.

No overdue contracts in the pool – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Further, all the contracts in the pool have never been delinquent post loan disbursement, thereby reflecting the borrowers' relatively better credit profile, which is a credit positive.

Adequate servicing capability of Arohan – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated a considerable track record of over a decade of regular collections across geographies and multiple economic cycles.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. West Bengal, Bihar and Uttar Pradesh contributing ~65% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Increasing delinquencies in microfinance sector – The microfinance sector has seen a decline in collections and consequently rise in delinquencies in the current fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in the collection teams. Any sustained impact of these factors on the collections from the pool would be a key monitorable.

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The performance of microfinance loans would also be exposed to political and communal risks.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting

collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 4.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3.0% to 9.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Ascent Alpha February 2026
Originator	Arohan Financial Services Limited
Servicer	Arohan Financial Services Limited
Trustee	Catalyst Trusteeship Limited (CTL)
CC Bank	IDFC First Bank Limited
Collection and payout account bank	IDFC First Bank Limited

Liquidity position:

Series A1 PTCs: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~7 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

Negative factors – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
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 Aavishkar Group in September 2012. As on March 31, 2026, it was managing assets under management (AUM) of ~Rs. 7,426 crore.

Key financial indicators

Arohan Financial Services Limited	FY2024	FY2025	FY2026
As per	Ind-AS	Ind-AS	Ind-AS
Total income	1,635	1,695	1,552
Profit after tax	314	110	122
Total managed assets (grossed up for provisions)	8,654	7,228	8,639
Gross stage 3 assets	1.7%	2.8%	1.1%
CRAR	29.0%	34.1%	27.6%

Managed gearing = (On-book borrowings + Securitised/assigned loan assets)/(Net worth)

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts 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 (FY2027)		Chronology of Rating History for the Past 3 Years			
		Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
				July 20, 2026	Mar 27, 2026	-	-
Ascent Alpha February 2026	Series A1 PTCs	78.48	78.48	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTCs	Highly 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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Amount Rated (Rs. crore)	Current Rating	Financial Sector Regulator#
Ascent Alpha February 2026	Series A1 PTCs	March 24, 2026	8.60%	February 19, 2028	78.48	[ICRA]AA(SO)	RBI

Source: Company

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 454 5316

manushrees@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Sumit Pramanik

+91 22 6114 3462

sumit.pramanik@icraindia.com

Shruti Jain

91 22 61143414

shruti.jain2@icraindia.com

Laraj Mehta

+91 22 6114 3423

laraj.mehta@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@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

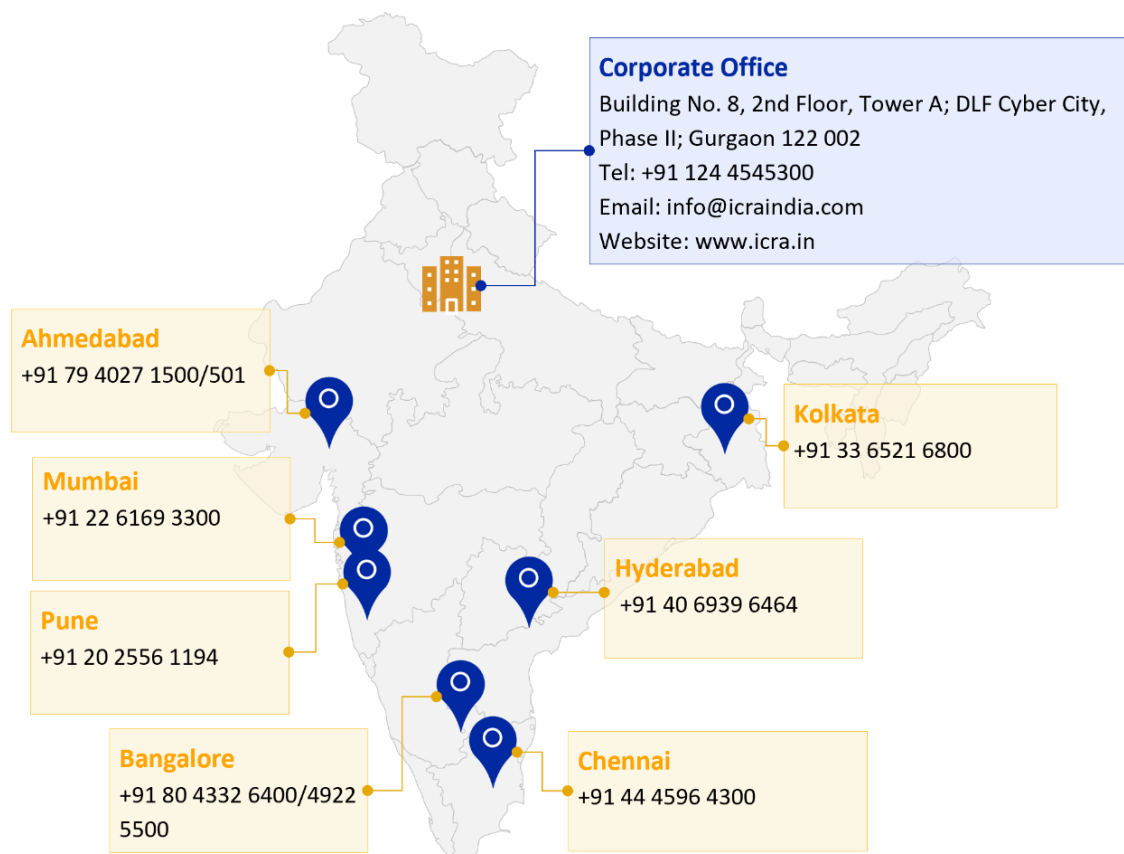


Registered Office

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



Branches



© Copyright, 2026 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.