

January 17, 2022

Aye Finance (P) Ltd.: Rating withdrawn for PTCs issued under small business loan securitisation transactions

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s during previous surv exercise (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Bhawna MSME Trust 03 2020	PTC Series A1	48.05	20.25	0.00	[ICRA]AA-(SO); Withdrawn
Rekha MSME Trust Jan 2020	PTC Series A2	3.51	3.51	0.00	[ICRA]A+(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under small business loan receivables transactions originated by Aye Finance (P) Ltd. (AFPL), as tabulated above. All the payouts to the investors in the above-mentioned instruments has 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of surveillance exercise is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

AFPL is registered with the Reserve Bank of India (RBI) as a systemically important non-deposit taking non-banking financial company (ND-NBFC). It provides loans to micro-enterprises in semi-urban areas with an annual turnover of Rs. 10 lakh – 1 crore. The company commenced operations in FY2014 and is promoted by Mr. Sanjay Sharma and Mr. Vikram Jetley, who have prior experience in retail lending. AFPL is backed by strong private equity (PE) investors – Capital G (Google), Falcon Edge, SAIF Partners, A91 Partners, LGT Impact and others.

As on June 30, 2021, the company had operations in 18 states/Union Territories (Uttar Pradesh, Rajasthan, Haryana, Punjab, Uttarakhand, Delhi NCR, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Madhya Pradesh, Maharashtra, Himachal

Pradesh, Bihar, Gujarat, Jharkhand, Chhattisgarh and Chandigarh) through 211 branches. It reported a net loss of Rs. 48.0 crore on a total asset base of Rs. 1,937.4 crore in H1 FY2022 vis-à-vis a net profit of Rs. 16.9 crore on a total asset base of Rs. 2,106.9 crore in FY2021.

Key financial indicators (audited, as per Ind-AS)

Aye Finance (P) Ltd.	FY2020	FY2021	H1 FY2022*
Total income (Rs. crore)	412.9	451.0	217.6
Profit after tax (Rs. crore)	32.4	16.9	-48.0
Total assets (Rs. crore)	2,083.7	2,106.9	1,937.4
Gross stage 3 (%)	2.26%	3.31%	7.03%
Net stage 3 (%)	0.14%	0.74%	1.79%

Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Trust Name	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years			
		Instrument Name	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
						Jan 17, 2022	Mar 01, 2021	Jul 08, 2020^	Mar 18, 2020*
1	Bhawna MSME Trust 03 2020	PTC Series A1	48.05	0.00	[ICRA]AA-(SO); Withdrawn	[ICRA]AA-(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	--

	Trust Name	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years			
		Instrument Name	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
						Jan 17, 2022	Mar 01, 2021	Jul 15, 2020^	Mar 25, 2020*
1	Rekha MSME Trust Jan 2020	PTC Series A2	3.51	0.00	[ICRA]A+(SO); Withdrawn	[ICRA]A+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	--

*Initial rating assigned

^Final rating assigned

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Bhawna MSME Trust 03 2020	PTC Series A1	Moderately Complex
Rekha MSME Trust Jan 2020	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: www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Bhawna MSME Trust 03 2020	PTC Series A1	March 2020	10.65%	December 2024	0.00	[ICRA]AA-(SO); Withdrawn
Rekha MSME Trust Jan 2020	PTC Series A2	March 2020	13.50%	October 2023	0.00	[ICRA]A+(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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Branches



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