

April 27, 2023

Pahal Financial Services Pvt. Ltd.: Ratings withdrawn for PTCs backed by microfinance loan receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Gonzales 12 2021	PTC Series A1	30.89	20.95	0.00	[ICRA]A+(SO); Withdrawn
	PTC Series A2	0.69	0.69	0.00	[ICRA]A(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under microfinance loan receivables securitisation transaction originated by Pahal Financial Services Pvt. Ltd. [PFSP rated; [ICRA]BBB-(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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link:

[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 originator

PFSP is an Ahmedabad-based NBFC-microfinance institution (NBFC-MFI) registered with the Reserve Bank of India. The company started its operations in March 2011 by acquiring the existing operations of Lok Vikas Nidhi, a trust operational in Gujarat for over 25 years. The current promoters acquired the portfolio of Rs. 2.6 crore spread over 15 branches, along with the field staff of Lok Vikas, and subsequently transferred the acquired portfolio to an NBFC along with an equity contribution of Rs. 2 crore. The NBFC was renamed Pahal Financial Services Pvt. Ltd. PFSP lends to poor women primarily in the rural and semi-urban areas of Gujarat, Rajasthan, Madhya Pradesh, Bihar, Uttar Pradesh, Chhattisgarh, Haryana and Maharashtra.

PFSP reported a profit after tax (PAT) of Rs. 9.5 crore in 9M FY2023 on AUM of Rs. 1,259 crore as on December 31, 2022 against a profit of Rs. 1.0 crore in FY2022 on AUM of Rs. 1,001 crore as on March 31, 2022.

Key financial indicators

PFSP	FY2021 (Audited)	FY2022 (Audited)	9MFY2023 (Provisional)
Net interest income	76.9	66.5	82.1
Profit after tax	4.3	1.0	9.5
Assets under management	773.3	1,001.3	1,258.9
Gross Stage 3	3.2%	4.3%	1.2%
Net Stage 3	2.0%	3.4%	0.6%

Amount in Rs. crore

Source: Company, ICRA Research; All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years				
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
					Apr 27, 2023		Feb 21, 2022	Jan 04, 2022*		
1	Gonzales 12 2021	PTC Series A1	30.89	0.00	[ICRA]A+(SO); Withdrawn	[ICRA]A+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-
		PTC Series A2	0.69	0.00	[ICRA]A(SO); Withdrawn	[ICRA]A(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

*initial ratings assigned

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Gonzales 12 2021	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 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
Gonzales 12 2021	PTC Series A1	December 2021	9.75%	June 2023	0.00	[ICRA]A+(SO); Withdrawn
	PTC Series A2	December 2021	14.00%	June 2023	0.00	[ICRA]A(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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