

November 27, 2024

Aviom India Housing Finance Pvt Ltd: Rating downgraded to Provisional [ICRA]BB(SO) and placed on Rating Watch with Negative Implications

Summary of rating action

Trust Name	Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Argentum Trust 004	Series A1 PTC	19.32	17.31	Provisional [ICRA]BB(SO); downgraded from Provisional [ICRA]A+(SO) and placed on Rating Watch with Negative Implications

*Instrument details are provided in Annexure I

Rationale

Material event

On November 22, 2024, Aviom India Housing Finance Pvt Ltd (AIHFPL/Originator) made a disclosure on the stock exchange about potential discrepancies in its book of accounts, a fraud reported within the company, and liquidity issues.

Impact of material event

Following the disclosure, AIHFPL's credit profile is seen as materially weak due to the reported liquidity stress. ICRA has downgraded the rating assigned to AIHFPL's on-balance sheet debt instruments to [ICRA]D (Issuer not cooperating) from [ICRA]BBB+ (Stable) as there is a high likelihood of delays in its payments on those debt instruments. The rating action on the Series A1 pass-through certificates (PTCs) of the above-mentioned securitisation transaction factors in the said material deterioration in the credit profile of AIHFPL, which is the servicer of the transaction, and the increase in commingling risks for the transaction. However, the bankruptcy remoteness of the pool of loans and the presence of cash collateral in the transaction (10.5% of the initial pool principal) should provide support to the PTC payouts. The company's ability to continue to service the transaction in a satisfactory manner remains a monitorable.

The rating remains provisional as ICRA is yet to receive the final executed transaction documents.

Please refer to the following link for the previous detailed rationale that captures the credit enhancement, key rating drivers and their description, liquidity position, rating sensitivities, and key financial indicators: [Click Here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into a final rating upon the execution of:

1. Trust Deed
2. Assignment Agreement
3. Legal Opinion
4. Trustee Letter
5. Chartered Accountant's know your customer (KYC) certificate
6. Any other documents executed for the transaction

Validity of provisional rating

The trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of the provisional rating rationale dated 08 August 2024, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

AIHFPL, which commenced operations in 2016, is a social impact focused affordable housing finance company catering to customers with undocumented informal income in urban and semi-urban areas. It operates in the white space between traditional housing finance and microfinance and provides loans for sanitation, home extension, home improvement, and construction and loan against property (LAP) to low-income families from the informal sector with a strong focus on women, thereby promoting women empowerment.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Trust Name	Current Rating (FY2025)					Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
					November 27, 2024	August 08, 2024			
1	Argentum Trust 004	Series A1 PTC	19.32	17.31	Provisional [ICRA]BB(SO); Rating Watch with Negative Implications	Provisional [ICRA]A+(SO)	-	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Argentum Trust 004	Series A1 PTC	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 are available on ICRA's website: [Click Here](http://www.icra.in)

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance/Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Argentum Trust 004	Series A1 PTC	July 31, 2024	12.50%^	February 15, 2034	17.31	Provisional [ICRA]BB(SO); Rating Watch with Negative Implications

Source: Company

^Linked to 3M SBI MCLR with 3 months reset; rate revision applicable from the date of change in MCLR

Annexure II: List of entities considered for consolidated analysis

Not applicable

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