

June 17, 2026

Arth Padarth Factors and Finance Private Limited: Provisional [ICRA]A-(SO) assigned to Series A PTC and Provisional [ICRA]BBB-(SO) assigned to Series B PTC to be issued by REST 14

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
REST 14	Series A PTC	10.50	Provisional [ICRA]A-(SO); Assigned
	Series B PTC	2.10	Provisional [ICRA]BBB-(SO); Assigned

*Instrument details are provided in Annexure II

Rating in the absence of pending actions/documents

No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates (PTCs) are backed by a pool of trade receivables arising from the invoices discounted by Arth Padarth Factors and Finance Private Limited (AP Factors/Originator) such that the initial financed amount¹ would be Rs. 14.00 crore. AP Factors would also be the servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of invoices along with the eligibility criteria for the follow-on pools, the credit enhancement available in the structure as well as the integrity of the legal structure. The ratings are subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

The transaction structure is ultimate interest and ultimate principal (UIUP), wherein both interest and principal (100% of the pool principal billed) are promised on the final maturity date, which is at the end of the 21st month from the PTC issuance date. Further, the tenure of the pool shall be divided into two periods – replenishment period and amortisation period.

Replenishment period

The replenishment period will be 13.5 months from the commencement date of the transaction. During this period, the pool collections will be used by the trust to purchase additional identified receivables, as per the pool selection criteria. The transaction also entails certain trigger events for early amortisation. A breach of any of these trigger events would lead to the end of the replenishment period and the early commencement of the amortisation period.

Amortisation period

Following the replenishment period, the pool collections will be utilised to repay Series A PTC and then Series B PTC. The interest and principal (100% of the pool principal billed) for Series A PTC are promised on the final maturity date. Following the redemption of Series A PTC, the interest and principal (100% of the pool principal billed) for Series B PTC are promised on

¹ Financed amount is arrived at after discounting the financed amount of the trade receivables at a rate of 14% p.a.p.m. where financed amount would not be more than 85% of the total value of the invoices.

the final maturity date. There is an additional cushion of seven months between the expected maturity and legal maturity to factor in delays in payments from the Buyers².

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial disbursed amount, i.e. Rs. 0.70 crore, to be provided by the Originator, and (ii) subordination of 25.00% of the initial disbursed amount for Series A PTC and 10.00% of the initial disbursed amount for Series B PTC.

Key eligibility criteria for the receivables

The underlying receivables assigned to the trust will fulfil following criteria-

1. Invoices drawn by the Seller on the Buyer, where the Buyer has accepted his obligation to pay on a due date on a portal or on email, Good received Note with Inspection certificate and gate pass.
2. Client / Borrower should have relationship of at least 6 months with the Buyer and billing should be at least once in every quarter and it should be for the last 3 quarters
3. Any single invoice concentration if more than 3% of pool principal is not acceptable then the originator will replace the same.
4. **Single Buyer concentration should not be more than 10% of the pool principal. Two buyers in the pool may have a concentration upto 20% each provided they are rated "A" or better.**
5. Buyer should be rated A- (A minus) or better by a rating agency (CRISIL, ICRA, India Ratings, CARE, Infomeric) or should be from group A. If the buyer is rated, in the BBB range or in Group C, it would be fully insured by SBI General Insurance except for Cushman & Wakefield India Pvt Ltd and & Wellness Forever Medicare Limited.
6. The maximum concentration of buyers with rating of BBB, BBB+ combined, would be 10% which includes the TReDS assets too.
7. In case of unrated subsidiaries, parent rating would be considered if it is consolidated in the balance sheet. International Rating of subsidiaries of MNC would be considered with a minimum rating of BBB-.
8. Buyer should not be delinquent on any other financial obligations
9. No overdue invoices at the time of initial as well as subsequent assignments during the replenishment period
10. Receivables pertain to Trade Receivables of the originator.
11. Debtors should never have been in 30+ days past due (dpd) during 3 months prior to assignment to the pool prior to assignment Recourse on sellers with PG of promoters/indemnity and UDCs for 100% of pool principal
12. 100% of pool should have escrow collection from buyers and NOTA served
13. The pool could also include the receivables purchased from the Trade Receivables Discounting System (TReDS) platform with a predefined condition on the credit quality of the Buyer. The invoices would have to be 'confirmed' or 'accepted' and marked as 'scheduled for payment' by the Buyers. Buyers on TReDs should be as per Group B.
14. No single industry concentration to be more than 30% of the pool principal
15. On average the pool would fund not more than 85% of the total value of the invoices.
16. Buyers with a rating of A- or better may be added to the list of eligible Buyers, so long as all other conditions of the portfolio eligibility criteria are met.
17. Addition of new sellers into the pool so long as the buyers of the new sellers are covered in the above list.
18. A CA certificate would be submitted monthly certifying the compliance with the pool criteria.
19. **The minimum concentration of buyers with rating of A- and above, would be 90% of the pool.**

² The Originator has identified a set of eligible Sellers and Buyers for the transaction, which may change but will adhere to the pool eligibility criteria

Key trigger events for early amortisation

On the occurrence of any of the following trigger events, the replenishment period will end immediately with no further receivables being purchased and the PTCs will move to the amortisation period.

- Utilisation of cash collateral for making interest payment in full.
- Downgrade of the instrument below BBB- or equivalent short-term rating.
- Downgrade of Buyer rating by 2 notches for 25% of the pool
- 30+ dpd on the assigned pool breaches 25% of the pool
- More than 15% of the Pool is undeployed for 15 consecutive days.

Key rating drivers and their description

Credit strengths

Strong credit profile of the buyers whose invoices will be assigned -90% of the buyers are well-established and financially strong entities with domestic credit ratings of at least A category (as per the pool eligibility criteria) or are a part of established global conglomerates. Comfort can also be drawn from the predefined trigger events. The breach of any trigger events would lead to the early amortisation of the PTC instruments, thereby mitigating the risk of a deterioration in the credit quality of the buyers.

Stringent pre-defined eligibility criteria of the invoices supporting the quality of cover pool - The replenished pool will be guided by stringent eligibility criteria such that buyer should never have been in 30+ days past due (dpd) during 3 months prior to assignment to the pool. The eligibility criteria would ensure the quality of the pool in terms of the Buyers and the Sellers that can be considered, the maximum single Buyer concentration will not be more than 10% of the pool principal and two buyers in the pool may have a concentration upto 20% each provided they are rated "A" or better.

Presence of credit enhancement in form of cash collateral and subordination - The first line of support for Series A PTC in the transaction is in the form of a principal subordination of 25.00% of the eligible finance value of invoices (comprising the principal payable to Series B and Series C PTCs). Further, there is subordination of 10.00% of the eligible finance value of invoices (comprising the principal payable to Series C PTC) could be available for Series B PTC. A CC of Rs. 0.70 crore (5.00% of the disbursed amount³), to be provided by the originator, would act as further credit enhancement in the transaction. In the event of a shortfall in meeting the promised PTC payouts, the trustee will utilise the CC to meet the same. Further, there is a buffer of seven months between the expected and legal maturity date built into the transaction structure.

Credit challenges

Exposure to any delays in payments by buyers, as payment obligation from buyers is only a contractual payment - The trust would be seen as an operational creditor of the buyers. Therefore, the risk of non-payment by the Buyers can be deemed to be higher vis-à-vis the obligations to its financial creditors.

Relatively small share of procurement needs of Buyers being met by Sellers - While the originator has established relationships with most of the buyers, they would be meeting a relatively small share of the procurement needs of the buyers, given the large scale of operations of the latter.

³Disbursed amount for the transaction is Rs. 14 crore, which is arrived at after adjusting for margin and discounting the trade receivables at a rate of 14.0% p.a.p.m.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses in the pool. ICRA's rating assumption for the quality of the cash flows being securitised, along with the tenure of the payments, has been considered to estimate the default probability of each underlying Buyer payment. Additionally, a certain degree of correlation is assumed in the performance of the various entities in the pool as they are in the same sector/sub-sector. ICRA has also taken note of the Originator's track record in the business. Moreover, the cash flow modelling considers the assumptions regarding the build-up of delinquency/loss and the transaction structure.

Liquidity position: Adequate

As per the transaction structure, both the interest and the principal amount is promised to the PTC holders on the scheduled maturity date of the transaction. The cash flows from the pool and the available credit enhancement are expected to be adequate to meet the promised payouts to the Series A PTC and Series B PTC investors.

Rating sensitivities

Positive/Negative factors – The ratings are unlikely to be revised during the replenishment period. Any rating revision would depend on the performance of the underlying pool and the utilisation of credit enhancement during the amortisation period. Ratings could also be under pressure even if there are sustained delays observed in payments by Buyers to Sellers in normal course of business.

Analytical approach

The rating action is based on the legal structure of the transaction and factors in the payment mechanism along with the credit profile of the Buyers.

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology – Collateralised Debt Obligations
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 final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of Attorney
4. Legal opinion
5. Trustee letter
6. Other key or important documents executed for the transaction

Validity of the 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 this publication, 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

Incorporated in 2020, Arth Padarth Factors and Finance Private Limited is engaged in factoring and supply chain finance supporting MSMEs to manage their receivables and working capital cycle through receivable/payable and supply chain financing solutions. It carries on the business of factoring i.e., the business of acquisition by way of assignment of receivables of assignor for a consideration for the purpose of collection of such receivables or for financing/purchasing with or without recourse against such assignment. This includes domestic factoring, supply chain finance for vendors and dealers, collection and dunning services, platform-based invoice discounting services for anchor running vendor and dealer finance programmes with various financial institutions. It also participates as NBFC Factor in the Trade Receivables Discounting System (TReDS) platform for facilitating the financing/discounting of trade receivables of MSMEs.

Key financial indicators

As per Ind-AS	FY2023	FY2024	FY2025	FY2026
	Audited	Audited	Audited	Provisional
Total income	0.58	2.17	3.56	8.93
Profit after tax (PAT)	-1.78	-0.75	-0.19	0.47
Gross loan portfolio	4.00	6.54	15.93	50.93
Gross stage 3	0.0%	0.0%	0.0%	4.3%
Net stage 3	0.0%	0.0%	0.0%	3.8%

Source: Company, ICRA Research; All ratios are 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	Current Rating (FY2027)			Chronology of Rating History for the Past 3 Years		
	Instrument	Current Rated Amount (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
REST 14	Series A PTC	10.50	Provisional [ICRA]A-(SO) June 17, 2026	-	-	-
	Series B PTC	2.10	Provisional [ICRA]BBB-(SO)	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%)These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: 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.

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A PTC	Highly complex
Series B PTC	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 II: Instrument details

Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate (p.a.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
REST 14	Series A PTC	To be issued	11.10%	21 months post issuance	10.50	Provisional [ICRA]A-(SO)
	Series B PTC	To be issued	12.88%	21 months post issuance	2.10	Provisional [ICRA]BBB-(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis - Not applicable

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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.

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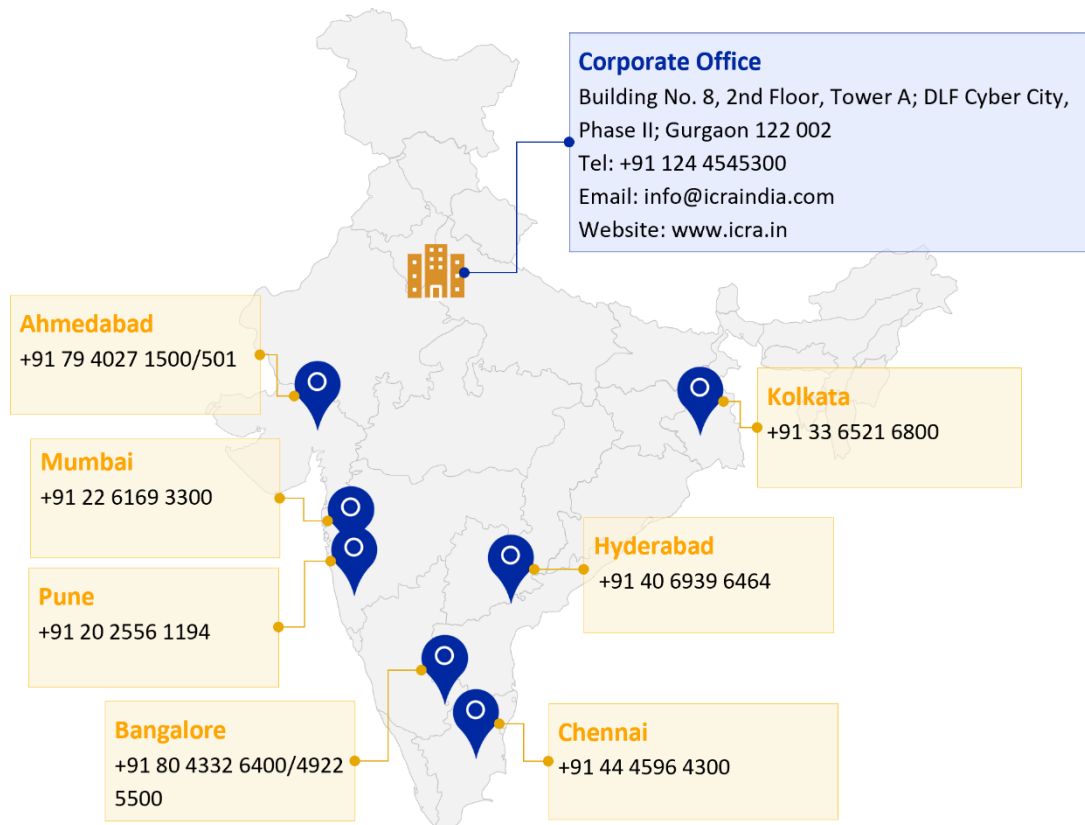
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