

Bond Basket 01 2024

Seller/Assignor: Credence Family Office Private Limited

March 05, 2024

Obligation [#]	Structure	PTC Payout (₹ crore)	Tenure* (months)	Rating ¹	Rating Action
Series A1 PTCs	Premium (UP)	19.98	28	Provisional CARE BBB- (SO)	Revised from Provisional CARE BBB (SO)

Details of instruments/facilities in Annexure-1.

The pass-through certificates (PTCs) are rated for ultimate payment of principal by final legal maturity. Residual cash flow will be passed on to PTC Investors.

* Tenure / door-to-door maturity may change due to prepayments or changes in interest rates, if any.

Rating in the absence of the pending steps/documents

No rating can be assigned

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has revised the rating of the Series A1 PTCs to 'Provisional CARE BBB- (SO)' [pronounced as 'Triple B minus (Structured Obligation)'] from 'Provisional CARE BBB (SO)'. The Series A1 PTCs are proposed to be issued by special purpose vehicle (SPV) ("Bond Basket 01 2024") backed by multiple non-convertible debentures (NCDs) to be sold to the SPV by Credence Family Office Private Limited ('the assignor' or 'the seller', "CFPL").

The rating of the PTCs is revised based on the downward revision in the rating of Ashv Finance Limited, one of the underlying issuers. There is no external credit enhancement in the structure. The rating will be confirmed after copies of the legal documents executed in accordance with the structure, and an independent legal opinion is furnished by the assignor, to the satisfaction of CARE Ratings.

The final rating will be assigned after copies of the following documents, duly executed in accordance with the structure and to the satisfaction of CARE Ratings, are furnished by the CFPL:

1. Sale and purchase agreement in respect of the NCDs from the initial holder of the NCDs to the Assignor
2. Trust deed
3. Assignment agreement
4. Servicing agreement
5. Accounts agreement
6. Power of attorney
7. Legal opinion
7. Any other documents executed for the transaction.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Upward revision in the standalone rating of the issuers.

Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Non-adherence to key transaction terms envisaged at the time of the rating.
- Downward revision in the standalone rating of any of the issuer below the rating of the PTC.
- Delay in payment by SPV to PTC holders or deduction of tax at source by issuer while making payment to SPV.

Analytical approach

The rating assigned is based on the credit profiles of the underlying NCD issuers and evaluation of transaction structure.

¹Complete definition of the ratings assigned are available at www.careedge.in and in other CARE publications.

Detailed description of the key rating drivers

The transaction is structured at premium and the future cash flow of the pool will be discounted at 11.003% XIRR to the pay in date to arrive at the purchase consideration for the NCDs. The principal for the Series A1 PTCs is promised to be paid on or before the final legal maturity. The investors may, however, receive the principal and expected interest repayment on a monthly basis. The expected principal payment for PTCs shall be as per the repayment schedule. Any residual cashflow (excess of money realised from underlying assets over Series A1 PTC principal) will be paid to the PTC holders.

There is no external Credit Enhancement (CE) available in the structure. The issuers, the NCDs of which would be assigned to the trust, have standalone ratings in the BBB category. The transaction comprises NCD contracts issued by five issuers and the top issuer in the pool constitutes around 27% of the pool principal.

Key strengths:

- Diverse business profiles among borrower entities along with moderate to strong credit profiles.
- The robustness of transaction structure and well-defined payment mechanism.

Key weaknesses:

- No external credit enhancement in the structure.
- High obligor concentration with the entire pool coming from only five entities.

Liquidity: Adequate

The inherent liquidity in the structure is adequate, considering the liquidity profiles of the underlying obligors. Ultimate principal payouts for Proposed PTCs are promised to be paid by final legal maturity date.

Key rating assumptions

The transaction structure does not envisage any CE. Hence, the ratings of the entities in the pool have been taken into account while assigning the rating to the PTCs. Since there is no external CE in the structure, the default probability on the PTCs is in line with the default probability of the lowest-rated obligor in the pool.

Applicable criteria

[Policy on Default Recognition](#)

[Assignment of Provisional rating](#)

[CARE Ratings' methodology for asset/mortgage-backed securitisation](#)

Validity of the Provisional rating

The provisional rating will be converted into a final rating after the receipt of the transaction documents duly executed within 90 days from the date of issuance of the instrument. An extension of 90 days may be granted on a case-to-case basis in line with CARE Ratings' Policy on assignment of Provisional Ratings.

Risks associated with the Provisional nature of the credit rating

When a rating is assigned pending execution of certain critical documents or steps to be taken, the rating is a 'Provisional' rating indicated by prefixing 'Provisional' before the rating symbol. On execution of the critical documents to the satisfaction of CARE Ratings, the final rating is assigned by CARE Ratings. In the absence of receipt of documents or in case such documents deviate significantly from the transaction structure considered by CARE Ratings, the provisional rating will be reviewed / withdrawn in line with the Policy on Assignment of Provisional Ratings, and it may be possible that no rating may be assigned.

About the Assignor / Seller

Industry Classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Securitisation

Credence Family Office Private Limited (CFPL) is service provider to family offices, founded in 2010. Its operations are managed by Mr Mitesh Shah, who is the co-founder and CEO. The company is headquartered in Bangalore with offices in Mumbai, Chennai and Delhi as well. The firm caters to the financial needs of a niche set of clientele globally. Services are customised to the specific needs of each client and include holistic investment advisory on an open architecture platform, tax advisory (domestic and overseas), estate planning and legal assistance.

Key financial indicators - CFPL

Particulars	FY22 (A)	FY23 (A)	H1FY24 (P)
Total income (₹ crore)	15.07	20.34	8.87
PAT (₹ crore)	0.53	1.59	0.11
Total assets (₹ crore)	8.68	10.61	9.65
Net NPA (%)	-	-	-
Net Worth (₹ crore)	4.49	6.08	6.88

A: Audited; P: Provisional; Note: 'the above results are latest financial results available'.

About the NCD Issuer

Ashv Finance Limited (rated 'CARE BBB-; Negative')

Ashv Finance Ltd (AFL) is a non-banking financial company (NBFC) incorporated in February 1998. On October 08, 2020, the company received the approval from Registrar of Companies for change in the name of the company from "Jain Sons Finlease Ltd" to "Ashv Finance Ltd". Ashv is a phygital-led NBFC empowering the small and emerging businesses of India. It is engaged in funding the micro, small and medium enterprises (MSME) sector through various products both secured and unsecured financing within focus sectors of financial services, clean energy, water & sanitation, agriculture & rural business, healthcare, and education & vocational training. The company is promoted by the Aavishkaar group since 2011 which is focused on developing the impact ecosystem in the continents of Asia and Africa. The group is led by Vine et Rai, who is the founder and Chairman of the group. AFL started its lending operations in 2013 with venture-debt financing. In mid FY19, the revamping of the business model was done from venture debt financing to small ticket size business loan.

Key financial indicators - AFL

Particulars	FY22 (A)	FY23 (A)	9MFY24 (P)
Total income (₹ crore)	128.52	220.85	139.75
PAT (₹ crore)	5.47	6.07	-65.77
Net worth (₹ crore)	230	193	163
Net NPA (%)	2.04%	2.58%	4.92%
ROTA (%)	0.72%	0.59%	-7.97%

A: Audited; P: Provisional; Note: 'the above results are latest financial results available'.

Amrit Malwa Capital Limited (rated 'CARE BBB; Stable')

Incorporated on June 24, 1987, AMCL is a limited company providing finance for the purchase of two-wheelers and operates in rural locations through a network of 38 branches spread across Punjab, Himachal, Rajasthan, Haryana, and Chandigarh. AMCL is also registered as a deposit-accepting non-banking finance company (NBFC) (NBFC-D) with the Reserve Bank of India (RBI). In May 2018, one NBFC entity of the Amrit group, Malwa Ludhiana Motor Finance Ltd, was merged into another entity of the same group, Amrit Hire Purchase Limited, and the name of Amrit Hire Purchase Limited was changed to Amrit Malwa Capital Limited. Moreover, to consolidate and streamline AMCL's shareholding pattern and increase the promoter stake, the company also created a CIC in FY19. Subsequently, any new equity infusion in AMCL is now solely done via CIC. As on September 30, 2023, AMCL had assets under management (AUM) of about ₹524 crore with more than 97,000 active clients. AMCL is promoted by Ajit Pal Singh, who owned 29% shareholding in the company, and the promoters collectively owned 75.59% shareholding as on September 30, 2023.

Key financial indicators - AMCL

Particulars	FY22 (A)	FY23 (A)	H1FY24 (P)
Total income (₹ crore)	60.43	83.03	55.19
PAT (₹ crore)	4.84	8.06	5.23
Net worth (₹ crore)	55.35	69.02	82.49
Net NPA (%)	2.61%	2.01%	1.83%
ROTA	1.48%	1.92%	2.02%

A: Audited; P: Provisional; Note: 'the above results are latest financial results available'.

Lendingkart Finance Limited

Lendingkart Finance Limited (formerly Aadri Infin Limited) is a part of Lendingkart group, which is registered as an NBFC which caters to the loan requirements of MSE borrowers across various industries and sectors. Lendingkart Technologies Private Limited, the technology arm of the Ahmedabad-based Lendingkart group, holds a 100% stake in LFL. The group was established in April 2014 by one of the co-founders, Harshvardhan Lunia, and raised funds from FFH, Saama Capital, Mayfield India, India Quotient, Bertelsmann India Investments, Sistema Asia Fund and Darrin Capital Management. Loans are given to micro and small enterprises for meeting their working capital needs. The underwriting is based on the scoring by a proprietary algorithm.

Key financial indicators - LFL

Particulars	FY22 (A)	FY23 (A)	H1FY24 (P)
Total income (₹ crore)	639	824	554
PAT (₹ crore)	-141	116	55
Net worth (₹ crore)	514	680	788
Net NPA (%)	1.67%	1.50%	0.80%
ROTA	-5.63%	4.32%	3.50%

A: Audited; P: Provisional; Note: 'the above results are latest financial results available'.

Bhanix Finance and Investment Limited (rated 'CARE BBB; Stable')

Incorporated in 1996, Bhanix Finance and Investment Limited (BFIL) is registered as a NBFC with RBI. It was acquired by Aeries Financial Technologies Private limited (AFTPL) in 2017 with a 99.99% stake. The 99.99% stake continues to remain as on date. BFIL provides short-term unsecured personal loans through its technology platform, CASHe. CASHe uses technology combined with data analytics and proprietary algorithms to map young professionals based on Social Loan Quotient - their mobile, digital footprint and their social behaviour patterns to assess their credit worthiness. All loans are disbursed through CASHe application which are underwritten by BFIL. The lending model is entirely digital, and BFIL has no branches. As on December 31, 2022, the stakeholders of AFTPL are Aeries Technology Group (ATG; 23.84%), TSLC Pte Ltd (51.13%) (a Singapore-based company which operates in financial technology), AFT ESOP trust (7.96%), Aark Singapore (2.99%) and other investors (14.08%). Raman Kumar, Chairman of BFIL, and Deepak Saluja (Co-founder) hold a controlling stake (58.25%) in TSLC Pte. Ltd

Key financial indicators - BFIL

Particulars	FY22 (A)	FY23 (A)	9MFY24 (P)
Total income (₹ crore)	244	527	488
PAT (₹ crore)	20	8	7
Net worth (₹ crore)	265	268	323
Net NPA (%)	2.47%	3.42%	2.01%#
ROTA	-5.63%	4.32%	3.50%

A: Audited; P: Provisional; Note: 'the above results are latest financial results available'. #8MFY24 numbers.

Kinara Capital Private Limited (rated 'CARE BBB; Positive')

Kinara Capital Private Limited (KCPL) was incorporated in New Delhi in 1996 and registered as an NBFC and obtained the Certificate of Registration from the Reserve Bank of India (RBI) on March 23, 2000. KCPL was taken over by the current promoter, Hardika Shah, in 2011, and subsequently, the registered office was moved to Bengaluru in 2013, and it obtained a fresh Certificate of Registration from the RBI on August 27, 2013. KCPL provides collateral free loans under the brand name 'Kinara Capital' in the range of ₹1 lakh to ₹30 lakh to micro and small businesses in manufacturing, trading and services for asset purchase, business development or working capital need, at a rate of 22-33% for a tenure of 12-60 months. As on December 31, 2022, KCPL operates from 125 branches spread across six states and one Union Territory, with an employee base of 1,592, and of the AUM of ₹1,993 crore, 34% is concentrated towards Tamil Nadu. As on December 31, 2022, on a fully dilutive basis, 8.9% is held by the promoter, Ms Hardika Shah, including compulsory convertible debentures (CCDs). Other major shareholders were Nuveen Global Impact Fund India S.À R.L, Gaja Capital and Affiliates, Gawa Capital and Affiliates, Patamar Capital and Affiliates, Michael & Susan Dell Foundation, British International Investment, Pettelaar Effectenbewaarbeprijf N.V., Visage Trust, Sorenson Impact Foundation, Mesoloan LLC, John Ayliffe, and Kinara Capital holdings Pte Limited.

Key financial indicators - KCPL

Particulars	FY22 (A)	FY23 (A)	H1FY24 (P)
Total income (₹ crore)	289	492	347
PAT (₹ crore)	15	41	50
Net worth (₹ crore)	240	681	712
Net NPA (%)	6.0%	4.6%	2.2%
ROTA	1.13%	2.08%	3.80%

A: Audited; P: Provisional; Note: 'the above results are latest financial results available'.

Status of non-cooperation with the previous CRA: Not applicable

Any other information: Nil

Rating history for the last three years: Please refer to Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments: Please refer to Annexure-4

Lender details: Please refer to Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Pass-through certificates	-	-	-	19.98	Provisional CARE BBB- (SO)

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1.	Pass-through certificates	LT	19.98	Provisional CARE BBB- (SO)	1)Provisional CARE BBB (SO) (15-Feb-24)	-	-	-

LT- Long term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities

Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Pass-through certificates	Highly complex

Annexure-5: Lender details

Not applicable

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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