

January 15, 2024

Arth Padarth Factors and Finance Private Limited: Rating withdrawn for PTCs issued under a securitisation transaction backed by trade receivables

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount	Amount O/s after Last Surveillance (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
REST 2 PTC	Series A1 PTC	3.27	NA	0.00	Provisional [ICRA]BBB-(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the provisional rating assigned to pass-through certificates (PTCs) backed by a pool of trade receivables arising from invoices discounted by Arth Padarth Factors and Finance Private Limited (AP Factors/originator). The rating has been withdrawn following the intimation from AP Factors that the instrument was not issued.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The 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

Arth Padarth Factors and Finance Private Limited (AP Factors) is an institution 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 is registered as a non-deposit taking, factoring non-banking financial company (NBFC-ND Factor). 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.

Exhibit 1: Key financial indicators (audited)

	FY2021	FY2022	9M FY2023*
Total income	0.05	0.17	0.36
Profit after tax	-0.07	-0.55	-0.46
Gross loan portfolio	0.00	0.72	2.61
Gross stage 3^	0%	0%	0%
Net stage 3^	0%	0%	0%

Source: Company, ICRA Research, * provisional financials

Amount in Rs. Crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Trust Name	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years		
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					Jan 15, 2024	Apr 19, 2023			
1	REST 2 PTC	Series A1 PTC	3.27	0.00	Provisional [ICRA]BBB-(SO); withdrawn	Provisional [ICRA]BBB-(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
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](#)

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. crore)	Current Rating
REST 2 PTC	Series A1 PTC	April 2023	10.00%	July 2024	0.00	Provisional [ICRA]BBB-(SO); withdrawn

* Scheduled PTC maturity date at transaction initiation; may change on account of prepayments

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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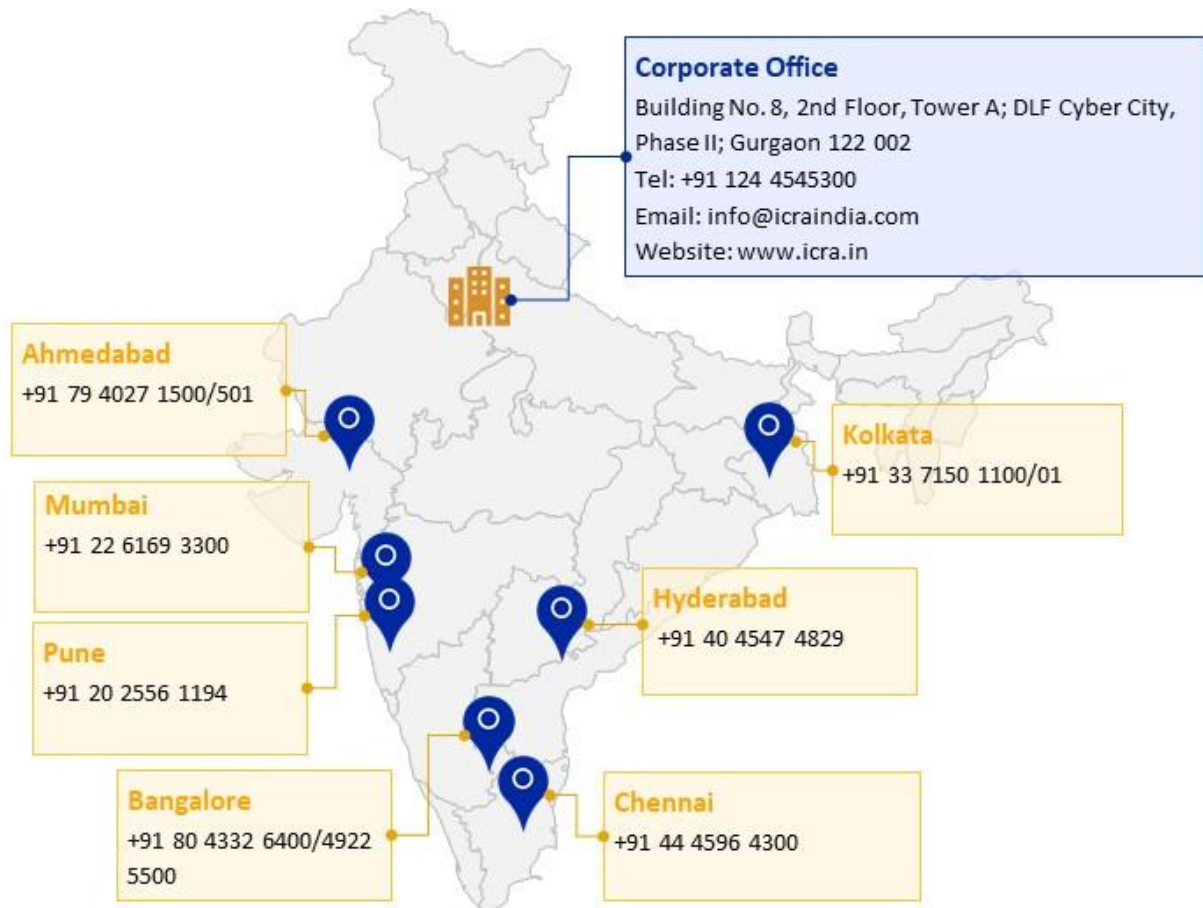
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