

May 07, 2024^(Revised)

Aviom India Housing Finance Pvt Ltd: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture	60	60	[ICRA]BBB+ (Stable); downgraded to [ICRA] D and simultaneously upgraded to [ICRA]BBB+ (Stable)
Non-convertible debenture	165	165	[ICRA]BBB+ (Stable); outstanding
Total	225	225	

*Instrument details are provided in Annexure I

Rationale

On May 3, 2024, Aviom Housing Finance Pvt. Ltd. (AIHFPL) reported that it had inadvertently made a payment of the entire debt obligation, which was due on April 30, 2024, with respect to ISIN INE0E2307195 (total allotment quantity = 6,000 units) to Northern Arc Capital Limited (holding 5,871 units) rather than also to select other beneficiary debenture holders (holding 129 units). This implied a delay in the servicing of debt to the latter set of debenture holders. However, after checking the same in the beneficial ownership position system (BENPOS) and with the debenture holder (Northern Arc Capital Limited), the interest and the principal amount, aggregating Rs. 14,10,460, were transferred by AIHFPL on May 3, 2024 to the respective accounts of the other beneficiary debenture holders to whom the NCDs had been transferred earlier during the quarter by Northern Arc Capital Limited.

The delay with respect to the debt servicing on the specific NCDs was due to operational issues even as AIHFPL had adequate liquidity on the day when the payments were due. Accordingly, ICRA has downgraded the rating of the aforesaid ISIN to [ICRA]D in accordance with its Policy on Default Recognition.

The above rating has also been simultaneously upgraded to [ICRA]BBB+ (Stable) based on ICRA's understanding that this event was a one-off on account of operational issues, and that it does not reflect the lack of ability or willingness on the part of AIHFPL to service its debt obligations. For the same reason, the ratings of the other instruments remain unaffected. As per the ALM profile as on March 31, 2024, the company had unencumbered cash and liquid investments of about Rs. 148 crore. Further, the company has debt repayments of Rs. 335 crore over the 12-month period ending March 31, 2025 against which expected inflows are Rs. 148 crore. Liquidity profile is also supported by the demonstrated ability to refinance debt and raise capital as and when required.

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies Policy on default recognition
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

AIHFPL started operations in 2016 and 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 LAP to low-income families from the informal sector with a strong focus on women, thereby promoting women empowerment.

In 9M FY2024, the company reported a profit after tax (PAT) of Rs. 39.5 crore on a total gross asset base of 1,771 crore as on December 31, 2023, as compared to a PAT of Rs. 16.1 crore in FY2023 on a total gross asset base of Rs. 1,276.5 crore as on March 31, 2023. As on December 31, 2023, the company had a net worth of Rs. 398 crore and a managed gearing of 3.4 times compared to a net worth of Rs. 287.5 crore and a managed gearing of 3.3 times as on March 31, 2023.

Key financial indicators

	FY2021 Audited	FY2022 Audited	FY2023 Audited	9M FY2024 Provisional
Total income	87.5	158.0	241.9	299.5
Profit after tax	(0.6)	12.2	16.1	39.5
Total managed assets	527.1	947.5	1,309.7	1930.5
Return on managed assets	-0.2%	1.7%	1.4%	3.3%
Reported gearing (times)	5.0	4.5	3.2	3.0
Managed gearing (times)	5.0	4.7	3.3	3.4
Gross stage 3	-	0.3%	0.6%	0.7%
CRAR	24.7%	31.5%	40.6%	30.8%

Source: AIHFPL, ICRA Research; Amount in Rs. Crore; All calculations are as per ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years						
		Amount Rated (Rs. crore)	Date & Rating	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022		
			May 07, 2024	Dec 29, 2023	Oct 27, 2023	Dec 06, 2022	Oct 25, 2022	Oct 28, 2021	Aug 20, 2021	
1	Non-convertible debenture	Long term	165	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)
2	Non-convertible debenture	Long term	60	[ICRA]BBB+ (Stable); downgraded to [ICRA]D and simultaneously upgraded to [ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)

Source: ICRA Research; *As on May 07, 2024

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debenture	Simple

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 (as on May 07, 2024)

ISIN	Instrument Name	Date of allotment	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE0E2307179	NCD	Oct-27-2021	15.00%	Sep-28-2026	30.00	[ICRA]BBB+ (Stable)
INE0E2307161	NCD	Dec-23-2022	11.50%	Dec-23-2028	24.54	[ICRA]BBB+ (Stable)
INE0E2307153	NCD	Dec-28-2022	13.25%	Dec-04-2026	57.86	[ICRA]BBB+ (Stable)
INE0E2307187	NCD	Jul-07-2023	10.90%	Jul-07-2026	24.51	[ICRA]BBB+ (Stable)
INE0E2307195	NCD	Jan-31-2024	11.75%	Jan-31-2027	60.00	[ICRA]BBB+ (Stable)
Yet to be placed	NCD	NA	NA	NA	28.09	[ICRA]BBB+ (Stable)

Source: AIHFPL, ICRA Research

Annexure II: List of entities considered for consolidated analysis – Not applicable
Corrigendum

Document dated May 07, 2024 is corrected with revisions as detailed below:

Revision: Page 3- Rating history for May 07, 2024 is revised to "[ICRA]BBB+ (Stable);downgraded to [ICRA]D and simultaneously upgraded to [ICRA]BBB+ (Stable)

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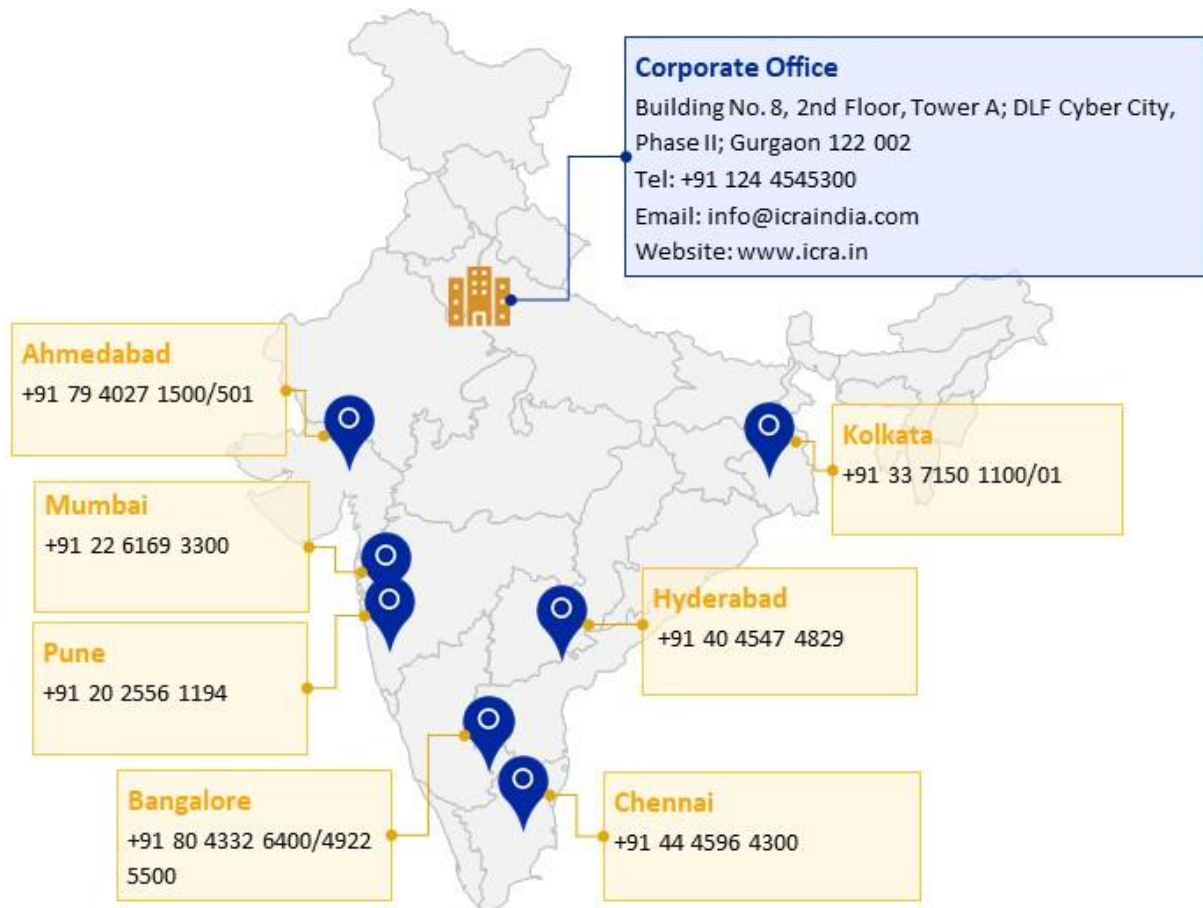


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