

July 15, 2022

Vivriti Capital Private Limited: ICRA withdraws ratings for loans given under Vivriti Capital MBCEL VII 2019 transaction

Summary of rating action

S. No.	Borrower Name	Initial Loan Amount (Rs. crore)	Amount o/s after previous exercise (Rs. crore)	Current Amount (Rs. crore)	Rating Action
1	Midland Microfin Limited	12.50	3.06	0.00	[ICRA]A-(CE) (Stable); Withdrawn
2	Up Money Ltd.	5.00	1.26	0.00	[ICRA]A-(CE) (Stable); Withdrawn
3	Berar Finance Limited	12.50	3.05	0.00	[ICRA]A-(CE) (Stable); Withdrawn

Note: The CE suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned.

Rationale

Under a multi-borrower credit enhanced loan (MBCEL) programme, viz. Vivriti Capital MBCEL VII 2019, the lender had provided loans to six borrower entities¹. ICRA has withdrawn the rating for three entities, as detailed in the exhibit above, as the said instruments have been fully redeemed by the respective companies and there is no amount outstanding against the instruments. The rating was withdrawn in accordance with ICRA's policy on withdrawal and suspension.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale 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 guarantor

Vivriti Capital Private Limited

Vivriti Capital Private Limited is a registered non-deposit taking systemically important non-banking financial company (NBFC-ND-SI). Promoted by Mr. Vineet Sukumar and Mr. Gaurav Kumar in June 2017, Vivriti provides diverse debt financing solutions including loans, working capital finance and trade finance to NBFCs and other enterprises. It has also started expanding its presence in the retail segment through various co-lending partnerships with other NBFCs.

In FY2022, on a standalone basis, Vivriti reported a net profit of Rs. 67.4 crore on total managed assets of Rs. 4,824.4 crore while it reported a net profit of Rs. 30.0 crore on total managed assets of Rs. 2,244.6 crore in FY2021.

¹ The ratings for three entities under this borrowing programme were withdrawn earlier in December 2020 and November 2021 in accordance with ICRA's policy on withdrawal and suspension.

Vivriti has a subsidiary, Vivriti Asset Management Private Limited (VAM), which manages alternative investment funds (AIFs). VAM manages seven funds with a combined AUM of Rs. 1,270.5 crore as on March 31, 2022. In Q3 FY2021, Vivriti demerged its technology platform into a subsidiary company, Yubi (erstwhile CredAvenue Private Limited). Yubi raised its first round of capital of Rs. 661 crore from various private equity investors including Lightspeed, Lightrock, TVS Capital, etc, in September 2021. On the basis of the shareholders' agreement, Vivriti did not retain control over Yubi, which became an associate of the company from September 2021. For the detailed rating rationale on VCPL, please refer to this [link](#).

Key financial indicators (audited) – IndAS

Vivriti Capital Private Limited (standalone)	FY2020	FY2021	FY2022
Total income	148.2	225.1	351.7
Profit after tax	10.3	30.0	67.4
Net worth	663.5	797.1	1,196.2
AUM	1,009	1,905	3,880
Total managed assets	1,545.6	2,244.6	4,824.4
RoMA	1.0%	1.6%	1.9%
Return on net worth	2.3%	4.1%	6.8%#
Gearing (times)	1.2	1.7	3.0*
Gross NPA	0.7%	0.3%	0.3%
Net NPA	0.1%	0.0%	0.07%
CRAR	64.5%	40.3%	29.57%

About the borrowers

Midland Microfin Limited

Midland Microfin Limited (MML) is a registered NBFC-MFI, which started microfinance operations in January 2011. MML was initially engaged in the hire purchase business and had been incorporated in 1988 under the name Sajan Hire Purchase Pvt Ltd. Sajan Hire Purchase was acquired by Mr. Amardeep Samra's Midland Group in 2010. The company got registered with the RBI as an NBFC-MFI in January 2015. As on October 31, 2021, Midland operated in 11 states and 1 union territory through its network of 253 branches.

During FY2022, the entity reported a net profit of Rs. 22.3 crore, translating into return on average managed assets (RoMA) of 1.7% and return on average net worth of 11.4% as against Rs. 14.6 crore, 1.5% and ,11.2% respectively in FY2021.

Key financial indicators

Midland Microfin Limited	FY2020	FY2021	FY2022
Total income	184.1	192.3	219.8
Profit after tax	18.7	14.6	22.3
Total Assets	978	1,095.6	1,569.0
Gross NPA%	0.57%	1.20%	3.07%
Net NPA%	0.05%	0.22%	0.96%

Source: ICRA research; All values (in Rs. crore) and ratios are as per ICRA calculations

Up Money Limited

Up Money Limited is an NBFC registered with the RBI, operating in Punjab and nearby suburbs. It started operations in November 2014, post the acquisition of Sukhjit Finance Ltd, and its name was changed to UP Money Limited w.e.f. March 2, 2015. The company offers affordable financing for new two-wheeler loans, MSME secured loans (secured through property) and MSME unsecured loans (joint liability group; JLG) mainly for rural livelihood advancement. The aim is to provide finance for income-generating activities, socio-economic development and financial inclusion. The company's promoters are the

Chawla family. As on June 30, 2021, UP Money Limited's AUM stood at Rs. 264.5 crore comprising MSME unsecured (JLG; 60%), new two-wheeler (29%) and MSME secured (11%) loans and it operates through 55 branches spread across Punjab (80%), Haryana (13%), Chandigarh (2%), Rajasthan (3%), Himachal Pradesh (1%) and Uttarakhand (0%).

Key financial indicators

Up Money Limited	FY2020 (Audited)	FY2021 (Audited)
Profit after Tax (Rs. crore)	10.8	7.3
Net Worth (Rs. crore)	69.2	76.5
Assets under Management (Rs. crore)	336.3	284.4
Total Assets (Rs. crore)	305.0	259.2
Total Managed Assets (Rs. crore)	401.8	340.8
Return on Assets (%)	3.7%	2.6%
Return on Net Worth (%)	18.1%	10.1%
Gearing (times)	3.2	2.2
CRAR (%)	27.1%	35.9%
Gross NPA (%)	1.7%	1.7%
Net NPA (%)	1.4%	1.4%

Source: Up Money & ICRA Research

Berar Finance Limited

Berar Finance Limited (BFL) is a Nagpur-based public, unlisted, deposit-taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). The company is promoted by Mr. M. G. Jawanjar and was incorporated in 1990. BFL primarily finances two-wheelers (2Ws). It also provides used car loans, commercial vehicle loans, agriculture equipment loans and personal loans.

While its operations are concentrated in Maharashtra, BFL has, over the years expanded to five other states, i.e. Chhattisgarh, Madhya Pradesh, Telangana, Gujarat and Karnataka. As on December 30, 2021, the company's loan book was Rs. 832 crore. In 9M FY2022 (provisional), BFL reported a profit after tax (PAT) of Rs. 14.5 crore on operating income of Rs. 60 crore vis-à-vis a PAT of Rs. 15.3 crore on operating income of Rs. 67 crore in FY2021. As on December 31, 2021, the company's total asset base was Rs. 955 crore and its gearing was 4.83 times. For the detailed rating rationale on BFL, please refer to this [link](#).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years			
		Borrower	Initial Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					Jul 15, 2022	Nov 09, 2021	Mar 31, 2021	Dec 10, 2020	Jan 2, 2020
1	Vivriti Capital MBCEL VII 2019	Midland Microfin Limited	12.50	0.00	[ICRA]A-(CE) (Stable); Withdrawn	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)
		Indel Money Limited	10.00	0.00	-	[ICRA]A-(CE) (Stable); Withdrawn	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)

	Yogakshemam Loans Limited	5.00	0.00	-	[ICRA]A-(CE) (Stable); Withdrawn	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)
	Up Money Ltd.	5.00	0.0	[ICRA]A-(CE) (Stable); Withdrawn	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)
	Berar Finance Limited	12.50	0.00	[ICRA]A-(CE) (Stable); Withdrawn	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)
	S.M.I.L.E. Microfinance Limited	15.00	0.00	-	-	-	Provisional [ICRA]A-(CE)(Stable); Withdrawn	Provisional [ICRA]A-(CE)(Stable)

Complexity level of the rated instruments

Borrower Name	Complexity Indicator
Midland Microfin Limited	Very Simple
Up Money Ltd.	Very Simple
Berar Finance Limited	Very 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, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No.	Transaction Name	Borrower Name*	Date of Issuance	Interest Rate [^]	Scheduled Maturity Date	Rated Amount (Rs. crore)	Current Rating
Not Applicable	Vivriti Capital MBCEL VII 2019	Midland Microfin Limited	Dec 2019	Blended yield of 12.5%	Feb 2022	0.00	[ICRA]A-(CE) (Stable); Withdrawn
		Up Money Ltd.				0.00	[ICRA]A-(CE) (Stable); Withdrawn
		Berar Finance Limited				0.00	[ICRA]A-(CE) (Stable); Withdrawn

* Term loans rated for all borrowers

[^] Weighted average interest rate to lender

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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Branches



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