

September 14, 2022

Vistaar Financial Services Pvt Ltd: Rating withdrawn for assignee payouts backed by small business loan securitisation transaction

Summary of rating action

| Transaction Name | Instrument* | Initial Amount Rated (Rs. crore) | Amount outstanding after last surveillance (Rs. crore) | Current Amount Outstanding (Rs. crore) | Rating Action |
|------------------------------------|------------------|----------------------------------|--|--|-------------------------|
| Vistaar UBI DA Pool Oct 2019 (PCG) | Assignee Payouts | 66.67 | 21.24 | 0.00 | [ICRA]AA(SO); Withdrawn |

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the rating for assignee payouts issued under small business loan securitisation transaction originated by Vistaar Financial Services Pvt Ltd (VFSPL; rated [ICRA]A(Stable)/[ICRA]A1), as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous 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 company

VFSPL is a Bengaluru-based non-banking financial company (NBFC) catering to small businesses. It commenced operations in 2010 with focus on microfinance (MF) loans. However, it shifted its focus to providing loans to micro, small and medium enterprises (MSMEs) in rural and semi-urban areas from April 2011 and stopped disbursing new MF loans from August 2011. The company mainly provides small business mortgage loans (SBMLs). Small businesses funded by VFSPL include kirana/general stores/shops, power/auto/handlooms, dairy and allied products, and small manufacturing units.

VFSPL is promoted by Mr. Brahmanand Hegde and Mr. Ramakrishna Nishtala, who have prior experience in the retail lending business. The company received a capital of Rs. 25 crore from two PE investors till March 2012. It subsequently raised an additional capital of Rs. 40 crore as compulsorily convertible preference shares (CCPS) in FY2013 and Rs. 160 crore in Q1 FY2015. In FY2016, VFSPL received another capital infusion of about Rs. 250 crore from the existing investors. The company operates through 191 branches in 12 states/UTs, including Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Odisha, Uttar Pradesh, Andhra Pradesh, Telangana, Haryana and Delhi as of March 2022.

Key Financial Indicators

| VFSP | FY2021 (Audited) | FY2022 (Audited) |
|-------------------------------------|---------------------|---------------------|
| Total Income (Rs. crore) | 390.8 | 433.6 |
| Profit after Tax (Rs. crore) | 64.8 | 74.2 |
| Total managed portfolio (Rs. crore) | 2,050.7 | 2,419.9 |
| Gross stage 3 (%) | 3.2% | 2.7% |
| Net stage 3 (%) | 2.2% | 1.9% |

Amounts in Rs. crore; Source: Company & ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Sr. No | Transaction name | Instrument | Current Rating (FY2023) | | | Chronology of Rating History for the past 3 years | | | |
|--------|------------------------------------|------------------|--------------------------|--------------------------------|-------------------------|---|-------------------------|-------------------------|--------------------------|
| | | | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating | Date & Rating in FY2022 | Date & Rating in FY2021 | Date & Rating in FY2020 | |
| | | | | | | | | March 13, 2020^ | November 07, 2019 |
| | | | | | | | | | |
| 1 | Vistaar UBI DA Pool Oct 2019 (PCG) | Assignee Payouts | 66.67 | 0.00 | [ICRA]AA(SO); withdrawn | [ICRA]AA(SO) | [ICRA]AA(SO) | [ICRA]AA(SO) | Provisional [ICRA]AA(SO) |

^Rs.16.67 crore rating was withdrawn in Mar-20 and rating for the balance amount was finalised

Complexity level of the rated instrument

| Trust Name | Instrument | Complexity Indicator |
|------------------------------------|------------------|----------------------|
| Vistaar UBI DA Pool Oct 2019 (PCG) | Assignee Payouts | 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-I: Instrument details

| Transaction Name | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. Crore) | Current Rating and Outlook |
|------------------------------------|------------------|-----------------------------|-------------|---------------|--------------------------|----------------------------|
| Vistaar UBI DA Pool Oct 2019 (PCG) | Assignee Payouts | October 2019 | 9.99% | October 2026 | 0.00 | [ICRA]AA(SO); Withdrawn |

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Gaurav Mashalkar

+91 22 6114 3431

gaurav.mashalkar@icraindia.com

Priya Gounder

+91 22 6114 3454

priya.gounder@icraindia.com

Ritu Rita

+91 22 6114 3409

ritu.rita@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.