

October 17, 2022

Northern Arc Capital Limited: Ratings withdrawn for PTCs under securitisation transaction issued by Dirichlet Mosec June 2021, backed by a pool of microloan receivables

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Dirichlet Mosec June 2021	PTC Series A1	37.73	37.73	0.00	[ICRA]A-(SO); Withdrawn
	PTC Series A2	0.83	0.83	0.00	[ICRA]BBB+(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under a microfinance loan receivables transaction originated by multiple originators and arranged by Northern Arc Capital Limited (NACL; rated [ICRA]A+(Positive)), as tabulated above. All the payouts to the investors in the above-mentioned instruments have 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 surveillance 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

Satya MicroCapital Limited

Satya MicroCapital Ltd. (formerly known as TFC Finvest Limited) is a Delhi-based non-banking financial company (NBFC), which was incorporated in 1995. SML started its microfinance operations in November 2016 by adopting the joint liability group (JLG) model with a fortnightly collection cycle. The company primarily offers JLG loans with ticket sizes in the median range of Rs. 25,000 to Rs. 75,000, and individual microloans with ticket sizes in the range of Rs. 45,000-Rs. 80,000 at interest rates of 21-26%, along with a processing fee of 1% for JLG loans and 3% for individual loans. SML focuses primarily on lending to women (husbands/sons above 18 years of age act as co-borrowers) aiming to start a new business or enhance an existing business. The operations are spread geographically with a presence in 251 districts across 21 states/Union Territories as on June 30, 2022.

In FY2022, the company reported a profit after tax (PAT) of Rs. 32.50 crore (Rs. 10.19 crore in FY2021) on assets under management (AUM) of Rs. 2,884 crore (Rs. 1,476 crore as on March 31, 2021).

Key financial indicators (audited)

	FY2020	FY2021	FY2022
Total income	208.6	267.2	401.5
Profit after tax	7.4	10.2	32.5
Gross AUM [^]	1,007.9	1,476.2	2,884.0
Gross NPA	1.6%	1.5%	3.3%
Net NPA	0.6%	0.6%	2.5%

Source: Company, ICRA Research; All ratios as per ICRA calculations

[^]Gross AUM is as per IGAAP; Amount in Rs. Crore

Vaya Finserv Private Limited

Vaya Finserv Private Limited, incorporated in March 2014, is a non-banking financial company – microfinance institution (NBFCMFI) with its registered office in Hyderabad. The company provides microloans under the joint liability group (JLG) model along with credit-linked insurance. Vaya also operates as a business correspondent for RBL Bank and Yes Bank (now discontinued). Its loans qualify for priority sector lending for banks. As on March 31, 2022, the company reported assets under management (AUM) of Rs. 1,202 crore with a presence in 7 states and 91 districts, catering to 4.8 lakh active borrowers through a network of 266 branches.

Key financial indicators

	FY2020	FY2021	FY2022
Total income	193	201	217
Profit after tax	7	10	13
Total managed assets	1,386	1,452	1,588
Gross stage 3	0.9%	2.8%	3.1%
Net stage 3	0.3%	1.6%	1.1%

Source: Company, ICRA Research; All ratios as per ICRA calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Trust Name	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
					Oct 17, 2022	October 12, 2021 [^]	Jul 06, 2021*		
1	Dirichlet	PTC Series A1	37.73	0.00	[ICRA]A-(SO); Withdrawn	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	--	--
	Mosec June 2021	PTC Series A2	0.83	0.00	[ICRA]BBB+(SO); Withdrawn	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	--	--

*Initial rating assigned

[^]Final rating assigned

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	Moderately Complex
PTC Series A2	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 analyzing 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

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Dirichlet Mosec June 2021	PTC Series A1	June 2021	9.75%	April 2023	0.00	[ICRA]A-(SO); Withdrawn
	PTC Series A2	June 2021	9.75%	April 2023	0.00	[ICRA]BBB+(SO); Withdrawn

Source: Company

Annexure II: 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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