

November 11, 2022

## Vistaar Financial Services Pvt Ltd: Rating withdrawn for PTCs issued under small business loan securitisation transaction

### Summary of rating action

Trust Name	Instrument*	Initial Amount Rated (Rs. crore)	Amount outstanding after last surveillance (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Northern Arc 2019 SBL Apostle	PTC Series A2	2.27	2.27	0.00	[ICRA]A+(SO); Withdrawn

\*Instrument details are provided in Annexure-I

### Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under small business loan securitisation transaction originated by Vistaar Financial Services Pvt Ltd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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a>
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 a 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 capital of Rs. 25 crore from two private equity (PE) investors till March 2012. It subsequently raised 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. As of March 2022, VFSPL had 191 branches in 12 states/Union Territories, including Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Odisha, Uttar Pradesh, Andhra Pradesh, Telangana, Haryana and Delhi.

### Key financial indicators (audited)

VF SPL	FY2020	FY2021	FY2022
Total income	368.4	390.8	433.6
Profit after tax	45.0	64.8	74.2
Total managed assets <sup>1</sup>	2,104.4	2,438.0	2,936.7
Gross Stage 3	3.7%	3.2%	2.7%
Net Stage 3	2.5%	2.2%	1.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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	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
					November 11, 2022	December 20, 2021	December 30, 2020	May 28, 2020	December 6, 2019
1	Northern Arc 2019 SBL Apostle	PTC Series A2	2.27	0.00	[ICRA]A+(SO); withdrawn	[ICRA]A+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)

### Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2019 SBL Apostle	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 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 [Click here](#)

<sup>1</sup> Total managed assets = Total assets + Off-book assets under management

#### Annexure-I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
Northern Arc 2019 SBL Apostle	PTC Series A2	November 2019	14.09%	January 2024	0.00	[ICRA]A+(SO); Withdrawn

**Source:** Company

#### Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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