

June 09, 2023

Vistaar Financial Services Pvt Ltd: Rating withdrawn for PTCs issued under small business mortgage loan receivables transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Bloom 03 2023	PTC Series A1	25.20	NA	0.00	Provisional [ICRA]AA+(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under small business mortgage loan securitisation transaction originated by Vistaar Financial Services Pvt Ltd {VFSPL; rated [ICRA]A(Stable)/ [ICRA]A1}, as tabulated above. The rating is being withdrawn following confirmation from VFSPL that the transaction has not been placed.

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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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	Policy on Withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

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 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. The company operates through 205 branches in 12 states/Union Territories, including Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Odisha, Uttar Pradesh, Andhra Pradesh, Telangana, Haryana and Delhi as of September 2022.

Key financial indicators (audited)

Vistaar Financial Services Pvt Ltd	FY2020	FY2021	FY2022	H1 FY2023
Total income	368.4	390.8	433.6	268.5
Profit after tax	45.0	64.8	74.2	56.1
AUM	1,863.9	2,050.7	2,394.2	2,669.8
Total managed assets ¹	2,104.4	2,438.0	2,936.7	3,211.0
Gross stage 3	3.7%	3.2%	2.7%	3.1%
Net stage 3	2.5%	2.2%	1.9%	2.1%

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	Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years		
			Initial Amount Rated	Amount Outstanding	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
			(Rs. crore)	(Rs. crore)	June 09, 2023	Apr 04, 2023	-	-	-
1	Bloom 03 2023	PTC Series A1	25.20	0.00	Provisional [ICRA]AA+(SO); Withdrawn	Provisional [ICRA]AA+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	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 are available on ICRA's website: [Click Here](#)

¹ Total managed assets = Total assets + Off-book AUM

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date**	Amount Rated (Rs. crore)	Current Rating
Bloom 03 2023	PTC Series A1	March 2023	9.00%*	June 2037	0.00	Provisional [ICRA]AA+(SO); Withdrawn

*Floating interest rate linked to RBI Repo

**Scheduled maturity date at transaction initiation; may change on account of prepayments

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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