

July 19, 2023

DMI Finance Private Limited: Rating withdrawn for PTC backed by consumer loan receivables transaction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
MOST I	PTC Series A	238.10	97.88	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for the pass-through certificates (PTCs) issued under a consumer loan securitisation transaction originated by DMI Finance Private Limited (DMI) (rated [ICRA]AA-(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liquidity position, and rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The detailed rating rationale of the previous rating exercise is available at the following link:

MOST I – [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

DMI Finance Private Limited (DMI), incorporated in 2008, is a private financial services company registered as a non-banking financial company (NBFC) with the Reserve Bank of India (RBI). While it was mainly engaged in secured corporate lending (largely to real estate builders) till a few years ago, it has shifted focus to digital lending wherein it provides consumption loans, personal loans and micro, small and medium enterprise (MSME) loans. This is a completely digital technology-driven business with API based origination, underwriting and loan management systems. Herein, DMI predominantly works through front-end partnerships with other fintech companies, original equipment manufacturers (OEMs) and technology-driven aggregators. On a standalone basis, as on March 31, 2023, consumer loans accounted for 79% (62% as on March 31, 2022) of the Rs. 7,511-crore loan book with the wholesale real estate lending book accounting for a 16% share and the non-real estate wholesale loan book accounting for the balance.

Key financial indicators (standalone)

Particular for	FY2020 (A)	FY2021 (A)	FY2022 (A)	FY2023 (A)
Total income (Rs. crore)	645	764	911	1,656
Profit After Tax (Rs. crore)	99	22	58	324
Gross loan book (Rs. crore)	3,725	3,655	5,432	7,511
Gross NPA %	4.6%	3.9%	2.2%	3.6%
Net NPA%	1.9%	1.5%	0.3%	1.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; Data from FY2022 pertains to merged entity

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years				
	Instrument	Initial amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2023			Date & Rating in FY2022	Date & Rating in FY2021
				Jul 19, 2023					
MOST I	PTC Series A	238.10	0.00	[ICRA]AAA(SO); Withdrawn	Feb 16, 2023	Nov 11, 2022	June 30, 2022	-	-
					[ICRA]AAA(SO)	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-

Complexity level of the rated instruments

Trust Name	Instrument	Complexity Indicator
MOST I	PTC Series A	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](#)

Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
MOST I	PTC Series A	June 2022	8.30%	January 2024	0.00	[ICRA]AAA(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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