

June 27, 2024

Northern Arc Capital Limited: Rating reaffirmed for PTCs issued under securitisation transaction by multiple originators and arranged by Northern Arc Capital Limited

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
IFMR Capital Mosec Enigma 2016	PTC Series A2	5.62	0.48	0.48	[ICRA]D(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by microloan receivables originated by multiple originators and arranged by Northern Arc Capital Limited (NACL). At the time of issuance, the PTCs were backed by receivables issued by seven entities, viz. Fino Finance Private Limited (FFPL), Pahal Financial Services Private Limited, S.M.I.L.E. Microfinance Limited, S V Creditline Private Limited, Svasti Microfinance Private Limited, IIFL Samasta Finance Limited (erstwhile Samasta Microfinance Limited; Samasta) and Sambandh Finserve Private Limited.

The PTCs carried an eventual promise of principal payouts and a monthly promise of interest payouts. The rating reaffirmation reflects the inadequacy of the pools' collections and the available credit enhancement, in respect of two originators (FFPL and Samasta), to meet the promised payouts to the PTC Series A2 investors on the scheduled maturity date in April 2018. There have been no incremental collections in the pool during the last 12 months.

Key rating drivers and their description

Credit strengths

Not applicable

Credit challenges

Inadequate collections – The collections, along with the available credit enhancement were insufficient to meet the promised payouts to the PTC Series A2 investors on the maturity date.

Key rating assumptions

Not applicable

Liquidity position: Poor

On the scheduled maturity date of the transaction, the cash collateral (CC) was fully utilised. Further repayments are to be met through collections from the overdue loan contracts. Thus, the liquidity is poor to meet the investor payouts.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Not applicable

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions Rating Methodology for Default Recognition
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Fino Finance Private Limited

Fino Finance Private Limited (FFPL) is a microfinance institution (MFI) and a non-deposit accepting non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). It was acquired by FINO PayTech Limited (FPL) in 2010. The company provides microfinance loans to women and had a network of 174 branches spread over 90 districts in six states, namely Maharashtra, Madhya Pradesh, Uttar Pradesh, Bihar, Chhattisgarh and Jharkhand, as on June 30, 2021. It subsequently witnessed a reduction in its business and the closure of its branches, etc. Its net on-book portfolio is estimated to have stood at Rs. 6 crore as on March 31, 2022.

Key financial indicators (audited)

	FY2020	FY2021	FY2022
As per	Ind-AS	Ind-AS	Ind-AS
Total income	106	51	515
Profit after tax	5	(55)	(74)
Net worth	79	24	11
Loan book (total managed)	446	234	6*
Gross non-performing assets (NPA)	1.7%	31.3%	NA
Net NPA	0.7%	13.7%	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Updated financials are not available with ICRA

* On-book portfolio; NA – Not available

Amount in Rs. crore

IIFL Samasta Finance Limited

Bengaluru-based IIFL Samasta Finance Limited (erstwhile Samasta Microfinance Limited) is a non-deposit accepting NBFC. The company began its microfinance operations in 2008 and had a portfolio of Rs. 10,552 crore as on March 31, 2023. As on December 31, 2022, Samasta had a presence in 17 states, catering to more than 20 lakh customers through a network of 1,110 branches spread across 324 districts.

Key financial indicators

	FY2022	FY2023
Total income	1,011	1,741
Profit after tax	51	128
Assets under management (AUM)	6,484	10,552
Gross stage 3	3.1%	2.1%
Net stage 3	0.9%	0.8%

Amount in Rs. crore; All calculations are as per ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years			
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				Jun 27, 2024	Jun 01, 2023	Jun 13, 2022	Jun 04, 2021
1 IFMR Capital Mosec Enigma 2016	PTC Series A2	5.62	0.48	[ICRA]D(SO)	[ICRA]D(SO)	[ICRA]D(SO)	[ICRA]D(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
IFMR Capital Mosec Enigma 2016	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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Instrument Name	Instrument	Date of Issuance	Coupon Rate	Initial Final Maturity Date	Amount Rated (Rs. crore)	Current Rating
IFMR Capital Mosec Enigma 2016	PTC Series A2	August 16, 2016	16.00%	April 18, 2018	0.48	[ICRA]D(SO)

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Sumit Pramanik

+91 22 6114 3462

sumit.pramanik@icraindia.com

Ekta Baheti

+91 22 6114 3423

ekta.baheti@icraindia.com

Tina Parekh

+91 22 6114 3455

tina.parekh@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar

+91 22 6114 3406

shivakumar@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, 2024 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.