

June 28, 2021

Sonata Finance Private Limited: Ratings withdrawn for PTCs issued under a small business loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount Rated (Rs. Crore)	Amount o/s after last surveillance (Rs. Crore)	Current Amount (Rs. crore)	Rating Action
Vivriti Merv 06 2019	PTC Series A1	24.88	10.37	0.00	[ICRA]A(SO); Withdrawn
	PTC Series A2	0.85	0.85	0.00	[ICRA]BBB+(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under a microloan securitisation transaction originated by Sonata Finance Private Limited, as tabulated above. All the payouts to the investors in the above-mentioned instruments has been made and no further payment 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 and Suspension of Credit Rating Rating Methodology for Securitisation Transactions
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Sonata Finance Private Limited (SFPL) is a non-banking finance company—a microfinance institution (NBFC-MFI) registered with the Reserve Bank of India (RBI). The company was incorporated in 1995 and the company's microfinance operations commenced in 2006. The company's registered office is in Lucknow. The company offers credit to economically backward women engaged in income-generating activities like processing and manufacturing activities, service activities and animal husbandry. While the company offers a gamut of loans including loans for home improvement, utility, sanitation, etc., its focus product is the income-generating group loan (IGL) using the joint liability group lending (JLG) model. As on December 31, 2020, the company was managing a portfolio of Rs. 1,274 crore through a network of 448 branches spread across 132 districts in 9 states of India.

Key financial indicators (audited)

Sonata Finance Private Limited	FY2019	FY2020	9M FY2021
	Ind-AS	Ind-AS	Ind-AS
Total Income	301.71	334.6	214.16
Profit after tax	32.99	14.09	5.57
Gross loan portfolio	1,441.08	1,768.06	1,274.09
% Gross NPAs	3.34%	1.54%	3.27%
% Net NPAs	2.70%	0.00%	0.00%

Source: Sonata Finance and ICRA research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years				
	Type	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020		Date & Rating in FY2019	
				Jun 28, 2021		Oct 25, 2019	Jul 05, 2019		
1 Vivriti Merv 06 2019	PTC Series A1	24.88	0.00	[ICRA]A(SO); Withdrawn	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	
	PTC Series A2	0.85	0.00	[ICRA]BBB+(SO); Withdrawn	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Vivriti Merv 06 2019	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 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: www.icra.in

Annexure-1: Instrument details

Issue Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Vivriti Merv 06 2019	PTC Series A1	June 2019	10.00%	April 2021	0.00	[ICRA]A(SO); Withdrawn
	PTC Series A2	June 2019	14.00%	April 2021	0.00	[ICRA]BBB+(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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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.

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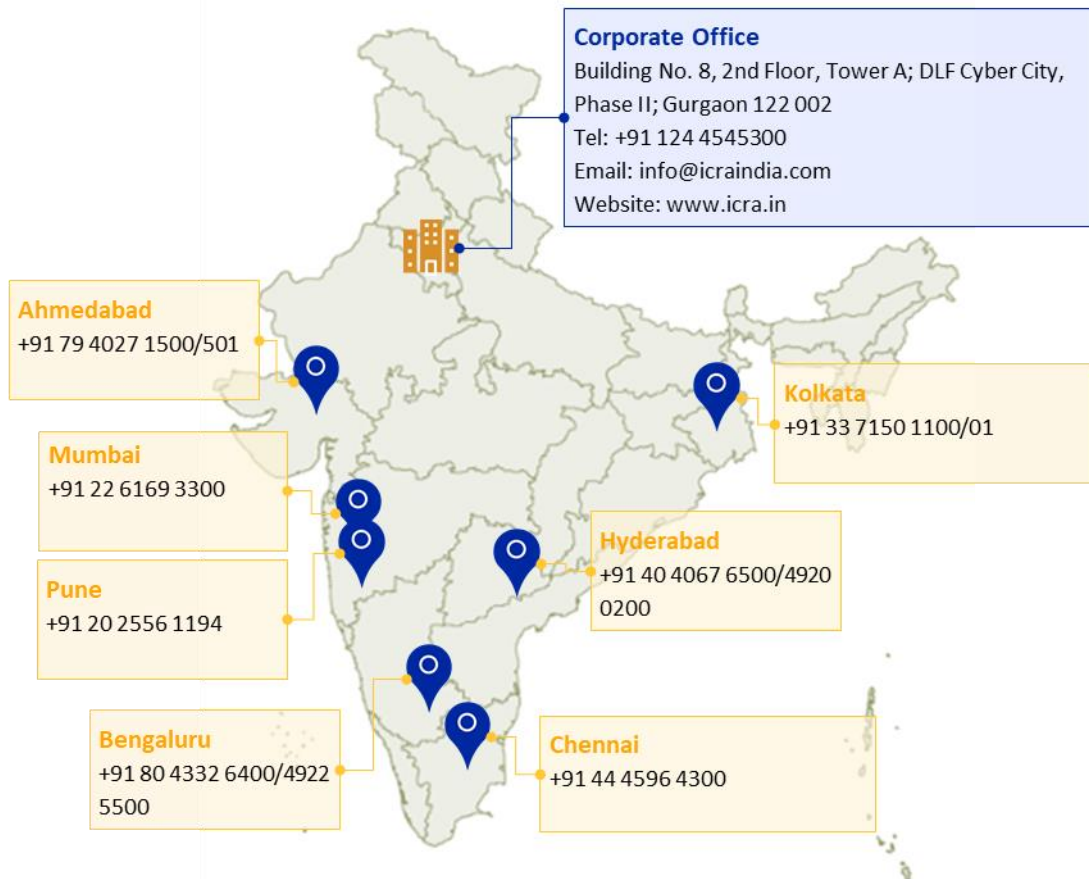
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