

July 15, 2022

Visage Holdings & Finance Pvt. Ltd.: Rating withdrawn for PTCs issued under one small business loan securitisation transaction

Summary of rating action

| Trust Name | Instrument* | Initial Rated Amount (Rs. Crore) | Previous Rated Amount (Rs. crore) | Current outstanding Amount (Rs. crore) | Rating Action |
|------------------------------|---------------|----------------------------------|-----------------------------------|----------------------------------------|---------------------------|
| Northern Arc 2020 SBL Mihira | PTC Series A1 | 14.73 | 2.24 | 0.00 | [ICRA]BBB-(SO); Withdrawn |

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under a small business loan receivables transaction originated by Visage Holdings & Finance Pvt. Ltd. (VHFPL/Kinara; rated [ICRA]BBB-(Negative)), 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 surveillance exercise is available at the following link: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--------------------------------------------------------------|
| Applicable Rating Methodologies | ICRA's Policy on Withdrawal of Credit Rating |
| Parent/Group Support | Not Applicable |
| Consolidation/Standalone | Not Applicable |

About the company

Visage Holdings & Finance Private Limited is a non-deposit taking non-banking financial company (NBFC), incorporated in 1996. The current promoters acquired Kinara in September 2011 and commenced lending operations in November 2011. The company offers credit facilities to small businesses under the brand name Kinara Capital. It provides secured (hypothecation of machinery) and unsecured term loans and working capital facilities with a maximum ticket size of Rs. 30 lakh. Currently, the company operates in Karnataka, Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh and Telangana with its head office in Bengaluru. As on March 31, 2022, Kinara was operating in six states through 110 branches and had a managed portfolio of Rs. 1,267.8 crore.

Key financial indicators (Ind-AS)

| | FY2020 | FY2021 | FY2022 |
|----------------------------------|---------|---------|---------|
| Total Income (Rs. crore) | 221.7 | 233.0 | 285.9 |
| PAT (Rs. crore) | 18.1 | 7.5 | 14.6 |
| Total Managed Assets (Rs. crore) | 1,069.7 | 1,237.7 | 1,799.1 |
| Gross Stage 3 (%) | 6.1% | 10.4%* | 8.6% |
| Net Stage 3 (%) | 3.6% | 8.2%* | 5.9% |

Source: Company, ICRA Research; All ratios as per ICRA calculations

*Gross non-performing assets (NPAs) and net NPAs, as per Reserve Bank of India (RBI) reporting, were 5.4% and 3.4%, respectively, as on March 31, 2021. Net NPAs, adjusted for the portfolio covered by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme and Emergency Credit Line Guarantee Scheme (ECLGS), stood at 1.2% as on March 31, 2021

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| | 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 |
| | | | | | | | Jul 15, 2022 | Nov 18, 2021 | Nov 13, 2020 | |
| 1 | Northern Arc 2020 SBL Mihira | PTC Series A1 | 14.73 | 0.00 | [ICRA]BBB-(SO); Withdrawn | [ICRA]BBB-(SO) | [ICRA]BBB-(SO) | [ICRA]BBB-(SO) | Provisional [ICRA]BBB-(SO) | -- |

*Initial rating assigned

[^]Final rating assigned

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|---------------|----------------------|
| PTC Series A1 | 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 analyzing 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: www.icra.in

Annexure-1: Instrument details

| Trust Name | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. Crore) | Current Rating |
|------------------------------|-----------------|-----------------------------|-------------|---------------|--------------------------|------------------------------|
| Northern Arc 2020 SBL Mihira | PTC Series A1 | August 2020 | 12.75% | October 2022 | 0.00 | [ICRA]BBB-(SO); Withdrawn |

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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Branches



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