

October 16, 2023

Vistaar Financial Services Pvt Ltd: Rating withdrawn for assignee payouts issued under small business mortgage loan receivables transaction

Summary of rating action

Transaction Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Vistaar BOM DA Pool Dec 2019 (PCG)	Assignee Payouts	81.13	6.40	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for assignee payouts issued under small business mortgage loan securitisation transaction originated by Vistaar Financial Services Pvt Ltd (VFSP; rated [ICRA]A(Positive)/ [ICRA]A1), as tabulated above. All the payouts to the investors in the above-mentioned instruments have 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 previous rating 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 originator

VFSP 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 VFSP include kirana/general stores/shops, power/auto/handlooms, dairy and allied products, and small manufacturing units.

VFSP was promoted by Mr. Brahmanand Hegde and Mr. Ramakrishna Nishtala, who have experience in the retail lending business. Warburg Pincus LLC acquired a majority stake in the company in Q1 FY2024, with a shareholding of 93.9% as of May 25, 2023. Warburg Pincus also infused capital of Rs. 300 crore in May 2023. Following the acquisition of the majority stake by Warburg Pincus, the promoters have resigned from their executive positions in the company, though they remain on the board. VFSP has appointed Mr. Avijit Saha as its Chief Executive Officer (CEO).

The company operates through 211 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 March 2023.

Key financial indicators (audited)

	FY2021	FY2022	FY2023
Total income	390.8	433.6	538.9
Profit after tax (PAT)	64.8	74.2	100.0
Assets under management (AUM)	2,065.4	2,419.8	3,132.5
Gross stage 3	3.2%	2.7%	3.8%*
Net stage 3	2.2%	1.9%	2.5%*

Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; *As per RBI circular dated November 2021

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Transaction 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)	October 16, 2023	December 20, 2022	December 20, 2021	December 30, 2020	
1	Vistaar BOM DA Pool Dec 2019 (PCG)	Assignee Payouts	81.13	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Assignee Payouts	Simple

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

Transaction Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. crore)	Current Rating
Vistaar BOM DA Pool Dec 2019 (PCG)	Assignee Payouts	December 2019	9.85%	August 2030	0.00	[ICRA]AAA(SO); Withdrawn

**Scheduled maturity 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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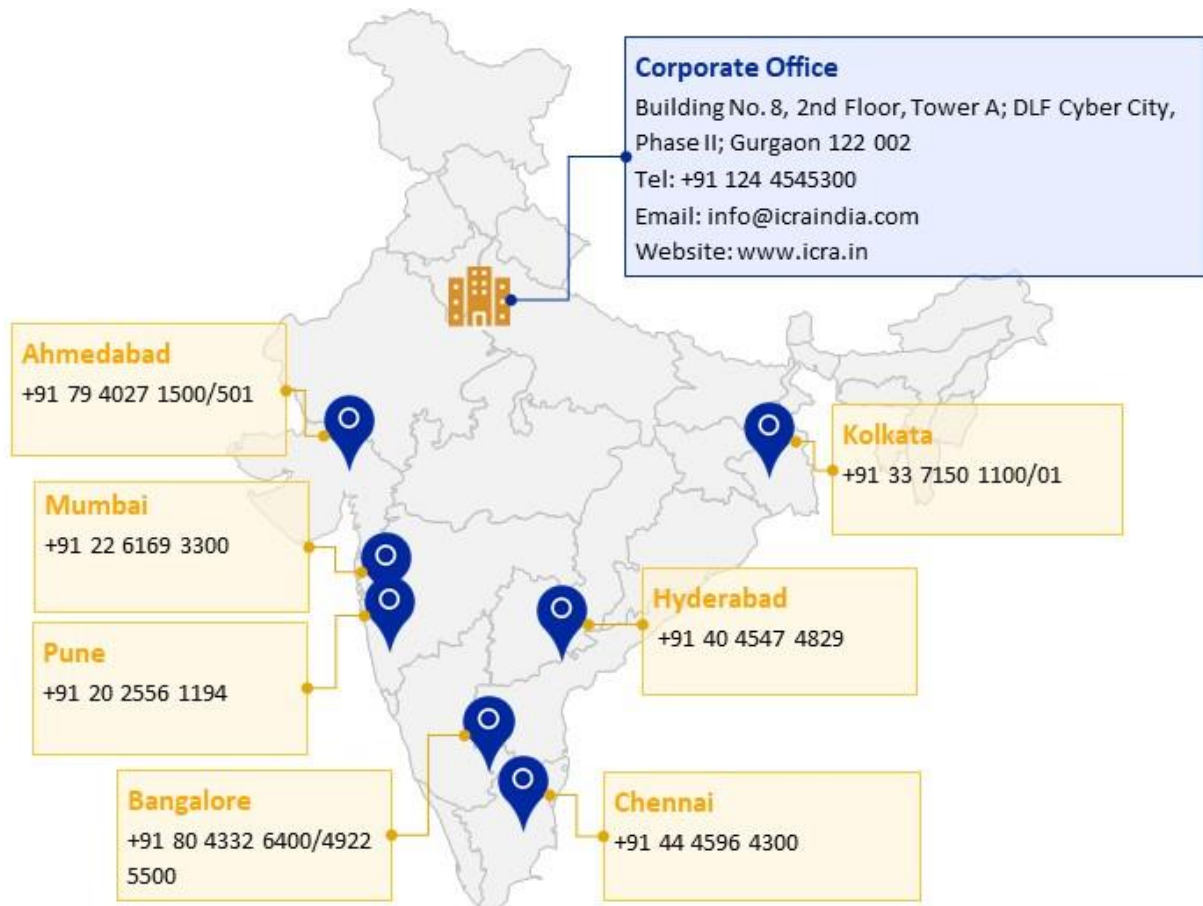
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