

September 23, 2024

Sonata Finance Private Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term bank facilities – Term loan	500.00	0.00	[ICRA]BBB Rating Watch with Positive Implications; Withdrawn
Total	500.00	0.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating outstanding of [ICRA]BBB on Rating Watch with Positive Implications for Sonata Finance Private Limited's (SFPL) Rs. 500-crore bank lines programme as the borrowings have been repaid by the company with no amount outstanding against the same. The bank lines are being withdrawn based on the receipt of No Objection Certificates/No Due Certificates from the respective lenders and at the request of the company. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The key rating drivers, liquidity position, rating sensitivities, and key financial indicators have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Sonata Finance Private Limited (SFPL) is a non-banking financial company – microfinance institution (NBFC-MFI) registered with the Reserve Bank of India (RBI). It was incorporated in 1995 and it commenced microfinance operations in 2006. The company's registered office is in Lucknow. While SFPL 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, 2023, the company was managing a portfolio of Rs. 2,632 crore through a network of 548 branches spread across 151 districts in 10 states. SFPL's entire share capital was acquired by Kotak Mahindra Bank Limited {rated [ICRA]AAA (Stable)} in March 2024, making it a wholly-owned subsidiary of the bank.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2025)			Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Sep 23, 2024	Date & Rating in FY2024	Date & Rating in FY2023			Date & Rating in FY2022
					Feb 20, 2024	Feb 21, 2023	Oct 27, 2022	May 06, 2022	Mar 25, 2022
1	Long-term bank facilities – Term loan	Long term	500	[ICRA]BBB Rating Watch with Positive Implications; withdrawn	[ICRA]BBB Rating Watch with Positive Implications	[ICRA]BBB Rating Watch with Positive Implications	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
2	Non-convertible debentures	Long term	-	-	[ICRA]BBB Rating Watch with Positive Implications; withdrawn	[ICRA]BBB Rating Watch with Positive Implications	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
3	Non-convertible debentures	Long term	-	-	[ICRA]BBB Rating Watch with Positive Implications; withdrawn	[ICRA]BBB Rating Watch with Positive Implications	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
4	Non-convertible debentures	Long term	-	-	-	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)
5	Non-convertible debentures	Long term	-	-	-	-	-	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)
6	Subordinated debt	Long term	-	-	-	-	-	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)

Source: Company

Complexity level of the rated instrument

Instrument Name	Complexity Indicator
Long-term bank facilities – Term loan	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

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term bank facilities	Sep 28, 2016 to Dec 31, 2019	10.60-13.50%	Mar 25, 2023 to Mar 31, 2025	500.00	[ICRA]BBB Rating Watch with Positive Implications; withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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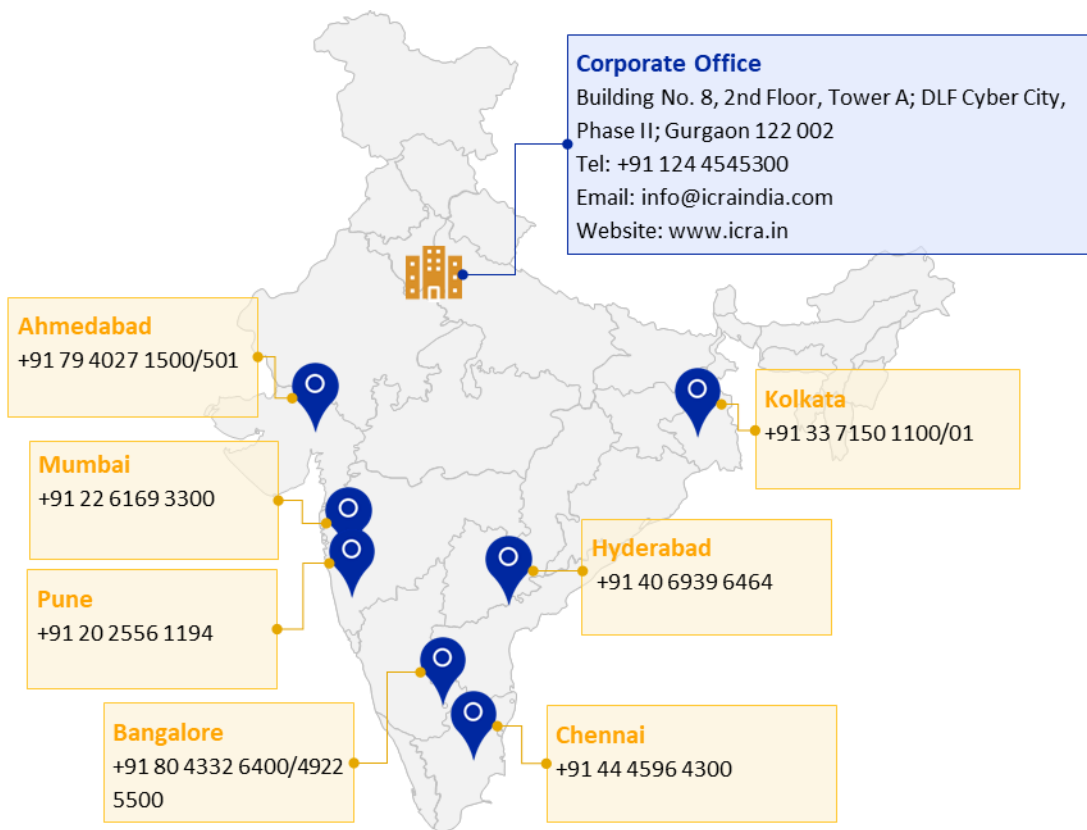
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