



Press Release
Sonata Finance Private Limited
October 18, 2024
Rating Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	320.00	Not Applicable Withdrawn	-
Non Convertible Debentures (NCD)	195.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	515.00	-	-

Rating Rationale

Acuite has withdrawn the long term rating on the Rs. 320 crore bank loan facility of Sonata Finance Private Limited. The same is withdrawn without assigning any rating as the Instruments are fully repaid and no longer an outstanding obligation of the company. The rating is being withdrawn on account of the request received from the company and the NDC (No Due Certificate) received from the banks as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

Acuite has withdrawn the long term rating on the Rs.170 crore Non Convertible Debenture of Sonata Finance Private Limited. The same is withdrawn without assigning any rating as the Instruments are fully repaid and no longer an outstanding obligation of the company. The rating is being withdrawn on account of the request received from the company and the NOC (No Objection Certificate) received from the trustees as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

Acuite has withdrawn the long term rating on the Rs.25 crore principal protected market linked debentures of Sonata Finance Private Limited. The same is withdrawn without assigning any rating as the Instruments are fully repaid and no longer an outstanding obligation of the company. The rating is being withdrawn on account of the request received from the company and the NOC (No Objection Certificate) received from the trustees as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

About the company

Uttar Pradesh based Sonata Finance Private Limited (SFPL) is an NBFC- MFI engaged in providing microcredit to women borrowers via Joint Liability Group (JLG) model. SFPL also provides individual, utility and sanitation financing. The company was incorporated in the year 1995. SFPL commenced its operations in 2006 and is promoted by Mr. Anup Kumar Singh. Mr. Anup Kumar Singh has over two decades of experience in micro finance segment. SFPL operates through its network of 540 branches spread across 10 states as on September 30, 2023.

About the Guarantor

About Northern Arc Capital Limited ("Northern Arc")

Northern Arc, previously known as IFMR Capital Finance Ltd., is a Non-Deposit taking NonBanking Financial Company (ND-NBFC) incorporated in 1989. It is involved in the placement (arranging funding for its clients via

loan syndication, securitisation and assignment among others) and lending business. The company acts as a link between mainstream capital markets investors and high-quality last mile lending institutions and businesses. The company's business is categorized as finance sector exposure, i.e., microfinance, affordable housing finance, commercial vehicle finance, consumer finance, agri-finance and small business loans, and non-finance sector exposure, i.e., mid-market finance and corporates.

Unsupported Rating

Not applicable

Analytical Approach

Not applicable

Key Rating Drivers

Strength
Not applicable

Weakness
Not applicable

Rating Sensitivity
Not applicable

Liquidity Position
Not applicable

Outlook: Not Applicable

Other Factors affecting Rating
None

Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	2386.03	1698.73
Total Income*	Rs. Cr.	206.99	149.00
PAT	Rs. Cr.	41.56	13.62
Net Worth	Rs. Cr.	341.58	298.80
Return on Average Assets (RoAA)	(%)	2.04	0.85
Return on Average Net Worth (RoNW)	(%)	12.98	4.71
Debt/Equity	Times	5.96	4.65
Gross NPA (Owned Portfolio)	(%)	2.72	4.67
Net NPA (Owned Portfolio)	(%)	0.90	1.34

**Total income equals Net Interest Income plus other income*

Status of non-cooperation with previous CRA (if applicable):
Not applicable

Any other information
None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Feb 2024	Non-Convertible Debentures (NCD)	Long Term	80.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Non-Convertible Debentures (NCD)	Long Term	30.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Non-Convertible Debentures (NCD)	Long Term	22.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Principal protected market linked debentures	Long Term	25.00	ACUITE PP-MLD BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Proposed Term Loan	Long Term	250.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	10.00	ACUITE A- (CE) (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	50.00	ACUITE A (CE) (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	10.00	ACUITE A- (CE) (Reaffirmed (Rating Watch with Positive Implications))
	Proposed Non Convertible Debentures	Long Term	38.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
16 Feb 2023	Non-Convertible Debentures (NCD)	Long Term	22.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Non-Convertible Debentures (NCD)	Long Term	30.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Non-Convertible Debentures (NCD)	Long Term	80.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Principal protected market linked debentures	Long Term	25.00	ACUITE PP-MLD BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Proposed Non Convertible Debentures	Long Term	38.00	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Proposed Term Loan	Long Term	234.18	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	13.32	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	2.50	ACUITE BBB+ (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	10.00	ACUITE A- (CE) (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	10.00	ACUITE A- (CE) (Reaffirmed (Rating Watch with Positive Implications))
	Term Loan	Long Term	50.00	ACUITE A (CE) (Assigned (Rating Watch with Positive Implications))
06 Sep 2022	Non-Convertible Debentures (NCD)	Long Term	22.00	ACUITE BBB+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	30.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Market Linked Debentures	Long Term	25.00	ACUITE PP-MLD BBB+ Stable (Reaffirmed)
	Proposed Term Loan	Long Term	234.18	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Term Loan	Long Term	10.00	ACUITE A- (CE) Stable (Assigned)
	Proposed Term Loan	Long Term	50.00	ACUITE Provisional A (CE) Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE A- (CE) Stable (Reaffirmed)
	Term Loan	Long Term	13.32	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	2.50	ACUITE BBB+ Stable (Reaffirmed)

	Proposed Non Convertible Debentures	Long Term	3.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	115.00	ACUITE BBB+ Stable (Reaffirmed)
03 Jun 2022	Non-Convertible Debentures (NCD)	Long Term	22.00	ACUITE BBB+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	30.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Market Linked Debentures	Long Term	25.00	ACUITE PP-MLD BBB+ Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	10.00	ACUITE Provisional A- (CE) Stable (Assigned)
	Proposed Long Term Loan	Long Term	209.96	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	3.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	115.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A- (CE) Stable (Reaffirmed)
	Term Loan	Long Term	27.54	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	12.50	ACUITE BBB+ Stable (Reaffirmed)
04 Oct 2021	Proposed Non Convertible Debentures	Long Term	25.00	ACUITE PP-MLD BBB+ Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	115.00	ACUITE BBB+ Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	3.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	30.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	22.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	209.96	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	12.50	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	27.54	ACUITE BBB+ Stable (Reaffirmed)
25 Aug 2021	Term Loan	Long Term	10.00	ACUITE A- (CE) Stable (Assigned)
22 Mar 2021	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE Provisional A- (CE) Stable (Assigned)
11 Feb 2021	Proposed Long Term Bank Facility	Long Term	198.70	ACUITE BBB+ Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	55.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	32.10	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	19.20	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE509M07246	Non-Convertible Debentures (NCD)	18 Mar 2021	11.63	18 Mar 2024	22.00	Simple	Not Applicable Withdrawn
Not Applicable	INE509M07253	Non-Convertible Debentures (NCD)	25 Mar 2021	11.63	25 Mar 2025	30.00	Simple	Not Applicable Withdrawn
Not Applicable	INE509M07287	Non-Convertible Debentures (NCD)	30 Nov 2021	11.77	30 Oct 2024	80.00	Simple	Not Applicable Withdrawn
Not Applicable	INE509M07279	Principal protected market linked debentures	22 Nov 2021	Not avl. / Not appl.	31 Oct 2024	25.00	Complex	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	250.00	Simple	Not Applicable Withdrawn
State Bank of Mauritius Ltd	Not avl. / Not appl.	Term Loan	31 Mar 2021	Not avl. / Not appl.	31 Mar 2023	10.00	Simple	Not Applicable Withdrawn
State Bank of Mauritius Ltd	Not avl. / Not appl.	Term Loan	31 May 2022	Not avl. / Not appl.	31 May 2024	10.00	Simple	Not Applicable Withdrawn
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2024	50.00	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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