



Press Release
Svakarma Finance Private Limited – Northern Arc 2021 SBL Marina
January 24, 2024
Rating Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Pass Through Certificates (PTCs)	0.62	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.62	-	-

Rating Rationale

Acuite has withdrawn the long term rating on the Pass Through Certificates (PTCs) of Rs. 0.62 Cr. issued by NORTHERN ARC 2021 SBL MARINA (the trust) under a securitisation transaction originated by SVAKARMA FINANCE PVT LTD (SFPL) (The Originator). The PTCs are backed by a pool of secured and unsecured MSME loans with principal outstanding of Rs. 1.18 Cr. (including Rs. 0.56 Cr of over collateralisation). The transaction also includes Equity Tranche PTCs of Rs. 0.15 Cr, and any redemption of Equity Tranche PTCs shall be fully subordinated to the Series A1 PTCs payments.

The transaction has been paid in full. It has also been redeemed and all the contractual obligations and pay-outs to the investors have been duly completed. Hence, the rating is being withdrawn without assigning any rating. The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective instrument/facility, and pursuant to a request received from the company in this regard, and the No Dues Confirmation received from the trustee.

About the Originator

Incorporated in 2017, Mumbai based SFPL is an NBFC that lends to Micro, Small and Medium enterprises (MSMEs). The company structures financing solutions for business needs of the enterprise, linking the repayment structures to the underlying cash flows. SFPL lends to enterprises across select clusters such as Handloom, Textiles, Foundry, Engineering & Machinery, Tooling, Fabrication, Food processing, Chemicals, Pharmaceuticals and Retail. As on September 30, 2022, its AUM stood at Rs. 56.89 Cr. SFPL is headed by Kalpana Iyer (MD & CEO) and co-founded by Vivek Vig (Chairman), Anuradha Nadkarni and Kaushik Mazumdar, each of whom has more than three decades of experience across functions in retail and wholesale banking.

The company's AUM increased to Rs. 56.89 Cr. as on September 30, 2022 from Rs. 43.92 Cr. as on March 31, 2021. SFPL's GNPA and NNPA levels for on book portfolio worsened to 21.46 percent and 13.33 percent respectively as on March 31, 2022 from 6.81 percent and 5.37 percent respectively as on March 31, 2021. This indicates a deterioration of asset quality due to the impact of Covid-19. As on December 2022, the GNPA and NNPA stood at 12.7 percent and 9.3 percent respectively. The company reported a loss of Rs. 8.36 Cr. as on March 31, 2022 as compared to a loss of Rs. 6.13 Cr. as on March 31, 2021. For H1FY23, the company reported a loss of Rs. 3.80 Cr

Assessment of the Pool

Not Applicable

Credit Enhancements (CE)

Not Applicable

Transaction Structure

Not Applicable

Legal Assessment

Not Applicable

Key Risks**Counter Party Risks**

Not Applicable

Concentration Risks

Not Applicable

Servicing Risks

Not Applicable

Regulatory Risks

Not Applicable

Prepayment Risks

Not Applicable

Commingling Risk

Not Applicable

Rating Sensitivity

None

All Covenants (Applicable only for CE & SO Ratings)

Not Applicable

Liquidity Position

Not Applicable

Outlook

Not Applicable

Key Financials - Originator

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	103.57	46.65
Total Income*	Rs. Cr.	7.17	4.74
PAT	Rs. Cr.	-10.98	-8.36
Net Worth	Rs. Cr.	7.1	15.5
Return on Average Assets (RoAA)	(%)	-14.62	-17.13
Return on Average Net Worth (RoNW)	(%)	-97.2	-49.04
Debt/Equity	Times	11.99	1.55
Gross NPA (Own book)	(%)	N/A	21.46

Net NPA(%) N/A 13.33
(Own Book)

Any Other Information

None

Status of disclosure of all relevant information about the Obligation being Rated

Not Applicable

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité 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

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>
- Securitized Transactions: <https://www.acuite.in/view-rating-criteria-48.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Jan 2023	Pass Through Certificates	Long Term	0.62	ACUITE BBB (SO) (Reaffirmed)
31 Jan 2022	Pass Through Certificates	Long Term	4.35	ACUITE BBB (SO) (Assigned)
02 Nov 2021	Pass Through Certificates	Long Term	4.35	ACUITE Provisional BBB (SO) (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Pass Through Certificate	01 Nov 2021	13.25	17 Jan 2025	Highly Complex	0.62	Not Applicable Withdrawn

Contacts

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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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