

January 08, 2021

Fusion Microfinance (Pvt.) Ltd.: Ratings withdrawn for PTCs issued under two microfinance loan securitisation transactions

Summary of Rated Instrument

Sl.	Trust Name	Instrument*	Initial Amount (Rs. crore ¹)	Amount O/s during last Surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	*Rating Action
1.	Northern Arc 2019 MFI Ross	PTC Series A1	39.11	11.47	0.00	[ICRA]AA(SO) Withdrawn
		PTC Series A2	2.01	2.01	0.00	[ICRA]AA-(SO) Withdrawn
2.	Northern Arc 2019 MFI Ithaca	PTC Series A1	53.39	NA	0.00	[ICRA]A(SO) Withdrawn
		PTC Series A2	3.03	NA	0.00	[ICRA]BBB+(SO) Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTC's) issued under two microfinance loan securitisation transactions originated by Fusion Microfinance (Pvt.) Ltd. (Fusion), 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.

Key rating drivers Credit strengths

Not Applicable

Credit challenges

Not Applicable

Description of key rating drivers highlighted above

Not Applicable

Liquidity position

Not Applicable

Rating sensitivities

Not Applicable

Key rating assumptions

Not Applicable

¹ 100 lakh = 1 crore = 10 million

Analytical approach

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

About the company

Incorporated in 1994, Fusion started microfinance operations in 2010 and became a registered NBFC-MFI in 2014. The company is primarily engaged in microfinance lending activities, providing financial services (and educating borrowers on financial literacy) to poor women in India who are organised as joint liability groups (JLGs). The company provides small-value collateral-free loans up to Rs. 75,000. In addition to the core business of providing microcredit, Fusion uses its distribution channels to provide other financial products and services to members, primarily the purchase of productivity-enhancing products such as mobile phones, bicycles, emergency loans, etc. As on March 31, 2020, Fusion had a presence in 283 districts across 18 states through 594 branches.

Key Financial Indicators

	FY2019 (Audited)	FY2020 (Audited)
Total revenues	494.31	720.26
Profit after tax ⁽¹⁾	50.67	69.61
Loan book (AUM)	2662.64	3640.75
Gross NPA	1.55%	1.12%
Net NPA	0.56%	0.38%

Amounts in Rs. crore

Status of non-cooperation with previous CRA: None

Any other information: None

Rating history for last three years

Instrument	Type	Current Rating (FY2021)			Rating History for the Past 3 Years				
		Rated Amount	Amount Outstanding	Rating	FY2020			FY2019	FY2018
				Jan-08-2021	Mar-16-2020	Jun-05-2019	Apr-01-2019		
Northern Arc 2019 MFI Ross	PTC Series A1	39.11	0.00	[ICRA]AA (SO) Withdrawn	[ICRA]AA (SO)	[ICRA]A+ (SO)	Provisional [ICRA]A+ (SO)	-	-
	PTC Series A2	2.01	0.00	[ICRA]AA- (SO) Withdrawn	[ICRA]AA- (SO)	[ICRA]BBB+ (SO)	Provisional [ICRA]BBB+ (SO)	-	-

Amounts in Rs. Crore

Instrument	Type	Current Rating (FY2021)			Rating History for the Past 3 Years			
		Rated Amount	Amount Outstanding	Rating	FY2020		FY2019	FY2018
				Jan-08-2021	Feb-12-2019	Dec-11-2019		
Northern Arc 2019 MFI Ithaca	PTC Series A1	53.39	0.00	[ICRA]A(SO) Withdrawn	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-
	PTC Series A2	3.03	0.00	[ICRA]BBB+ (SO) Withdrawn	[ICRA]BBB+ (SO)	Provisional [ICRA]BBB+ (SO)	-	-

Amounts in Rs. Crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as “Simple”, “Complex” and “Highly Complex”. The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure I: Details of Instruments

Sl.	Trust Name	Instrument	Date of Issuance	Coupon Rate (p.a.)	Scheduled Maturity Date*	Current Amount (Rs. crore)	Current Rating
1.	Northern Arc 2019 MFI Ross	PTC Series A1	March 2019	9.10%	January 2021	0.00	[ICRA]AA(SO) Withdrawn
		PTC Series A2	March 2019	15.50%	January 2021	0.00	[ICRA]AA-(SO) Withdrawn
2.	Northern Arc 2019 MFI Ithaca	PTC Series A1	November 2019	9.10%	January 2021	0.00	[ICRA]A(SO) Withdrawn
		PTC Series A2	November 2019	15.50%	January 2021	0.00	[ICRA]BBB+(SO) Withdrawn

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