May 22, 2020

Fusion Microfinance (Pvt.) Ltd.: ICRA withdraws rating for PTCs issued under two micro loan securitization transactions

Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore[1])	Amount o/s after last surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
Vivriti Ravenclaw 02 2019	PTC Series A2	1.91	1.91	0.00	[ICRA]AA(SO) Withdrawn
Northern Arc 2019 MFI Torfa	PTC Series A2	2.78	2.78	0.00	[ICRA]AA(SO) Withdrawn

**Instrument details are provided in Annexure I*

Rationale

ICRA has withdrawn the rating for PTCs issued two under micro loan securitisation transactions originated by Fusion Microfinance (Pvt.) Ltd., 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

- N.A.

Credit challenges

- N.A.

Description of key rating drivers highlighted above

N.A.

Liquidity position

N.A

Rating sensitivities

N.A

Key rating assumptions

N.A.

[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 Microfinance Private Limited 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. 60,000. 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 February 29, 2020, Fusion had a presence in 282 districts across 18 states through 590 branches. Bihar, Uttar Pradesh, Odisha and Madhya Pradesh contributed 19%, 17%, 14% and 10%, respectively, to the company's portfolio of Rs. 3,590 crore as on February 29, 2020. As per its unaudited provisional financial statements for FY2020, Fusion earned a profit after tax of Rs. 101.53 crore on a managed asset base of Rs. 4,611 crore as on March 31, 2020 vis-à-vis a profit after tax of Rs. 65.35 crore in FY2019 on a managed asset base of Rs. 3,709 crore as on March 31, 2019.

Key financial indicators (audited)

	FY2018	FY2019	FY2020 (Provisional)
Net Interest Income	86.25	185.32	277.65
PAT	-33.64	65.35	101.53
Net Worth	254.69	622.66	1,224.20
Total Assets	1,968.46	3,408.97	4,385.53
Managed Portfolio	1,555.60	2,641.39	3,613.46
Gross NPA% (on-book portfolio)	3.98%	1.41%	1.39%
Net NPA%	0.16%	0.00%	0.00%
Gearing	6.31	4.29	2.42
PAT/AMA	-2.25%	2.21%	2.44%
PAT/Average Net Worth	-16.62%	14.90%	10.99%

Amount in Rs. crore; All ratios as per ICRA calculations; FY2020 numbers are based on unaudited provisional financials prepared as per IGAAP

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

S.No	Name of Instrument	Current Rating (FY 2021)				Chronology of Rating History for the Past 3 Years				
		Type	Rated Amount	Amount Outstanding	Rating	FY2020			FY2019	FY2018
					22-May-20	16-Mar-20	07-May-19	01-Apr-19	-	-
1	Vivriti Ravenclaw 02 2019	PTC Series A2	1.91	0.00	[ICRA]AA(SO) withdrawn	[ICRA]AA(SO)	[ICRA]BBB-(SO)	Provisional [ICRA]BBB-(SO)	-	-

Amounts in Rs. Crores

S.No	Name of Instrument	Current Rating (FY 2021)				Chronology of Rating History for the Past 3 Years				
		Type	Rated Amount	Amount Outstanding	Rating	FY2020			FY2019	FY2018
					22-May-20	16-Mar-20	05-Jun-19	02-Apr-19	-	-
2	Northern Arc 2019 MFI Torfa	PTC Series A2	2.78	0.00	[ICRA]AA(SO) withdrawn	[ICRA]AA(SO)	[ICRA]BBB(SO)	Provisional [ICRA]BBB(SO)	-	-

Amounts in Rs. Crores

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

Trust Name	Instrument Name	Date of Issuance	Coupon Rate	Scheduled Maturity Date*	Current amount o/s (Rs. crore[2])	Current Rating
Vivriti Ravenclaw 02 2019	PTC Series A2	March 2019	14.00%	October 2020	0.00	[ICRA]AA(SO) withdrawn
Northern Arc 2019 MFI Torfa	PTC Series A2	March 2019	15.50%	January 2021	0.00	[ICRA]AA(SO) withdrawn

[2] *100 lakh = 1 crore = 10 million*

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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