

March 09, 2022

Capital Trust Limited: Ratings withdrawn for PTCs issued under two pools of small business loan receivables

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
CredAvenue Kason 03 2021	PTC Series A1	12.64	NA	0.00	[ICRA]BBB+(SO); Withdrawn
NewgenIsha Trust Sept 2020	PTC Series A1	24.53	NA	0.00	[ICRA]BBB(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under small business loan receivables transactions originated by Capital Trust Limited, as tabulated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.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale for the two transactions is available at the following link:

- CredAvenue Kason 03 2021-[Click here](#)
- NewgenIsha Trust Sept 2020-[Click here](#)

Analytical approach

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

About the company

Capital Trust Limited (CTL) is a non-banking financial company (NBFC-Systemically Important) listed on the Bombay Stock Exchange and the National Stock Exchange. Incorporated in 1985, the company is promoted by Mr. K R. Puri {former Governor, Reserve Bank of India (RBI)}, Mr. R. K. Kaul (former Deputy Governor, RBI) and Justice H. S. Beg (former Chief Justice of India). Initially, the company mainly provided consultancy services to foreign banks. In 2004, it forayed into two-wheeler financing for four years. This was followed by the microfinance business till 2012, which was halted due to the RBI guidelines for NBFC-microfinance institutions (NBFC-MFIs).

CTL changed its business model with priority to micro small and medium enterprises (MSME) lending and focused on the micro segment of the MSME sector. However, in 2014, after the RBI's regulation allowing NBFCs to operate in the microfinance industry as a business correspondent (BC) of a bank, CTL joined hands with Yes Bank Limited and started operating in the microfinance sector as the bank's official BC. With this regulation, CTL became one of the only companies in the nation that could operate in both the MSME and the microfinance sector.

In March 2016, CTL received an equity investment of Rs. 65 crore from Lighthouse Funds through a preferential allotment. In October 2016, CTL acquired Parikarma Investments and Financial Services (an NBFC-MFI; now called Capital Trust Microfinance) to grow the microfinance portfolio on its own books. Currently, Capital Trust Microfinance operates as a 100% subsidiary of CTL. Thus, disbursements in the microfinance sector take place through Capital Trust Microfinance while disbursements in the MSME sector take place through CTL.

As of September 30, 2021, CTL had a portfolio of Rs. 310 crore spread across 315 branches in 10 states and 91 districts.

Key financial indicators

	FY2020	FY2021	H1FY2022
	Ind-AS	Ind-AS	Ind-AS
Total income	147.2	114.6	49.0
Profit after tax	4.3	(23.6)	(12.9)
Gross AUM	471.4	401.1	310.8
% Gross NPA	7.5%^	1.95%	3.80%
% Net NPA	4.2%^	0.00%	0.00%

Source: CTL and ICRA Research; Amount in Rs. crore

^GNPA and NNPA% on standalone basis as consolidated not available; FY2020 NPA% indicates gross stage 3 and net stage 3

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Trust Name	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					March 09, 2022	July 19, 2021			
1	CredAvenue Kason 03 2021	PTC Series A1	12.64	0.00	[ICRA]BBB+(SO); Withdrawn	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-

	Trust Name	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					March 09, 2022				
2	NewgenIsha Trust Sept 2020	PTC Series A1	24.53	0.00	[ICRA]BBB(SO); Withdrawn		Provisional [ICRA]BBB(SO)	-	-

Complexity level of the rated instruments

Trust	Instrument	Complexity Indicator
CredAvenue Kason 03 2021	PTC Series A1	Moderately Complex
NewgenIsha Trust Sept 2020	PTC Series A1	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, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
CredAvenue Kason 03 2021	PTC Series A1	March 2021	13.50%	January 2023	0.00	[ICRA]BBB+(SO); Withdrawn
NewgenIsha Trust Sept 2020	PTC Series A1	October 2020	10.48%	March 2022	0.00	[ICRA]BBB(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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Branches



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