

September 20, 2023

## Namra Finance Limited: Ratings withdrawn for PTCs backed by microfinance loan receivables securitisation transaction

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Northern Arc 2022 MFI Albany	PTC Series A1(a)	16.27	8.04	0.00	[ICRA]AA-(SO); Withdrawn
	PTC Series A1(b)	0.57	0.57	0.00	[ICRA]A+(SO); Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under microfinance loan receivables securitisation transaction originated by Namra Finance Limited (NFL). 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationales of previous rating exercise is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the originator

Namra Finance Limited is a wholly-owned subsidiary of Arman Financial Services Limited. Microfinance is regulated by the Reserve Bank of India (RBI), which only allows non-banking financial company-microfinance institutions (NBFC-MFIs) to conduct microfinance operations. Hence, a wholly-owned structure was set up at NFL.

NFL's operations are spread across central and western India in Gujarat, Madhya Pradesh, Uttar Pradesh, Uttarakhand, Maharashtra, Rajasthan and Haryana. Lending is done with an average ticket size of ~Rs. 50,000 through cashless transfers to the borrower's bank account. NFL mainly lends to women borrowers through joint liability groups (JLGs). As of June 30, 2023, the microfinance operation of the group had 274 branches spread over 119 districts in eight states. The company had around 6.0 lakh+ customer active customers.

### Key financial indicators (audited)

	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)	FY2023 (Audited)
Total income	148.4	134.0	173.0	331.5
Profit after tax	25.2	4.9	18.5	67.2
Assets under management	621.1	642.4	1,022.0	1,628.0
Gross NPA	0.9%	4.6%	3.7%	2.8%
Net NPA	0.0%	3.0%	0.6%	0.1%

Amount in Rs. crore

Source: Company's financial statements, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Trust Name	Current Rating (FY2024)			Chronology of Rating History for the past 3 years					
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023			Date & Rating in FY2022	Date & Rating in FY2021
						Sep 20, 2023	Dec 09, 2022	May 11, 2022		
1	Northern Arc 2022 MFI Albany	PTC Series A1(a)	16.27	0.00	[ICRA]AA-(SO); Withdrawn	[ICRA]AA-(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	--	--
		PTC Series A1(b)	0.57	0.00	[ICRA]A+(SO); Withdrawn	[ICRA]A+(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	--	--

### Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2022 MFI Albany	PTC Series A1(a)	Moderately Complex
	PTC Series A1(b)	Moderately Complex

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 [Click here](#)

#### Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Northern Arc 2022 MFI Albany	PTC Series A1(a)	March 2022	10.50%	November 25, 2023	0.00	[ICRA]AA-(SO); Withdrawn
	PTC Series A1(b)	March 2022	14.00%	November 26, 2023	0.00	[ICRA]A+(SO); Withdrawn

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

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