

September 26, 2023

CreditAccess Grameen Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Principal Protected Market Linked Debentures (PP-MLD)	100.00	0.00	PP-MLD [ICRA]AA+(CE) (Stable); withdrawn
Long-term fund based – Term loan	5,580.0	5,580.0	[ICRA]AA- (Stable); outstanding
Non-convertible debentures	766.17	766.17	[ICRA]AA- (Stable); outstanding
Commercial paper	500.0	500.0	[ICRA]A1+; outstanding
Subordinated debt	50.0	50.0	[ICRA]AA- (Stable); outstanding
Total	6,996.17	6,896.17	

*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

The letters, PP-MLD, prefixed to a rating symbol stand for principal protected market linked debentures. According to the terms of the rated instrument, the amount invested, i.e. the principal, is protected against erosion while the returns on the investment could vary, being linked to movements in one or more variables such as equity indices, commodity prices, and/or foreign exchange rates. The rating assigned expresses ICRA's current opinion on the credit risk associated with the issuer concerned. The rating does not address the risks associated with variability in returns resulting from adverse movements in the variable(s) concerned.

Rationale

The rating assigned to the PP-MLD of CreditAccess Grameen Limited has been withdrawn at the request of the company as there is no amount outstanding against the rated PP-MLD and in accordance with ICRA's policy on withdrawal of credit rating. ICRA is withdrawing the rating and it does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key rating drivers, Liquidity position, Rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

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

About the company

CreditAccess Grameen Limited (CA Grameen) commenced microfinance operations under the leadership of Mrs. Vinatha M Reddy in 1999 as a division under T. Muniswamappa Trust (TMT), a registered public charitable trust/non-governmental organisation (NGO). This microfinance programme was transferred and transformed into an NBFC in 2007-08. CreditAccess India acquired a majority stake in the company in FY2014 and currently owns about 74%. CA Grameen got listed in FY2019 and it acquired 76% in MMFL in FY2020. MMFL was amalgamated with CA Grameen effective February 15, 2023. CA Grameen is engaged in microlending activities mainly in Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh, Chhattisgarh, etc. As on March 31, 2023, it had a portfolio of Rs. 21,291 crore serving borrowers across 353 districts.

Key financial indicators (consolidated)

CreditAccess Grameen Limited + Madura Micro Finance Limited	FY2021 (Ind-AS)	FY2022 (Ind-AS)	FY2023 (Ind-As)
Total income excluding securitisation income	2,324	2,605.4	3,492.7
Profit after tax	131.4	357.1	826.1
Net worth*	3,314.6	3,608.7	4,581.6
Total managed portfolio	13,462	16,490	21,290.8
Total managed assets	16,801	19,119	24,105.5
Return on managed assets	0.9%	2.0%	3.8%
Return on net worth	4.6%	10.3%	20.2%
Managed gearing (times)	3.6	3.9	4.0
GNPA	4.4%	3.7%	1.2%
NNPA	1.4%	1.3%	0.4%
CRAR	26.8%	22.8%	23.6%

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)		Date & Rating in FY2023		Date & Rating in FY2022		
				Date & Rating						
				Sep 26, 2023	Apr 11, 2023	Jan 19, 2023	Mar 7, 2022	Sep 9, 2021	Aug 25, 2021	
1.	PP-MLD	Long Term	100.0	0.0	PP-MLD [ICRA]AA+(CE) (Stable); Withdrawn	PP-MLD [ICRA]AA+(CE) (Stable)	PP-MLD [ICRA]AA+(CE) (Stable)	PP-MLD [ICRA]AA+(CE) (Stable)	PP-MLD [ICRA]AA+(CE) (Stable)	Provisional PP-MLD [ICRA]AA+(CE) (Stable)

For details on other ICRA-rated instruments of the company, refer to the rationale [here](#)

Complexity level of the rated instrument

Transaction Name	Instrument	Complexity Indicator
Archangel Trust 2021	Principal Protected Market Linked Debentures (PP-MLD)	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 are available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE741K07421	PP-MLD	Aug 2021	8.90%*	Sep 2023^	100.00	PP-MLD [ICRA]AA+(CE) (Stable); withdrawn

* XIRR; Additionally, step-up interest of 4.0% is applicable from date of issuance in case of trigger event

^ Upon the occurrence of a trigger event, the legal final maturity date will be extended to August 2025

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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