

April 24, 2020

## Fusion Microfinance (Pvt.) Ltd.: ICRA withdraws rating for PTCs issued under one micro loan securitization transaction

### Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore <sup>1</sup> )	Amount o/s after last surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
Vivriti Ravenclaw 02 2019	PTC Series A1	34.30	1.86	0.00	[ICRA]AAA(SO) Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the rating for PTCs issued one under micro loan securitisation transaction originated by Fusion Microfinance (Pvt.)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

<sup>1</sup> 100 lakh = 1 crore = 10 million

## Key rating assumptions

N.A.

## Analytical approach

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

## About the company

Fusion is a Delhi-based microfinance institution, which commenced operations in 2010. As on June 30, 2019, Fusion's operations were spread across 531 branches in 18 states. Fusion has a proven track record in the microfinance segment with a managed portfolio base of Rs. 2,801 crore as on June 30, 2019.

Bihar, Uttar Pradesh and Odisha accounted for 20%, 18% and 14%, respectively, of the portfolio as on June 30, 2019. Warburg Pincus acquired a significant minority stake in Fusion for Rs. 520 crore, of which Rs. 300 crore was in the form of a primary infusion in December 2018. Creation Investments also participated in the equity round and held a stake of 31.13% as on March 31, 2019.

Fusion has a diversified funding profile with around 56 lenders in its resource profile. While the company has been able to diversify its resource mix, it remains dependent on wholesale funding with private sector banks and NCDs accounting for 48% and 18% of its borrowings, respectively, as on June 30, 2019. In FY2019, the company returned to profitability after reporting losses in FY2018 with an RoE of 14.90% on account of a fall in credit costs to 0.85% in FY2019 from 5.23% in FY2018. The diversity in its earnings remains low with the company solely reliant on the microfinance segment.

As on June 30, 2019, Fusion's regulatory capital adequacy stood at 25.89% and its gross and net NPAs were 1.53% and 0.00%, respectively.

## Key Financial Indicators (Audited)

	FY2018	FY2019	Q1 FY2020 (provisional)
Net Interest Income	102.96	213.15	69.17
Profit before Tax	(53.60)	88.22	29.81
Profit after Tax	(39.41)	65.35	20.68
Gross Advances (on book)	1,322.69	2,341.83	2,547.83
Gross Advances (including off book)	1,555.60	2,641.39	2,800.85
Total Managed Assets	2,138.53	3,708.53	3,669.13
% Tier 1	15.14%	23.36%	22.30%
% CRAR	21.87%	27.33%	25.89%
Gearing (owned)*	6.31	4.29	4.02
% Net Profit / Average Managed Assets	-2.33%	2.25%	2.23%
% Return on Net Worth	-16.62%	14.85%	13.07%
% Gross NPA (owned)	3.98%	1.41%	1.53%
% Net NPA (owned)	0.00%	0.00%	0.00%
Net NPA / Net Worth	0.00%	0.00%	0.00%

\*Gearing calculation includes interest accrued but not due in the numerator and the net worth excludes preference share capital, which is considered as debt

**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 24-Apr-20	FY2020 16-Mar-20	07-May-19	01-Apr-19	FY2019	FY2018
1	Vivriti Ravenclaw 02 2019	PTC Series A1	34.30	0.00	[ICRA]AAA(SO) withdrawn	[ICRA]AAA(SO)	[ICRA] A-(SO)	Provisional [ICRA]A-(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](http://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 <sup>2</sup> )	Current Rating
Vivriti Ravenclaw 02 2019	PTC Series A1	March 2019	9.50%	October 2020	0.00	[ICRA]AAA(SO) withdrawn

<sup>2</sup> 100 lakh = 1 crore = 10 million

## Analyst Contacts

**Abhishek Dafria**  
+91 22 6114 3440  
[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Ayush Agarwal**  
+91 22 6114 3431  
[ayush.agarwal@icraindia.com](mailto:ayush.agarwal@icraindia.com)

## Relationship Contact

**L Shivakumar**  
+91 22 6169 3304  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## 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.

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](http://www.icra.in)

## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87  
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,  
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,  
Bangalore + (91 80) 2559 7401/4049  
Ahmedabad+ (91 79) 2658 4924/5049/2008  
Hyderabad + (91 40) 2373 5061/7251  
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2020 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents