

March 28, 2023

Madura Micro Finance Limited: Rating upgraded, removed from watch and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures	172.50	172.50	[ICRA]AA- (Stable); upgraded from [ICRA]A- rating watch with positive implications, rating watch removed and withdrawn
Subordinated debentures	50.00	50.00	[ICRA]AA- (Stable); upgraded from [ICRA]A- rating watch with positive implications, rating watch removed and withdrawn
Term loans	2,100.00	2,100.00	[ICRA]AA- (Stable); upgraded from [ICRA]A- rating watch with positive implications, rating watch removed and withdrawn
Total	2,322.50	2,322.50	

*Instrument details are provided in Annexure I

Rationale

On February 15, 2023, CreditAccess Grameen Limited (CAGL) announced the completion of its merger with its subsidiary, Madura Micro Finance Limited (MMFL). ICRA takes note of the improved risk profile of the merged entity, i.e. CAGL {rated [ICRA]AA- (Stable)}, to which MMFL's debt instruments have been transferred following the merger. Therefore, in accordance with its policy for the withdrawal of credit ratings, ICRA has removed the long-term rating for MMFL from Watch with Positive Implications and upgraded the same to [ICRA]AA- (Stable) while simultaneously withdrawing the rating as the company has ceased to exist as a separate legal entity.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click Here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies ICRA's Policy on Withdrawal of Credit Ratings Rating Approach - Consolidation
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of CAGL & MMFL

About the company

Prior to the merger, Madura Micro Finance Limited (MMFL) mainly provided credit to economically-weak women through self-help groups and joint liability groups. Its assets under management (AUM) stood at Rs. 2,868 crore as on March 31, 2022 with operations in 98 districts across eight states/Union Territories through 471 branches.

It was a non-banking financial company (NBFC) established in 2005, which obtained an NBFC-microfinance institution (NBFC-MFI) licence in November 2013. In March 2022, CAGL was the majority shareholder with a stake of 76.32% in MMFL. Other significant shareholders included Ms. Tara Thiagarajan (12.50%), Mr. M Narayanan (5.53%) and Mr. F S Mohan Eddy (2.72%), while the rest was held by past/present employees of MMFL and an employee welfare trust.

Key financial indicators (Ind-AS)

Madura Micro Finance Limited	FY2020	FY2021	FY2022
Total income	475.5	435.5	462.8
Profit after tax	79.8	(0.2)	(13.9)
Net worth	401.6	401.3	387.7
Total managed portfolio	2,110.3	2,274.0	2,867.7
Total managed assets	2,272.9	2,763.4	3,026.4
Return on managed assets	3.6%	0.0%	-0.5%
Return on net worth	22.1%	-0.1%	-3.5%
Gearing (reported; times)	4.3	5.4	6.7
Gearing (managed; times)	4.6	5.8	6.7
Gross NPA	1.6%	4.7%	5.8%
Net NPA	0.6%	1.6%	3.0%
CRAR	23.0%	20.9%	20.0%

Source: Company, ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years						
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021			Date & Rating in FY2020	
				Mar-28-2023	Jun-03-2022	Oct-12-2021	Jan-05-2021	Dec-21-2020	Aug-06-2020	Dec-06-2019	Aug-01-2019	
1	Non-convertible debentures	172.5	172.5	[ICRA]AA-(Stable); withdrawn	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]BBB+%	-	-
2	Term loans	2,100.0	2,100.0	[ICRA]AA-(Stable); withdrawn	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]BBB+%	[ICRA]BBB+%	[ICRA]BBB+(Stable)
3	Subordinated debentures	50.0	50.0	[ICRA]AA-(Stable); withdrawn	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]A-%	[ICRA]BBB+%	[ICRA]BBB+%	[ICRA]BBB+(Stable)

% – Under Watch with Positive Implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible debenture	Simple
Subordinated debt	Moderately Complex
Term loans	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 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
INE500S08018	Subordinated debenture	Mar-30-2017	14.25%	Mar-29-2024	50.00	[ICRA]AA- (Stable); withdrawn
INE500S07119	NCD	Dec-23-2020	9.80%	Apr-23-2024	37.50	[ICRA]AA- (Stable); withdrawn
INE500S07127	NCD	Dec-31-2020	10.11%	Jun-30-2022	25.00	[ICRA]AA- (Stable); withdrawn
Unallocated	NCD	-	-	-	110.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 1	Nov-29-2021	NA	Nov-28-2023	22.27	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 2	Nov-29-2021	NA	Nov-28-2023	9.55	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 3	Dec-01-2021	NA	Dec-01-2023	23.86	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 4	Dec-01-2021	NA	Dec-01-2023	10.23	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 5	Dec-10-2021	NA	Dec-10-2023	23.86	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 6	Dec-10-2021	NA	Dec-10-2023	10.23	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 7	Oct-31-2020	NA	Oct-31-2022	1.25	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 8	Jun-30-2021	NA	Jun-30-2023	7.50	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 9	Aug-24-2021	NA	Aug-24-2023	9.17	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 10	Apr-29-2022	NA	Apr-29-2024	33.33	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 11	Sep-21-2022	NA	Sep-21-2024	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 12	Dec-30-2021	NA	Dec-30-2023	19.05	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 13	Feb-22-2022	NA	Feb-22-2024	21.43	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 14	Sep-15-2022	NA	Sep-15-2024	50.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 15	Sep-30-2022	NA	Sep-30-2024	20.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 16	Mar-24-2020	NA	Mar-24-2023	9.09	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 17	Sep-28-2021	NA	Sep-28-2024	66.67	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 18	Feb-26-2020	NA	Feb-26-2023	3.92	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 19	Aug-27-2021	NA	Aug-27-2026	4.93	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 20	Mar-29-2021	NA	Mar-29-2024	12.79	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 21	Aug-26-2022	NA	Sep-05-2024	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 22	Sep-12-2022	NA	Sep-05-2024	22.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 23	Dec-21-2020	NA	Dec-21-2022	3.57	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 24	Dec-31-2020	NA	Dec-31-2022	10.71	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 25	Sep-30-2021	NA	Sep-30-2024	72.73	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 26	Mar-31-2022	NA	Mar-31-2024	42.86	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 27	Mar-01-2022	NA	Feb-29-2024	37.50	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 28	Dec-11-2020	NA	Jan-08-2023	5.12	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 29	Sep-30-2021	NA	Sep-30-2023	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 30	Jul-29-2022	NA	Jul-29-2024	22.92	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 31	Aug-30-2022	NA	Aug-30-2024	23.96	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 32	Oct-31-2020	NA	Oct-31-2022	2.27	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 33	Nov-23-2020	NA	Nov-23-2022	4.55	[ICRA]AA- (Stable); withdrawn

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NA	Term loan - 34	Nov-27-2020	NA	Nov-10-2022	2.27	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 35	Jan-30-2021	NA	Jan-10-2023	13.64	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 36	Oct-29-2021	NA	Oct-10-2023	14.77	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 37	Nov-30-2021	NA	Nov-10-2023	63.64	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 38	Dec-15-2021	NA	Dec-15-2023	34.09	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 39	Mar-14-2022	NA	Mar-14-2024	28.64	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 40	Apr-12-2022	NA	Apr-10-2024	12.95	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 41	Dec-30-2021	NA	Dec-05-2024	35.71	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 42	Jan-19-2022	NA	Jan-05-2025	87.62	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 43	Feb-10-2022	NA	Feb-05-2025	28.33	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 44	Apr-30-2022	NA	Apr-10-2024	38.86	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 45	May-30-2022	NA	May-10-2024	27.27	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 46	Jul-28-2022	NA	Jul-10-2024	40.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 47	Aug-26-2022	NA	Aug-26-2024	65.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 48	Sep-26-2022	NA	Sep-10-2024	35.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 49	Jun-30-2021	NA	Sep-30-2023	5.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 50	Nov-24-2021	NA	Feb-01-2024	28.33	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 51	Mar-30-2022	NA	Jun-30-2024	43.75	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 52	Mar-31-2022	NA	Jun-30-2024	21.88	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 53	Nov-02-2020	NA	Oct-02-2022	0.83	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 54	Mar-18-2022	NA	Mar-18-2024	102.86	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 55	Mar-30-2022	NA	Mar-18-2024	34.29	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 56	Feb-01-2022	NA	Feb-01-2025	13.36	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 57	Nov-28-2019	NA	Feb-28-2023	3.09	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 58	Sep-24-2021	NA	Sep-30-2023	5.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 59	Mar-30-2021	NA	Mar-30-2023	15.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 60	Aug-31-2021	NA	Aug-31-2023	6.87	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 61	Sep-28-2021	NA	Sep-28-2023	5.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 62	Oct-28-2021	NA	Oct-28-2023	7.04	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 63	Dec-29-2021	NA	Dec-29-2023	37.50	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 64	Feb-22-2022	NA	May-22-2024	41.25	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 65	Dec-31-2019	NA	Mar-31-2023	3.70	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 66	Mar-08-2021	NA	Mar-31-2023	5.37	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 67	Mar-31-2021	NA	Mar-31-2023	4.09	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 68	Sep-27-2021	NA	Sep-27-2023	5.45	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 69	Oct-28-2021	NA	Oct-28-2023	8.86	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 70	Oct-30-2021	NA	Oct-30-2023	11.82	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 71	Nov-22-2021	NA	Nov-22-2023	9.55	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 72	Jun-21-2022	NA	Jun-21-2024	23.86	[ICRA]AA- (Stable); withdrawn

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NA	Term loan - 73	Aug-26-2022	NA	Aug-26-2024	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 74	Sep-21-2022	NA	Sep-21-2024	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 75	Oct-27-2021	NA	Oct-10-2022	2.50	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 76	Nov-15-2021	NA	Oct-10-2024	62.50	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 77	Jan-31-2022	NA	Jan-31-2023	20.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 78	Feb-23-2022	NA	Feb-24-2023	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 79	Mar-09-2022	NA	Mar-09-2023	25.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 80	Jul-06-2022	NA	Jul-05-2024	70.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 81	Sep-30-2019	NA	Sep-30-2022	12.67	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 82	Mar-10-2021	NA	Mar-10-2023	5.00	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 83	Feb-24-2022	NA	May-24-2024	17.50	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 84	Apr-30-2022	NA	May-05-2024	19.06	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 85	Jun-28-2022	NA	Jul-05-2024	13.88	[ICRA]AA- (Stable); withdrawn
NA	Term loan - 86	Jul-27-2022	NA	Aug-05-2024	6.75	[ICRA]AA- (Stable); withdrawn
NA	Term loan - Unallocated	-	-	-	116.28	[ICRA]AA- (Stable); withdrawn

Source: MMFL

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not applicable

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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.

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