

## Ujjivan Financial Services Limited

### Fubelt IFMR Capital 2016

The ratings of Provisional [ICRA]A+(SO) and Provisional [ICRA]BBB+(SO) have been assigned to PTC Series A1 and PTC Series A2 respectively, issued by Fubelt IFMR Capital 2016, backed by pool of Micro loan receivables, originated by Ujjivan Financial Services Limited (Ujjivan).

**Table 1: Rating Summary**

Description	Amount (Rs. Cr)	Maturity	Rating
PTC Series A1	163.55	May 2018	Provisional [ICRA]A+(SO)
PTC Series A2	8.99	May 2018	Provisional [ICRA]BBB+(SO)
Over-collateralization	7.19		Unrated
<b>Total</b>	<b>179.73</b>		

The ratings are based on the strength of cash flows from the selected pools of contracts; the credit enhancement available in the form of (i) Cash collateral of 3.00% of the pool principal to be provided by the Originator, (ii) subordination of 9.00% of the pool principal for PTC Series A1 and 4.00% of pool principal for PTC A2, and (iii) the entire Excess Interest Spread (EIS) in the structure; and the integrity of the legal structure.

The selected pool consists of unsecured micro loans (less than or equal to Rs. 50,000 each) and is characterized by moderate residual tenure of contracts (21 months), average seasoning of about 4.6 months and no overdue on the selected loans as of date. All the contracts in the underlying pool are compliant with the Minimum Holding Period (MHP) criteria of at least 3 repayments for monthly products, as prescribed by the RBI Securitisation Guidelines. Moreover, the current pool comprises of Group loans and Individual loans. According to the transaction structure, the entire pool of selected contracts will be assigned to a Special Purpose Vehicle (Trust) at par. The Trust has issued two series of PTCs backed by the receivables. PTC A1 (91.00% of the pool principal) and PTC A2 (5.00% of pool principal) have sequential seniority on principal payment. Any payment to the Originator will be made only after all the PTC Payouts are fully made.

The monthly schedule of promised cashflows for PTC A1 will comprise payment of yield (at the pre-determined rate on the principal outstanding) and scheduled principal repayment on a monthly basis (not promised before last payout date). For PTC A2, the monthly schedule of promised cashflows comprises of payment of yield on a monthly basis while principal is scheduled to be paid on monthly basis (not promised before last payout date) after payment of PTC A1 in full. Any principal payout to PTC A2 will be made only after PTC A1 has been paid in full.

Based on the analysis of the past performance of Ujjivan's loan portfolio and the expected future performance of the selected pool of loans, ICRA believes that the credit support provided has been adequately sized to cover the credit / liquidity risk in the transaction.

### About the Originator

Ujjivan Financial Services Ltd. (Ujjivan) (rated [ICRA]A+(stable) for its NCD programme and [ICRA]A1+ for its Commercial Paper) is a Microfinance Institution (MFI) that was set up in October 2005 as an NBFC and became operational from January 2006. It was founded by Mr. Samit Ghosh, who is the CEO and Managing Director of the company at present. Ujjivan has its headquarters in Bangalore, with regional offices in New Delhi, Kolkata & Pune. Ujjivan's focus is to provide financial services to the economically backward women in urban and semi-urban areas.

As of June 2016, Ujjivan operates in 24 states with a network of 469 branches, with the top 3 states i.e. Karnataka, West Bengal and Tamil Nadu accounting for 43.6% of the portfolio. It has a portfolio of Rs. 5,851 crore as on June 30, 2016 with a client base of 34.44 lakh members. The company has reported net profits of Rs. 177 crore (profitability of 3.7%) in FY2016 on a managed assets base of Rs. 6,052 crore as against profits of Rs. 76 crore (profitability of Rs. 2.5%) for FY2015 on a managed assets base of Rs. 4,032 crore.



This is the 13<sup>th</sup> standalone Ujjivan transaction to be rated by ICRA. The performance of the previous transactions had been good with greater than 97% cumulative collection efficiency and with negligible delinquencies. Also there has been no cash collateral utilisation in any of the transactions.

**September 2016**

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