

February 13, 2020

CreditAccess Grameen Limited: ICRA withdraws ratings for pass through certificates (PTCs) issued under three micro loan securitisation transactions

Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore ¹)	Amount o/s after last surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
Northern Arc 2019 MFI Naruto	PTC Series A1	83.98	NA	0.00	[ICRA]A+(SO) Withdrawn
Northern Arc 2018 MFI Titli	PTC Series A1	100.01	65.08	0.00	[ICRA]A+(SO) Withdrawn
Northern Arc 2019 MFI Yaga	PTC Series A1	98.76	NA	0.00	[ICRA]A(SO) Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for PTCs issued under 3 micro loan securitisation transactions originated by CreditAccess Grameen Limited (CAGL), as tabulated above. All the payouts to the investors in the above mentioned instruments have been made and no further payment 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.

¹ 100 lakh = 1 crore = 10 million

Rating sensitivities

N.A

Key rating assumptions

N.A.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company

CAGL commenced microfinance operations under the leadership of Mrs. Vinatha M Reddy in 1999 as a department / division under T. Muniswamappa Trust (TMT), a registered Public Charitable Trust/NGO. This microfinance program got transferred and transformed into an NBFC in 2007-08. The Company provides micro-credit to economically backward women through the joint liability group mechanism. CreditAccess Asia N.V. holds 80.1% stake in the company as on June 30, 2019.

As in June 2019, CAGL had a portfolio of Rs.7,619.5 crore (as per IGAAP) serving borrowers across 170 districts of Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh, Chhattisgarh, Odisha, Kerala, Goa and Puducherry.

Key financial indicators (IndAS)

	FY 2018	FY 2019
Total Income (Rs. Crore)	864.9	1,231.3
Profit after Tax (Rs. Crore)	212.5	321.8
Net worth (Rs. Crore)	1,437.5	2,365.1
Total Managed Portfolio (Rs. Crore)	4,958.3	7,124.2
Total Managed Assets (Rs. Crore)	5,176.3	7,878.8
Return on Managed Assets (%)	4.9%	4.9%
Return on Net worth (%)	20.0%	16.9%
Gearing (times)	2.5	2.1
Gross NPA (%)	0.8%	0.6%
Net NPA (%)	0.0%	0.2%
Capital Adequacy Ratio (%)	29.6%	35.3%

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

S. No	Instrument	Current Rating (FY2020)				Chronology of Rating History for the Past 3 Years				
		Type	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2020		Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
						13-Feb-20	06-Jun-19			
1	Northern Arc 2019 MFI Naruto	PTC Series A1	83.98	Nil	[ICRA]A+(SO) withdrawn	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	--	--	--

**Initial Ratings assigned*

S. No	Instrument	Current Rating (FY2020)				Chronology of Rating History for the Past 3 Years				
		Type	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
2	Northern Arc 2018 MFI Titli	PTC Series A1	100.01	Nil	[ICRA]A+(SO) withdrawn	[ICRA]A+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	--	--

**Initial ratings assigned*

S. No	Instrument	Current Rating (FY2020)				Chronology of Rating History for the Past 3 Years				
		Type	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2020		Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
						13-Feb-20	27-Aug-19			
3	Northern Arc 2019 MFI Yaga	PTC Series A1	98.76	Nil	[ICRA]A(SO) withdrawn	[ICRA]A(SO)	Provisional [ICRA]A(SO)	--	--	--

**Initial ratings assigned*

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

Annexure I: Details of Instruments

Sl.	Trust name	Instrument name	Date of issuance	Coupon rate (p.a.)	Scheduled maturity date	Current amount o/s (Rs. crore) ²	Current rating
1.	Northern Arc 2019 MFI Naruto	PTC Series A1	Apr-19	9.10%	Apr-20	0.00	[ICRA]A+(SO) Withdrawn
2.	Northern Arc 2018 MFI Titli	PTC Series A1	Dec-18	9.35%	Jun-20	0.00	[ICRA]A+(SO) Withdrawn
3.	Northern Arc 2019 MFI Yaga	PTC Series A1	Jun-19	9.25%	Feb-20	0.00	[ICRA]A(SO) Withdrawn

² 100 lakh = 1 crore = 10 million

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