

August 16, 2022

Muthoot Microfin Limited: Ratings withdrawn for PTCs backed by micro loan receivables transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
CredAvenue Mcfarland 03 2021	PTC Series A1	51.00	3.43	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	1.13	1.13	0.00	[ICRA]AA+(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under micro loan securitisation transaction originated by Muthoot Microfin Limited, as tabulated above.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.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link: [Click here](#)

Analytical approach

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

About the company

Muthoot Microfin Limited (MML) is a part of the Muthoot Pappachan Group. The company entered the microfinance business in 2010 as a division of Muthoot Fincorp Limited. In December 2011, the Group had acquired a Mumbai-based non-banking financial company (NBFC), Pancharatna Securities Ltd, and renamed it MML. In March 2015, MML received an NBFC-microfinance institution (NBFC-MFI) licence from the Reserve Bank of India. As of March 2022, Muthoot Fincorp Limited had a ~54% stake in the company.

MML has grown its presence across India and is currently operating in 15 states. As of March 2022, it had 905 branches (up from 755 branches as of March 2021) and a portfolio size of about Rs. 6,234 crore with a borrower base of 27.25 lakh. Most of the portfolio is concentrated in Kerala, Tamil Nadu and Karnataka.

Key Financial Indicators

MML	FY2020 (A)	FY2021 (A)	FY2022 (P)*
Total income	866.7	696.3	842.9
Profit after tax	18.2	7.1	45.8
Assets under management	4,707.0	4,950.4	6,233.7
Gross non-performing assets (NPA)	5.8%	8.1%	6.3%
Net NPA	4.1%	1.5%	1.6%

Amounts in Rs. crore; Source: Company & ICRA Research

*Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2023)		Chronology of Rating History for the past 3 years		
				Date & Rating	Date & Rating	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
				August 16, 2022	May 23, 2022	June 24, 2021	Mar 15, 2021	-
CredAvenue Mcfarland 03 2021	PTC Series A1	51.00	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-
	PTC Series A2	1.13	0.00	[ICRA]AA+(SO); Withdrawn	[ICRA]AA+(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-

Complexity level of the rated instrument

Trust Name	Instrument*	Complexity Indicator
CredAvenue Mcfarland 03 2021	PTC Series A1	Moderately Complex
	PTC Series A2	Moderately 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, is available on ICRA's website www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
CredAvenue Mcfarland 03 2021	PTC Series A1	March 2021	8.75%	January 2023	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	March 2021	12.00%	January 2023	0.00	[ICRA]AA+(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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