

**CredAvenue Atticus 02 2021**  
**(Originator: Pahal Financial Services Private Limited (PFSPL))**

May 06, 2021

**Ratings**

Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Series A1 PTC	17.14 (Rs. Seventeen Crore and fourteen lakhs only)	CARE A- (SO) [CARE Single A minus (Structured Obligation)]	Final Rating Assigned
Series A2 PTC	0.10 (Ten lakhs only)	CARE BBB (SO) [CARE Triple B (Structured Obligation)]	

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had assigned a rating of 'Provisional CARE A- (SO)' [pronounced as 'Provisional CARE Single A minus (Structured Obligation)'] and 'Provisional CARE BBB (SO)' [pronounced as 'Provisional CARE Triple B (Structured Obligation)'] to Series A1 and Series A2 PTCs respectively, issued by CredAvenue Atticus 02 2021 backed by microfinance loan receivables originated by Pahal Financial Services Private Limited (PFSPL).

The rating is now confirmed and rating of 'CARE A- (SO)' [pronounced as CARE Single A minus (Structured Obligation)] and 'CARE BBB (SO)' [pronounced as 'CARE Triple B (Structured Obligation)'] to Series A1 and Series A2 PTCs respectively issued by CredAvenue Atticus 02 2021 has been assigned. The rating assigned is finalized based on the structure provided to CARE by PFSPL, the originator. The rating has been confirmed after the copies of legal documents executed in accordance with the structure, a due diligence audit report by an external auditor and an independent legal opinion was furnished by the Originator (PFSPL), to the satisfaction of CARE.

The assigned pool consisted of 11,675 contracts aggregating to a principal outstanding of Rs. 19.70 Cr given as microfinance loans as on cut-off date Feb 5, 2021. Top three states accounted for 93.29% of the total principal of the pool with the top state, Gujarat accounting for 61.67%. All the contracts were current on payment.

**Rating Sensitivities:**

*Positive Factors - Factors that could lead to positive rating action/upgrade:*

1. Build-up of cash collateral (as % of Balance POS)

*Negative Factors - Factors that could lead to negative rating action/downgrade:*

1. Higher than expected delinquencies
2. Deterioration in the overall pool performance.
3. Downgrade in rating of Servicer

**Detailed description of the key rating drivers: NA**

**Key Rating Strengths: NA**

**Key Rating Weaknesses: NA**

**Analytical approach & Applicable Criteria**

[CARE's methodology for Asset / Mortgage Backed Securitization](#)

**Liquidity Position**

The inherent liquidity in the structure is adequate. The interest payouts for Series A1 PTCs are promised on a monthly basis, while the Series A1 principal is expected on a monthly basis. On full repayment of Series A1 PTCs, interest payouts to Series A2 PTCs are promised on a monthly basis; and the Series A2 PTC principal is expected on a monthly basis. The principal for Series A1 PTCs and Series A2 PTCs are promised by the last payout date. In case of any delinquency, the payouts are expected to be supported by Over Collateral, Excess Interest Spread and Cash Collateral (in the form of a Fixed Deposit).

**About the Company**

Pahal Financial Services Private Limited (Pahal) is a non-deposit taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India in 2011 and registered as a NBFC-MFI w. e. f. January 29, 2014. Pahal commenced operations with

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

acquisition of a portfolio of Rs.2.60 crore created under the Joint-liability group (JLG) model from Ahmedabad based Lok Vikas Nidhi (a division of Vikas Centre of Development) which had a track record of over 25 years. Thereafter, Pahal has expanded operations to several districts in Gujarat and nearby states. At present, Pahal offers microfinance loans to women through its network of 143 branches in 76 districts of Gujarat, Madhya Pradesh, Rajasthan, Maharashtra, Bihar, Chhatisgarh and Uttar Pradesh with and AUM of Rs.736.44 crore as on March 31, 2020. Currently Rated – ‘BBB- Stable’ (August 07, 2020)

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total income	89.52	145.41
PAT	8.03	15.89
Tangible Networkth	56.71	112.25
Gross NPA (%)	0.09	0.23
Net NPA (%)	0.05	0.23
ROTA (%)	2.20	2.68

\*Audited

**Status of non-cooperation with previous CRA:**

Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Series A1 Pass Through Certificates	Feb'21	11.00% p.a.	Aug'22	17.14	CARE A- (SO)
Series A2 Pass Through Certificates	Feb'21	15.00% p.a.	Aug'22	0.10	CARE BBB (SO)

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Series A1 Pass Through Certificates	LT	17.14	CARE A- (SO)	-	1)Provisional CARE A- (SO) (25-Feb-21)	-	-
2.	Series A2 Pass Through Certificates	LT	0.10	CARE BBB (SO)	-	1)Provisional CARE BBB (SO) (25-Feb-21)		

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:**

Not Applicable

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of Instrument	Complexity Level
1	Pass through Certificates	Highly Complex

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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