

Creciente

Originator: Pahal Financial Services Private Limited

August 30, 2021

Ratings

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Series A PTC	22.78 (Rs. Twenty two Crore and seventy eight lakhs only)	CARE A- (SO) [CARE Single A minus (Structured Obligation)]	Final Rating Assigned

Details of instruments/facilities in Annexure-1.

Detailed Rationale and Key Rating Drivers

CARE had assigned a rating of 'Provisional CARE A- (SO)' [pronounced as 'Provisional CARE Single A minus (Structured Obligation)'] to Series A, issued by Creciente backed by microfinance loan receivables originated by Pahal Financial Services Private Limited (PFSPL).

The rating is now confirmed and 'CARE A- (SO)' [pronounced as CARE Single A minus (Structured Obligation)] to Series A PTCs 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 13,120 contracts aggregating to a principal outstanding of Rs. 26.04 Cr given as microfinance loans as on cut-off date Mar 1, 2021. Top three states accounted for 100.00% of the total principal of the pool with the top state, Gujarat accounted for 87.59%. All the contracts were current on payment.

Rating Sensitivities

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

1. Lower than expected delinquencies.
2. Build-up of cash collateral (as % of Balance POS).

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

1. Deterioration in pool collections.
2. Downward revision in rating of originator, creating the prospect of Commingling / Servicer Risk.

Detailed Rationale & Key Rating Drivers: NA

Key Rating Strengths: NA

Key Rating Weaknesses: NA

Liquidity Position - Adequate

The inherent liquidity in the structure is adequate. The interest payouts for Series A PTCs are promised on a monthly basis, while the Series A principal is expected on a monthly basis. The principal for Series A PTCs is 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).

Applicable Criteria

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

Key Rating Assumptions: NA

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.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Pahal commenced operations with 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’

Key Financial Indicators (Rs. Crore):

Particulars	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

A-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
Pass Through Certificates	Mar'21	11.75%	Dec'22	22.78	CARE A- (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.	Pass Through Certificates	LT	22.78	CARE A- (SO)	-	1)Provisional CARE A- (SO) (30-Mar-21)	-	-

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

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Name - Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact 1

Name – Sriram Rajagopalan
Contact no. – +91-22-6754 3652
Email ID – sriram.rajagopalan@careratings.com

Analyst Contact 2

Name – Vineet Jain
Contact no. – +91-22-6754 3456
Email ID – vineet.jain@careratings.com

Business Development Contact

Name - Mr. Deepak Prajapati
Contact no.: +91-79-4026 5656
Email: deepak.prajapati@careratings.com

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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