

September 26, 2023

Fincare Small Finance Bank Limited: Rating withdrawn for PTCs issued under a pool of unsecured microloan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Cartman IFMR Capital 2016	PTC Series A2	3.36	0.29	0.00	[ICRA]D(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under unsecured microloan securitisation transaction originated by Fincare Small Finance Bank Limited (Fincare; rated [ICRA]A (Positive)), 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liquidity position, rating sensitivities have not been captured as the ratings assigned to the instruments have been withdrawn.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 originator

Fincare Small Finance Bank Limited (Fincare) converted into a small finance bank (SFB) in July 2017 from a microfinance institution (Disha Microfin Limited) registered as a non-deposit accepting, non-banking financial company (NBFC) with the Reserve Bank of India (RBI). In 2007, Mr. Reddy commenced the microfinance operations of Future Financial Services Private Limited (FFSPL) in South India. In 2009, Mr. Nanavati and three others commenced the microfinance operations of Disha Microfin in Gujarat. In October 2010, True North (erstwhile India Value Fund), a private equity fund, funded FFSPL and Disha.

FFSPL's operations were adversely impacted during the Andhra Pradesh microfinance crisis and FFSPL along with Disha came under the brand name, Fincare. The bank's transformation process began in 2016 after receiving in-principle approval from the RBI for its SFB licence. In 2017, the restructuring was completed with the merger of FFSPL with Fincare Business Services Limited, which is the holding company, while Disha Microfin converted into Fincare Small Finance Bank Limited. Fincare received scheduled bank status in 2019.

As on March 31, 2023, Fincare had operations in 22 states and Union Territories spanning 338 districts through 1,231 branches serving a customer base of 29.4 lakh. In FY2023, Fincare reported a net profit of Rs. 103.6 crore on an AUM of Rs. 9,911 crore as on March 31, 2023 against a net profit of Rs. 7 crore in FY2022 on an AUM of Rs. 7,599 crore as on March 31, 2022.

Key financial indicators (audited)

Fincare SFB	FY2021	FY2022	FY2023
Accounting as per	IGAAP	IGAAP	IGAAP
Net interest income	701	879	1,090
Profit after tax (PAT)	113	6	104
Total assets	7,967	10,901	12,468
GNPA	6.4%	7.8%	3.3%
NNPA	2.8%	3.6%	1.3%

Source: Company, ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable
Any other information: None
Rating history for past three years

	Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					September 26, 2023	July 25, 2023			
1	Cartman IFMR Capital 2016	PTC Series A2	3.36	0.00	[ICRA]D(SO); Withdrawn	[ICRA]D(SO)	[ICRA]D(SO)	[ICRA]D(SO)	[ICRA]D(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Cartman IFMR Capital 2016	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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument Type	Date of Issuance	Coupon Rate	Initial Final Maturity Date*	Amount Rated (Rs. crore)	Current Rating
Cartman IFMR Capital 2016	PTC Series A2	September 2016	15.00%	June 2018	0.00	[ICRA]D(SO); Withdrawn

* Scheduled maturity date at transaction initiation; may change on account of prepayments

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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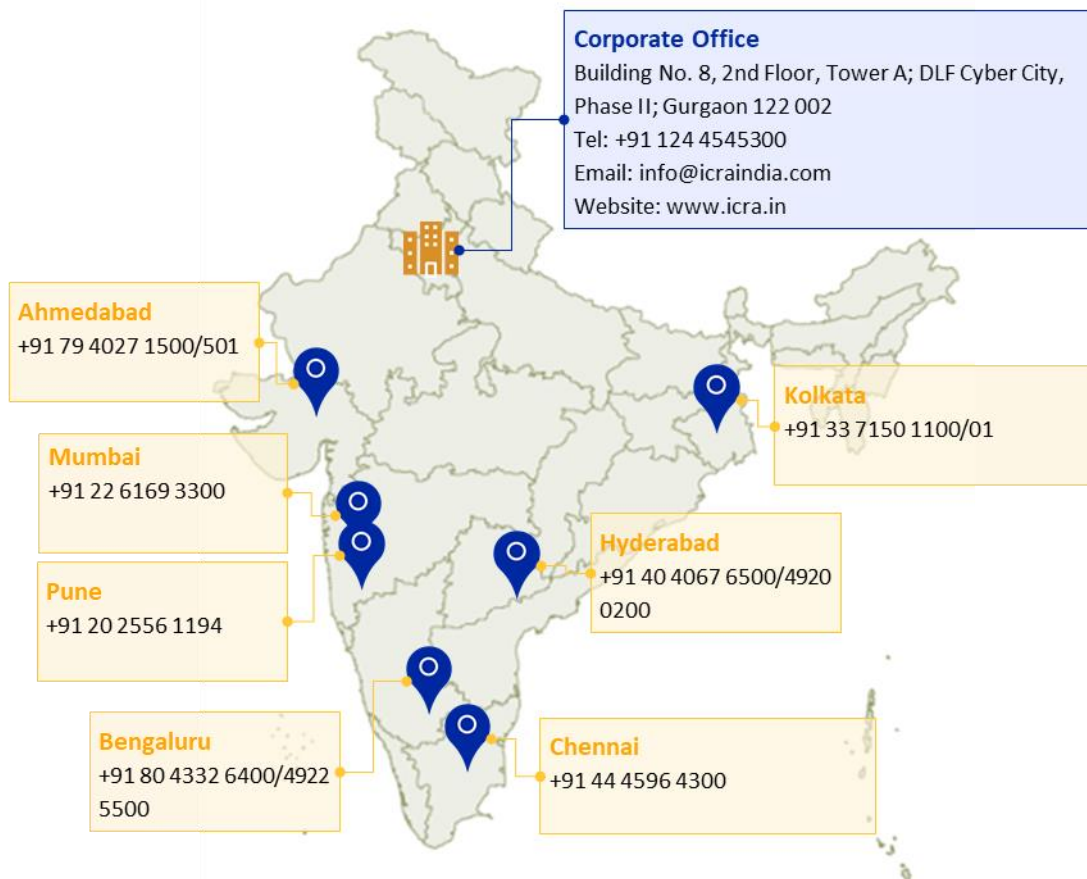
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