

May 17, 2024

Fincare Small Finance Bank Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Tier II bonds	100.00	0.00	[ICRA]A on Rating Watch with Positive Implications; withdrawn
Lower Tier II bonds	260.00	0.00	[ICRA]A on Rating Watch with Positive Implications; withdrawn
Fixed deposits	50.00	0.00	[ICRA]A on Rating Watch with Positive Implications; withdrawn
Total	410.00	0.00	

*Instrument details are provided in Annexure I

Rationale

With effect from April 1, 2024, Fincare Small Finance Bank Limited (Fincare) has amalgamated with AU Small Finance Bank Limited (AU SFB). As a part of the scheme of amalgamation, Fincare has been merged with AU SFB and its debt instruments have been transferred to AU SFB. In line with ICRA's policy on the withdrawal of credit ratings, the rating assigned to various debt programmes of Fincare stands withdrawn.

The key rating drivers, liquidity position, rating sensitivities, and key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Banks and Financial Institutions Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

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 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, along with Disha, it 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 converted into Fincare Small Finance Bank Limited. Fincare merged with AU SFB with effect from April 1, 2024.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years						
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of April 30, 2024 (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024				Date & Rating in FY2023	Date & Rating in FY2022	
				May 17, 2024	Nov 7, 2023	Aug 11, 2023	Jun 26, 2023	Jun 13, 2023	Jun 14, 2022	Jul 26, 2021	
1	Bank lines (Long term – Term loan)	Long term	0	0	-	-	[ICRA]A (Positive); withdrawn	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Stable)	[ICRA]A (Stable)
2	Bank lines (Long term – Fund based/non-fund based)	Long term	0	0	-	-	[ICRA]A (Positive); withdrawn	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Stable)	[ICRA]A (Stable)
3	Tier II bonds	Long term	100	0	[ICRA]A; Rating Watch with Positive Implications; withdrawn	[ICRA]A on Rating Watch with Positive Implications	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Stable)	[ICRA]A (Stable)
4	Fixed deposit	Long term	50	0	[ICRA]A; Rating Watch with Positive Implications; withdrawn	[ICRA]A on Rating Watch with Positive Implications	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Stable)	MA+ (Stable)
5	Lower Tier II bonds	Long term	180	0	[ICRA]A; Rating Watch with Positive Implications; withdrawn	[ICRA]A on Rating Watch with Positive Implications	[ICRA]A (Positive)	[ICRA]A (Positive)	[ICRA]A (Positive)	-	-
6	Lower Tier II bonds	Long term	20	0	[ICRA]A; Rating Watch with Positive Implications; withdrawn	[ICRA]A on Rating Watch with Positive Implications	[ICRA]A (Positive)	[ICRA]A (Positive)	-	-	-
7	Lower Tier II bonds	Long term	60	0	[ICRA]A; Rating Watch with Positive Implications; withdrawn	[ICRA] on Rating Watch with Positive Implications	[ICRA]A (Positive)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Lower Tier II bonds	Highly complex
Tier II bonds	Highly complex
Fixed deposit	Very simple

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

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE519Q08152	Tier II bonds	Sep 30, 2019	12.87%	Sep 30, 2025	100.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn
NA	Fixed deposits	NA	NA	NA	50.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn
INE519Q08160	Lower Tier II bonds	Jun 15, 2023	10.75%	Dec 15, 2028	49.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn
INE519Q08178	Lower Tier II bonds	Jul 5, 2023	10.75%	Jan 5, 2029	75.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn
INE519Q08186	Lower Tier II bonds	Aug 09, 2023	10.75%	Feb 9, 2029	50.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn
INE519Q08194	Lower Tier II bonds	Aug 23, 2023	10.70%	Feb 23, 2029	60.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn
To be issued	Lower Tier II bonds	NA	NA	NA	26.00	[ICRA]A; Rating Watch with Positive Implications; withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Prateek Mittal
+91 33 7150 1100
prateek.mittal@icraindia.com

Jatin Arora
+91 124 4545 864
jatin.arora@icraindia.com

Arpit Agarwal
+91 124 4545 873
arpit.agarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.