

Share Microfin Limited

April 30, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debenture	25.00	25.00	[ICRA]D; Reaffirmed
Subordinated Debt	100.00	100.00	[ICRA]D; Reaffirmed
Bank lines	130.11	130.11	[ICRA]D; Reaffirmed
Total	255.11	255.11	

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the rating of [ICRA]D (pronounced ICRA D) on the Rs. 25.00-crore Non-Convertible Debenture programme, Rs. 100.00-crore subordinated debt programme and Rs. 130.11-crore bank lines of Share Microfin Limited (SML).

Rationale

The reaffirmation in ratings of SML factors in continued delays in debt servicing owing to stretched liquidity position of the company. ICRA notes that SML has successfully implemented the Demerger Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh (A.P.) & Telangana on April 18, 2017 leading to the AP business of Asmitha Microfin and Share Microfin to be merged into Asmitha Microfin and the Non-AP business of these two entities into Share Microfin Limited. The scheme is applicable retrospectively from April 01, 2015. Consequently, SML had a positive net-worth of Rs. 185.11 crore as on March 31, 2017. ICRA further notes that SML is in the process of raising funds for repaying the old dues which will be paid after balance confirmation from all its lenders.

Key rating drivers

Credit strengths

- Long track record of operations geographically diversified in 18 states across India

Credit challenges

- Delays in debt servicing; ability to repay old debt and raise fresh funding will be critical for sustenance of operations
- Marginal borrower profile and the political and operational risks associated with microlending

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[ICRA's Credit Rating Methodology for Non-Banking Finance Companies](#)

About the company

Share Microfin Limited was founded by Mr. Udaia Kumar in the year 1999-2000 as public limited company. It became a registered Non-Banking Finance Company (NBFC) in 2000 and was the first Microfinance Institution (MFI) to obtain a NBFC (Non-Deposit taking) license. SML is engaged in micro finance lending activities.

During FY2017, the company reported a profit after tax (PAT) of Rs. 4.48 crore on managed asset base of Rs. 821.56 crore compared to a loss of Rs. 17.48 crore during FY2016 on managed asset base of Rs. 1,580.40 crore.

Key financial indicators

	FY2016	FY2017
Total Income	198.08	208.65
Profit after tax (PAT)	(17.98)	4.48
Net Worth	(449.97)	185.11
Total managed portfolio	1580.40	821.56
Total managed assets	1580.40	821.56
Return on managed assets (PAT/AMA)	(2.28)%	0.37%
Return on average net worth (PAT/Avg. net worth)	(3.38)%	7.99%

Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Instrument	Current Rating		Rating History for the last 3 years				
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	April 2018	FY2017 Mar-17	FY2016 Feb-16	FY2015 Apr-14
1 Non-Convertible Debenture	Longterm	25.00	25.00	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]D
2 Subordinated Debt programme	Longterm	100.00	100.00	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]D
3 Bank Loans	Longterm	130.11	130.11	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]D

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. crore)	Current Rating and Outlook
INE973K08014	Non-Convertible Debenture	31-03-2010	13.75%	NA	25.00	[ICRA]D
INE973K07032	Sub-Debt Programme	29-03-2010	12.00%	NA	100.00	[ICRA]D
Sub-total (A)					125.00	
NA	Term Loan-1	04-09-2008	12-13%	NA	11.46	[ICRA]D
NA	Term Loan-2	30-10-2008	12-13%	NA	45.83	[ICRA]D
NA	Term Loan-3	23-07-2008	12-13%	NA	9.17	[ICRA]D
NA	Term Loan-4	16-10-2008	12-13%	NA	0.88	[ICRA]D
NA	Term Loan-5	09-02-2009	12-13%	NA	5.09	[ICRA]D
NA	Term Loan-6	23-04-2009	12-13%	NA	2.29	[ICRA]D
NA	Term Loan-7	29-07-2008	12-13%	NA	0.50	[ICRA]D
NA	Term Loan-8	15-10-2007	12-13%	NA	10.31	[ICRA]D
NA	Term Loan-9	21-05-2007	12-13%	NA	2.77	[ICRA]D
NA	Term Loan-10	16-05-2008	12-13%	NA	1.30	[ICRA]D
NA	Term Loan-11	03-03-2009	12-13%	NA	9.17	[ICRA]D
NA	Term Loan-12	31-05-2008	12-13%	NA	1.53	[ICRA]D
NA	Term Loan-13	31-12-2008	12-13%	NA	5.73	[ICRA]D
NA	Term Loan-14	03-11-2008	12-13%	NA	2.29	[ICRA]D
NA	Term Loan-15	6-Dec-2008	12-13%	NA	3.05	[ICRA]D
NA	Term Loan-16	21-03-2009	12-13%	NA	7.64	[ICRA]D
NA	Term Loan-17	23-06-2009	12-13%	NA	9.17	[ICRA]D
NA	Term Loan-18	14-05-2008	12-13%	NA	1.93	[ICRA]D
Sub-total (B)					130.11	
Total (A+B)					255.11	

*Date of maturity for the loans to be decided after confirmation of balances by the lenders post implementation of the Scheme of Arrangement as approved by the High Court

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