

Bharat Financial Inclusion Limited

May 23, 2018

Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore ¹)	Amount O/s after last surveillance (Rs. crore)	Amount O/s after Mar-18 Payout (Rs. crore)	Rating action
India Microfinance Loan Receivables Trust Jun-16	PTC Series A1	198.62	69.50	0.00	[ICRA]AA(SO) Withdrawn

**Instrument details are provided in Annexure I*

Rating Action

ICRA has withdrawn the ratings for PTCs issued under a micro loan securitisation transaction originated by Bharat Financial Inclusion Limited, as tabulated above.

Rationale

All the payouts to the investors in the above-mentioned instrument have been made and no further payment are due to the investors.

Key rating drivers

Credit Strengths

- N.A.

Credit Weakness

- N.A.

Description of key rating drivers highlighted above:

N.A.

Key rating assumptions

N.A.

Analytical approach:

N.A.

Links to applicable Criteria

[ICRA's Policy on Withdrawal and Suspension of Credit Rating](#)

¹ 100 lakh = 1 crore = 10 million

About the company:

Bharat Financial Inclusion Limited (BFIL) (erstwhile SKS Microfinance Limited), rated [ICRA]A+(stable) for its long-term borrowings and [ICRA]A1+ for its short-term debt, is an NBFC-MFI catering to the financial needs of poor women through the Joint Liability Group Mechanism. SKS was established as a non-governmental organization (NGO) under the name Swayam Krishi Sangama in 1998. This not-for-profit society was subsequently renamed SKS Microfinance Limited and registered as an NBFC in January 2005 and received an NBFC-MFI license in November 2013. SKS Microfinance Limited has been renamed to Bharat Financial Inclusion Limited (BFIL) in June-2016. The portfolio of BFIL had witnessed a growth of around 34% over the past year, with a book of Rs. 11,466 crore as on December-2017, which is diversified across 16 states in India with a branch network of 1513 branches (incl. AP and Telangana where the portfolio is NIL). As on December 2017, BFIL's gross and net NPAs stood at 4.6% and 0.2% respectively.

For FY2017, BFIL reported PAT of Rs. 289.7 crore on an Asset Under Management of Rs. 9149.7 crore as against a PAT of Rs. 303.0 crore on an Asset Under Management of Rs. 7676.9 crore for FY2016. For Q3FY2018, BFIL reported a PAT of Rs. 163 crore on an Asset under Management of Rs. 11,466 crore. The company was adequately capitalized with a CAR of 31.0% as of Dec-2017.

Key financial indicators (audited)

	FY 2016	FY 2017
Net interest income*	641	848
Profit before tax	394	193
Profit after tax	303	290
Net advances	7,603	8,757
Total assets	7,154	10,418
% Tier 1	23.1%	33.0%
% CRAR	23.1%	33.5%
Gearing	3.7	2.9
% Net profit/Average Managed Assets	3.8%	2.6%
% Return on net worth	24.9%	15.1%
% Gross NPAs (Non-AP)	0.08%	5.97%
% Net NPAs (Non-AP)	0.04%	2.70%
Net NPA/Net worth (Non-AP)	0.14%	7.57%

Source: ICRA research and company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Table:

S.No	Name of Instrument	Type	Current Rating		Month-year & Rating	Chronology of Rating History for the past 3 years		
			Initial Rated amount (Rs. Crores)	Amount outstanding (Rs. Crores)		Month- year & Rating		
						August 2017	October 2016	June 2016*
1	IMLRT June 2016	PTC Series A1	198.62	Nil	[ICRA]AA(SO) Withdrawn May 2018	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)

* Initial Rating assigned

Complexity level of the rated instrument: Highly Complex

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 I Details of Instruments

Sl.	Trust Name	Instrument	Date of Issuance	Coupon Rate (p.a.)	Scheduled Maturity Date	Rated Amount (Rs. crore ²)	Current Rating
1	IMLRT June 2016	PTC Series A1	Jun-16	7.84%	Mar-18	Nil	[ICRA]AA(SO) Withdrawn

² 100 lakh = 1 crore = 10 million

ANALYST CONTACTS

Vibhor Mittal

+91 22 6114 3440

vibhorm@icraindia.com

Abhijeet Ajinkya

+91 22 6114 3434

abhijeet.ajinkya@icraindia.com

Satchit Sawant

+91 22 6114 3435

satchit_sawant@icraindia.com

Arjun Bhatia

+91 22 6114 3449

arjun.bhatia@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

naznin.prodhani@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999

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