

Sambandh Finserve Private Limited

April 29, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term loans	44.99	44.99	[ICRA]BB-(Stable); Withdrawn
Long term bank lines – Unallocated	0.01	0.01	[ICRA]BB-(Stable); Withdrawn
Total	45.00	45.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the long-term rating of [ICRA]BB- (pronounced ICRA double B minus) with a Stable outlook on the Rs. 44.99-crore¹ term loans and Rs. 0.01-crore unallocated long term bank lines of Sambandh Finserve Private Limited (SFPL) ² at the request of the company. The rating has been withdrawn in accordance with ICRA's policy on withdrawal and suspension.

Outlook: Not applicable

Key rating drivers

The key rating drivers have not been captured as the rating has been withdrawn.

Liquidity position

Not applicable as the rating has been withdrawn

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications

About the company

Sambandh Finserve Private Limited (SFPL) (erstwhile Modline Build-cap Private Limited) was incorporated in July 1996. The microfinance activities were started by the promoters of SAMBANDH in the year 2006 as a project under Regional Rural Development Centre (RRDC), one of the reputed NGOs in Odisha. It converted to an NBFC in 2009 and secured an NBFC-MFI license from the Reserve Bank of India in 2013. Its corporate and registered offices are located in Rajgangpur, Odisha. SFPL primarily offers microfinance loans under both joint liability and self-help group models, for income generation. As of March 31, 2019, SFPL operates through its network of 62 branches, spread over 24 districts of Odisha, Chhattisgarh and Jharkhand. The company also operates as a business correspondent of Yes Bank Limited, Reliance Commercial Finance Limited and ESAF Small Finance Bank Limited.

SFPL reported net profit of Rs. 1.82 crore in H1 FY2019 while managing a portfolio of Rs. 250.93 crore as on September 30, 2018 as compared to a net profit of Rs. 3.47 crore while managing a portfolio of Rs. 235.27 crore as on March 31, 2018.

Key financial indicators

For period ending Number of months	FY2017 12	FY2018 12	H1 FY2019 6
Total income	24.43	36.12	23.55
Profit after tax	1.49	3.47	1.82
Managed portfolio	130.24	235.27	250.93
Total managed assets	179.51	324.34	312.03
% CRAR	16.26%	17.60%	22.88%
Gearing (on managed book)	9.44	12.63	7.41
% Net profit/average managed assets	0.79%	1.38%	1.14%^
% Return on average net worth	9.43%	18.18%	12.11%^
% Gross NPAs	0.34%	0.22%	0.58%
% Net NPAs	0.03%	0.08%	0.10%
Net NPA/Net worth	0.18%	0.53%	0.57%

Amount in Rs. crore; ^ Annualised; All ratios are as per ICRA calculations

Source: Company, ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Current Rating (FY2020)					Chronology of Rating History for the past 3 years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	April 2019	FY2018		FY2017	
					January 2018	June 2017	December 2016	November 2016
1	Term Loans	44.99	-	[ICRA] BB- (stable); withdrawn	[ICRA] BB- (stable)	[ICRA] BB- (stable)	[ICRA] BB- @ (Rating watch placed with negative outlook)	[ICRA] BB- (stable)
2	Long term bank lines – Unallocated	0.01	-	[ICRA] BB- (stable); withdrawn	[ICRA] BB- (stable)	[ICRA] BB- (stable)	[ICRA] BB- @ (Rating watch placed with negative outlook)	[ICRA] BB- (stable)

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
NA	Term loans	Jul-15 to Jul-17	NA	Feb-18 to Mar-20	44.99	[ICRA]BB-(Stable); withdrawn
NA	Long term bank lines – Unallocated	-	-	-	0.01	[ICRA]BB-(Stable); withdrawn

Source: Company

ANALYST CONTACTS

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Supreeta Nijjar

+91 124 4545 324

supreetan@icraindia.com

Prateek Mittal

+91 33 7150 1132

prateek.mittal@icraindia.com

RELATIONSHIP CONTACT

Mr. 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

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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
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Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

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