

Bharat Financial Inclusion Limited

February 22, 2019

Summary of Rated Instruments

Trust Name	Instrument*	Initial Amount (Rs. crore ¹)	Current Amount Outstanding (Rs. crore)	Rating action
Indian Microfinance Loan Receivables Trust November 2018 C	PTC Series A1	281.53	0.00	Provisional [ICRA]AA(SO) Withdrawn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ICRA has withdrawn the ratings for PTCs issued under a micro loan receivables securitization transaction originated by Bharat Financial Inclusion Limited (BFIL) as tabulated above.

Rationale

The Indian Microfinance Loan Receivables Trust (IMLRT) November 2018 C transaction did not get placed and hence there is no outstanding amount against the rated instrument.

Key rating drivers

Credit Strengths

- N.A.

Credit Weakness

- N.A.

Description of key rating drivers highlighted above:

N.A.

Liquidity Position: N.A

Key rating assumptions

N.A.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

¹ 100 lakh = 1 crore = 10 million

About the Company:

Bharat Financial Inclusion Limited (BFIL) (erstwhile SKS Microfinance Limited), rated [ICRA]A+(On watch with positive implications) 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 45% over the past 12 months, with a book of Rs. 16,674 crore as on Dec-18, which is diversified across 19 states in India with a branch network of 1660.

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 FY2018, BFIL reported a PAT of Rs. 457 crore on an Asset under Management of Rs. 12,594 crore. The company was adequately capitalized with a CAR of 33.2% as of Mar-2018.

Key financial indicators (audited)

	FY2017	FY2018	H1 FY2019
Net interest income*	848	1,277	883
Profit before tax	193	660	491
Profit after tax	290	589	375
Gross advances	9,150	12,575	15,482
Total assets	10,418	12,179	12,110
% Tier 1	33.0%	32.6%	30.4%
% CRAR	33.5%	33.2%	31.3%
Gearing	2.9	2.7	2.1
% Net profit/Average managed assets	2.6%	4.3%	4.7%
% Return on net worth	15.1%	21.1%	22.2%
% Gross NPAs (Non-AP)	6.0%	2.2%	0.4%
% Net NPAs (Non-AP)	2.7%	0.1%	0.1%
Net NPA/Net worth (Non-AP)	7.6%	0.3%	0.3%

*Net interest income (excluding loan processing fees) = Interest income on portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC fee – Financial cost
 FY2017 numbers as per previous GAAP, while FY2018 and H1FY2019 numbers as per Ind AS

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:

Table:

S.No	Instrument	Current Rating (FY2019)			Chronology of Rating History for the past 3 years			
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating February 2019	Date & Rating November 2018*	Date & Rating in FY2018	Date & Rating in FY2017
1	IMLRT November 2018 C	PTC Series A1	281.53	0.00	Provisional [ICRA]AA(SO) Withdrawn	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

Trust Name	Instrument Name	Date of Issuance	Coupon Rate (p.a.)	Scheduled Maturity Date*	Amount Rated (Rs. crore)	Current Rating
IMLRT November 2018 C	PTC Series A1	Nov 2018	9.50%	July 2020	0.00	Provisional [ICRA]AA(SO) Withdrawn

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About ICRA Limited:

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