

December 10, 2019

Belstar Microfinance Private Limited: Ratings withdrawn for pass through certificates (PTCs) issued under a micro loan securitisation transactions

Summary of rated instruments

Trust Name	Instrument*	Rated amount (Rs. Crore)	Amount O/s after last surveillance (Rs. crore)	Current amount outstanding (Rs. crore)	Rating Action
Vivriti Leko 001	PTC Series A1	42.76	32.94	0.00	[ICRA]A+(SO) Withdrawn
062018	PTC Series A2	1.00	1.00	0.00	[ICRA]A-(SO) Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings for PTCs issued under a micro loan securitisation transaction originated by Belstar Microfinance Private Limited, as tabulated above. All the payouts to the investors in the above mentioned instruments have been made and no further payments are due to the investors.

Key rating drivers

Credit Strengths

N.A.

Credit Challenges

N.A.

Description of key rating drivers highlighted above:

N.A.

Key rating assumptions

N.A.

Liquidity Position

N.A.

Rating sensitivities

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

About the Originator:

Belstar Investment and Finance Private Limited was incorporated in January 1988. It was registered as an NBFC with the RBI in March 2001 and later as an NBFC-MFI in December 2013. Belstar was acquired by Hand In Hand India (HIHI) Group in September 2008 to provide microfinance services to the members of the HIHI self-help group (SHG) programme. HIHI is an NGO, promoted by Dr. Kalpana Sankar in 2002 as a public charitable trust, based in Tamil Nadu. During FY2008 to FY2013, Belstar primarily relied on HIHI for client acquisition, and began to form its own groups (largely joint liability groups, JLGs) and branches later. Muthoot Finance Limited (MFL) made a strategic equity investment of Rs. 40 crore in the company in FY2017 and also acquired the entire foreign investor holding. It also made a capital infusion of Rs. 136 crore in FY2019. As on March 31, 2019, MFL held a 70.0% stake in Belstar (66.6% as on March 31, 2018). Maj Invest Financial Inclusion Fund II K/S made an equity investment of Rs. 65 crore in FY2019 for a stake of 11.1%.

Belstar provides microfinance loans in semi-urban and rural areas under the SHG and JLG-based lending models. It follows monthly collections for both models. As on March 31, 2019, Belstar was operating in 11 states and one Union Territory with 400 branches (predominantly in South India) and had a loan portfolio of Rs. 1,840.6 crore and 8.0 lakh borrowers (Rs. 1,137.1 crore and 4.9 lakh borrowers, respectively, as on March 31, 2018). Belstar reported a net profit of Rs. 72.9 crore in FY2019 on a managed asset base of Rs. 2,222.0 crore (Ind-AS). It reported a net profit of Rs. 33.7 crore on a managed asset base of Rs. 1,402.9 crore in FY2018, as per IGAAP, and Rs. 27.5 crore and Rs. 1,363.5 crore respectively, as per Ind-AS.

Key financial indicators (audited)

	FY2018 (IGAAP)	FY2019 (Ind-AS)
Total Income	218.9	355.7
Profit after Tax	33.7	72.9
Net Worth	128.5	400.2
Total Managed Portfolio	1,137.1	1,840.6
Total Managed Assets	14,02.9	2,222.0
Return on Average Managed Assets (%)	3.1%	4.1%
Return on Average Net Worth (%)	30.8%	27.6%
Gross NPA on B/s (%)	0.8%	1.1%
Net NPA on B/s (%)	0.3%	0.6%
Net NPA/Net Worth	2.6%	2.4%
Managed Gearing (times)	9.4	4.4
CRAR (%)	17.3%	25.9%

Source: Belstar and ICRA research; Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Sr. No.	Instrument	Current Rating (FY2020)			Chronology of Rating History for the Past 3 Years					
		Type	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019				Date & Rating in FY2018
					10-Dec-2019	7-Dec-2018	19-Sep-2018	02-Jul-2018*	-	-
1	Vivriti Leko 001 062018	PTC Series A1	42.76	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-
		PTC Series A2	1.00	0.00	[ICRA]A-(SO) Withdrawn	[ICRA]A-(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-

**Initial Ratings 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-1: Instrument Details

Sr. No.	Trust Name	Instrument Name	Date of Issuance	Coupon Rate [#]	Scheduled Maturity Date	Current amount o/s (Rs. crore ¹)	Current Rating
1.	Vivriti Leko 001 062018	PTC Series A1	Jul-18	8.85%	Mar-20	0.00	[ICRA]A+(SO) Withdrawn
		PTC Series A2		14.00%		0.00	[ICRA]A-(SO) Withdrawn

per annum payable monthly

¹ 100 lakh = 1 crore = 10 million

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About ICRA Limited:

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