August 21, 2020

Sanghamithra Rural Financial Services: Rating withdrawn

Summary of rating action

<table>
<thead>
<tr>
<th>Instrument*</th>
<th>Previous Rated Amount (Rs. crore)</th>
<th>Current Rated Amount (Rs. crore)</th>
<th>Rating Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Bank Facilities</td>
<td>112.99</td>
<td>0.00</td>
<td>[ICRA]BB+(Stable) ISSUER NOT COOPERATING; Withdrawn</td>
</tr>
<tr>
<td>Total</td>
<td>112.99</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

*R instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for the Rs. 112.99-crore bank facilities at the request of the company and in accordance with ICRA’s policy on withdrawal and suspension of credit rating. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The previous detailed rating rationale is available on the following link: Click here

Analytical approach

<table>
<thead>
<tr>
<th>Analytical Approach</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable Rating Methodologies</td>
<td>ICRA’s Credit Rating Methodology for Non-Banking Finance Companies</td>
</tr>
<tr>
<td></td>
<td>ICRA Policy on Withdrawal and Suspension of Credit Rating</td>
</tr>
<tr>
<td>Parent/Group Support</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Consolidation/Standalone</td>
<td>Standalone</td>
</tr>
</tbody>
</table>

About the company

Sanghamithra Rural Financial Services (SRFS) is a Section 25 not-for-profit company (Section 8 of Companies Act, 2013) based in Bangalore. It was established in 1995 but was fully operational from February 2002. The company was promoted by Mysore Rehabilitation and Development Agency (MYRADA), a leading NGO in Karnataka with the core objective of reaching out to the unreached poor who cannot access credit from formal financial institutions at affordable rates of interest and at the right time. As on December 31, 2018, SRFS had 1.46 lakh active members across ~31 districts of Karnataka (accounting for about 62% of the portfolio), Tamil Nadu (about 24%), Maharashtra (about 11%) and Madhya Pradesh (about 3%). SRFS commenced operations in Karnataka and gradually expanded its presence in other states such as Tamil Nadu, Maharashtra and Madhya Pradesh though the proportion of the same in the overall portfolio is expected to remain low.

SRFS provides credit only to self-help groups (SHG) or to self-help affinity groups (SAGs). It operates predominantly in rural areas with a small presence in urban/semi-urban areas. From 2009-10 onwards, the company has taken a policy decision to operate only in rural areas and to extend only repeat loans in urban/semi-urban areas to SHGs that have shown a certain degree of discipline and have been repaying on time.
Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

<table>
<thead>
<tr>
<th>Instrument Type</th>
<th>Current Rating (FY2021)</th>
<th>Amount Rated</th>
<th>Amount Outstanding</th>
<th>Rating History for the Past 3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Facilities</td>
<td>LT 112.99</td>
<td></td>
<td></td>
<td>[ICRA]BB+(Stable) ISSUER NOT COOPERATING; withdrawn</td>
</tr>
<tr>
<td>1 Bank Facilities</td>
<td>LT 112.99</td>
<td></td>
<td></td>
<td>[ICRA]BB+(Stable) ISSUER NOT COOPERATING</td>
</tr>
<tr>
<td>Bank Facilities</td>
<td>LT -</td>
<td></td>
<td></td>
<td>[ICRA]BBB- (Stable) ISSUER NOT COOPERATING</td>
</tr>
<tr>
<td>2 Bank Facilities</td>
<td>LT -</td>
<td></td>
<td></td>
<td>[ICRA]BBB- (Stable) ISSUER NOT COOPERATING</td>
</tr>
</tbody>
</table>

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](http://www.icra.in)
Annexure-1: Instrument details

<table>
<thead>
<tr>
<th>ISIN</th>
<th>Instrument</th>
<th>Date of Issuance / Sanction</th>
<th>Coupon Rate</th>
<th>Maturity Date</th>
<th>Amount Rated (Rs. crore)</th>
<th>Current Rating and Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>Bank facilities</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>-</td>
<td>[ICRA]BB+(Stable) ISSUER NOT COOPERATING; Withdrawn</td>
</tr>
</tbody>
</table>

Source: Sanghamithra Rural Financial Services

Annexure-2: List of entities considered for consolidated analysis

Not Applicable
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**About ICRA Limited:**

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For more information, visit [www.icra.in](http://www.icra.in)