

Need Livelihood Microfinance Private Limited

November 03, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.91 (Reduced from 15.00)	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Total Bank Facilities	10.91 (₹ Ten Crore and Ninety-One Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE Ratings Ltd., vide its press release dated March 06, 2019, placed the ratings of NEED Livelihood Microfinance Private Limited (NLMPL) under the 'Issuer Not Cooperating' category as the company had failed to provide the requisite information required for monitoring of the ratings as agreed to in its rating agreement. NLMPL continues to be non-cooperative despite repeated requests for submission of information through emails dated July 24, 2022, July 14, 2022 and July 04, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available Information which however, in CARE Ratings Ltd. opinion is not sufficient to arrive at a fair rating. The ratings on bank facilities of NLMPL are denoted as '**CARE B; Stable; ISSUER NOT COOPERATING**'.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

In view of the non-availability of the information and lack of management cooperation, CARE Ratings Ltd. has downgraded the ratings with stable outlook for bank facilities of NLMPL. The rating reaffirmation is based on the best available Information.

Detailed description of the key rating drivers

At the time of last rating on Aug 18, 2021, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies (ROC) for financial statements for FY18, FY19, FY20 and FY21. Following were the weaknesses and strengths considered at the time of last rating exercise i.e. Aug 18, 2021.

Key rating weaknesses

Small scale of Operations with high concentration: The operation of NLMPL is small with loan portfolio of Rs. 19.92 crores end March 31, 2021 down by 30% YOY. The company's operations are currently restricted in 4 states only with loan portfolio concentrated in Uttar Pradesh and Bihar accounting for 99.6% of loan book as on Dec-17 (as per last available data).

Moderate resource base: Major source of external funding for NLMPL has been term loans (short/long term) from banks and financial institutions (FIs). Total borrowings as on March 31, 2021 was Rs. 10.17 crores down by 52% YOY.

Moderate Income and Profitability: The earnings profile is relatively moderate in FY21 marked by total income of Rs. 4.58 crores (PY: Rs. 8.95 crores) and loss reported of Rs. 0.80 crores (PY: Rs 0.28 crores for FY20) on account of decrease in total income by 49% YOY. The return on total assets was in negative 2.56% in FY21.

Key rating strengths

Experienced promoters and Management Team: NLMPL is promoted by Mr. Anil Singh, who is also member of the governing board of NLMPL. He is holding 9.78% shares of the company end March 31, 2021. He has vast experience and a high level of involvement in policy making and approval along with other operational areas of the company. The promoters are well

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

supported by other professionals having rich experience in their field. Majority 72.97% of shares are held by NEED Financial inclusion trust end March 31, 2021.

Adequate capital adequacy and asset quality: NLMPL's CAR is comfortable at 38.66% as on March 31, 2021 (PY: 25.22% end Mar-2020) owing to reduction in loan book in FY21. It had a net worth of Rs.12.84 crore as on March 31, 2021.

Analytical approach- Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios – Financial Sector](#)

[Rating Methodology – Non-Banking Finance Companies \(NBFCs\)](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

About the company

NLMPL is a private limited company incorporated on November 16, 2015 under Companies Act 2013. It is headquartered in Lucknow, Uttar Pradesh, India. NLMPL is registered with RBI as a NBFC (Non-Banking Financial Company) since February 02, 2017. The microfinance business of Network of Entrepreneurship and Economic Development (NEED) was transferred and consolidated under NLMPL during 2016-17. Out of total loan portfolio of Rs.19.71 crores of NEED MFI, the loan portfolio of Rs.15.12 crores were transferred to NLMPL by March 31, 2017 and remaining portfolio of Rs.4.59 crores were transferred in April. NEED is a not for profit entity registered under Society Act 1860 of Society of Registrar. The microfinance operations of NEED were initiated in 2005. Total loan portfolio as on March 31, 2021 was Rs. 19.92 crores.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)	H1FY22 (U/A)
Total operating income	8.95	4.58	NA
PAT	0.28	-0.80	
Interest coverage (times)	1.11	0.70	
Total Assets	36.79	25.73	
Net NPA (%)	0.00	0.00	
ROTA (%)	0.65	-2.56	

A: Audited; U/A: Unaudited

Status of non-cooperation with previous CRA: As per PR dated April 14, 2021, Brickwork Ratings has placed NLMPL in the Issuer Not Cooperating category as the company did not provide the relevant information for carrying out review. The company has remained in non-cooperation since then.

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	-	10.91	CARE B; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	10.91	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Aug-21)	1)CARE BB-; ISSUER NOT COOPERATING* (22-Jun-20)	-

*Long term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not available**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this companyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media contact

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Neha Kadiyan
Phone: +91-11-45333262
E-mail: Neha.Kadiyan@careedge.in

Relationship contacts

Name: Swati Agrawal
Phone: +91-11-4533 3200
E-mail: swati.agrawal@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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