

Shikhar Microfinance Private Limited

January 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	50.00	CARE D; Issuer not cooperating*	Rating continues to remain under Issuer not cooperating category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) had, vide its press release dated June 30, 2020, placed the rating of Shikhar Microfinance Private Limited (SMPL) under the 'Issuer non-cooperating' category as SMPL had failed to provide the requisite information required for monitoring the rating as agreed to in its rating agreement. SMPL continues to be non-cooperative despite repeated requests for submitting information through e-mails on October 15, 2023, October 05, 2023, and September 25, 2023. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings has reviewed the rating based on the best available information, which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings of bank facilities of SMPL are denoted as 'CARE D, 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.

The rating has been reaffirmed at 'CARE D; Issuer not cooperating' on account of delay in servicing debt obligations. CARE Ratings has not received any information from the company.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of the last rating on November 09, 2022, the rating strengths and weaknesses (updated for the information available from the Registrar of Companies) were as follows:

Key weaknesses

Ongoing delays

There are ongoing delays in servicing the scheduled debt obligations by the company.

Deteriorating capitalisation profile

Due to continuous losses from FY19, SMPL's tangible net worth (TNW) reduced to negative to ₹19.79 crore as on March 31, 2023, from a negative ₹20.30 crore as on March 31, 2022.

Small scale of operations and declining loan book

SMPL's operations remained small with a loan portfolio of ₹0.22 crore as on March 31, 2023, reduced from ₹1.70 crore as on March 31, 2022.

Key strengths

Experienced promoters with long operational track record in the microfinance institution (MFI) industry

SMPL was promoted by Satyavir Chakrapani and Vinoy Thomas. Satyavir Chakrapani is the Managing Director & CEO with more than 16 years of experience in the development sector and microfinance initiatives providing consultations to various e-governance projects and ICT initiatives in various capacities like e-governance, developmental and community issues. Vinoy Thomas, CFO of SMPL, has more than 14 years of experience in serving various roles that included working with development financial institutions in the areas of infrastructure consulting, advisory, financial modelling, and analysis.

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

Applicable criteria

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

[Rating Outlook and Credit Watch](#)

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

[Criteria for Non-Banking Financial Companies](#)

[Financial ratios – Financial Sector](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Microfinance institutions

SMPL is an MFI based out of Delhi and founded by Satyavir Chakrapani and Vinoy Thomas. In 2007, Shikhar Development Foundation (SDF) was registered as a trust under the Indian Trust Act, 1882, for its microfinance operations. In 2008, the trustees of SDF formed a special purpose vehicle (SPV) – Partners of Shikhar Trust (POST). In March 2009, SDF and Dia Vikas Capital Private Limited acquired the non-banking financial company (NBFC), Anup Leasing Private Limited (ALPL-NBFC, incorporated on February 16, 1993). In October 2010, ALPL was renamed Shikhar Microfinance Private Limited (SMPL) post the Reserve Bank of India (RBI) approvals. However, on November 12, 2013, SMPL was converted to an NBFC-MFI.

SMPL follows the joint liability group (JLG) model; it provides financial assistance to poor women in urban and rural areas. The company provides small value collateral free loans ranging from ₹15,000 up to ₹50,000 for a tenure between 12-36 months.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	3.75	5.40	9.44
PAT	-3.09	-2.51	0.39
Interest coverage (times)	0.00	-6.47	3.49
Total Assets	14.39	13.52	13.16
Net NPA (%)	NA	NA	NA
ROTA (%)	-14.61	-18.00	2.96

A: Audited; NA: Not available. Note: The above results are the latest financial results available.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

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

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

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		-	-	March 2020	50.00	CARE D; Issuer not cooperating*

*Issuer did not cooperate; based on best available information.

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 2023-2024	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
1	Fund-based - LT-Term loan	LT**	50.00	CARE D; Issuer not cooperating *	-	1)CARE D; Issuer not cooperating * (09-Nov-22)	1)CARE D; Issuer not cooperating * (31-Aug-21)	1)CARE D; Issuer not cooperating * (30-Jun-20)

*Issuer did not cooperate; based on best available information.

**Long term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Not applicable

Annexure-4: Complexity level of the various instruments rated

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the 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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar Senior Director CARE Ratings Limited Phone: 91 44 2850 1001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Gaurav Dixit Director CARE Ratings Limited Phone: 91-120-4452002 E-mail: gaurav.dixit@careedge.in</p> <p>Neha Kadiyan Associate Director CARE Ratings Limited Phone: 91-120-4452022 E-mail: Neha.Kadiyan@careedge.in</p> <p>Jaya Gupta Executive CARE Ratings Limited E-mail: jaya.gupta@careedge.in</p>
--	--

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.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**