

Janashree Microfin Limited (Revised)

February 26, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	-	CARE B-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable;

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated December 05, 2022, placed the rating(s) of Janashree Microfin Limited under the 'issuer non-cooperating' category as Janashree Microfin Limited had failed to provide information for monitoring of the rating. Janashree Microfin Limited continues to be non-cooperative despite repeated requests for submission of information through phone calls and a emails dated February 14, 2024, February 16, 2024 and February 19, 2024. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

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

The ratings have been revised on account of absence of adequate information required for reviewing the rating.

Analytical approach: Standalone

Detailed description of the key rating drivers:

At the time of last rating on December 05, 2022 the following were the rating strengths and weaknesses.

Key weaknesses

Small scale of operations with geographical concentration of loan portfolio

The company was started in 2010 and started operating as an NBFC-MFI from April 2017 and entire operations is limited to Kerala with 11 branches. The portfolio has remained relatively small and the company has been witnessing degrowth in loan portfolio for the last three years. The loan portfolio stood at Rs. 3.22 crore as on March 31, 2021 as against Rs. 4.90 crore as on March 31, 2018.

Weak Asset Quality

GNPA and NNPA stood at 14.73% and 14.21% as on March 31, 2020 as against 1.88% and 0.90% as on March 31, 2019. During transition from NBFC to NBFC-MFI there were transfer of accounts between Janashree Mutual benefit Trusts (JMBT's) and JMFL and there was impact on asset quality due to the same. Subsequently, the asset quality was affected by the Kerala floods and following that COVID-19 pandemic also had a significant impact on the asset quality. Going forward, the improvement in asset quality remains a key rating factor.

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

Absence of diversification in funding

The company funds the loan portfolio from its capital and going forward the company needs to find other sources of funding and diversify the funding sources.

Weak Profitability

The company has been reporting losses in the last four years. In FY20, the company had a net loss of Rs. 0.57 crore compared to a net loss of Rs.0.17 crore during March 31, 2019. During FY21 net loss has increased to Rs.0.92 crore. The losses are mainly on account of smaller scale of operations with high operating cost and amortisation of expenses incurred due to a failed ECB transaction. Going forward, improvement in profitability in on sustained basis remains a key rating sensitivity.

Key strengths

Experienced Management

The Directors of the company and the senior management team have good experience in the business. The directors are all coming from a social worker background. Janashree Microfin Limited is part of the Janashree initiative headed by Mr. M.M Hassan and then an NGO Janashree Sustainable Development Mission was launched in 2006-07. The Janashree initiative began with 20 members and grew up to 50,000 plus members throughout Kerala. Janashree Microfin Limited was started as an extension of this initiative, which works as per the guidelines and directives issued by the Reserve Bank of India.

Adequate capitalisation profile but capital base remains low

CAR and Tier I CAR stood at 130.33% and 129.08% as on March 31, 2020. Overall gearing remains at Nil as on March 31, 2020 and March 31, 2021. The company funds the loan portfolio entirely from its capital. As on March 31, 2020, The net worth stood at Rs.5.07 crore and loan portfolio stood at Rs.3.75 crore. As per March 31, 2021, the net worth stood at Rs.5.00 crore and loan portfolio stood at Rs.3.22 crore.

Applicable criteria

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

[Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings](#)

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

[Financial Ratios-Financial Sector](#)

[CARE's Rating Methodology for Non-Banking Finance Companies \(NBFCs\)](#)

[Issuer Rating](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Microfinance Institutions

Janashree Microfin Limited (JMFL) is a NBFC-MFI registered with Reserve Bank of India. The company was initially registered as non deposit accepting NBFC and later converted into NBFC-MFI in April, 2017.

The company is engaged in microfinancing activities with an objective to give ultimate benefit to poor/woman/men groups/individuals for enhancement of their livelihood in a financially viable manner. And provide financial support to

these groups through community-based livelihood mutual benefit funds trust organizations (private livelihood mutual benefit trust known as Janashree Mutual Benefit Trusts (JMBT)) constituted by such groups. These community-based organizations hold majority of share capital of the company. Mr. M.M Hassan (Minister for Information, Parliamentary Affairs & Non- Resident Keralites Affairs (NORKA) from 2001 to 2004) is a founder and MD of Janashree Microfin Limited. JMFL operates in the state of Kerala with 11 branches and is headquartered in Trivandrum, Kerala. As on March 31, 2021, the company has an AUM of Rs. 3.22 crore.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)
Total operating income	0.59	0.57
PAT	-0.58	-0.91
Interest coverage (times)	NM	NM
Total Assets	5.66	5.98
Net NPA (%)	NA	NA
ROTA (%)	NM	NM

A: Audited; Note: 'the above results are latest financial results available'; NA: Not Applicable; NM: Not Meaningful

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 instrument / facility: 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Issuer Rating- Issuer Ratings	-	-	-	-	0.00	CARE B-; Stable; 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	Issuer Rating-Issuer Ratings	Issuer rating	0.00	CARE B-; Stable; ISSUER NOT COOPERATING *	-	1)CARE B; Stable; ISSUER NOT COOPERATING * (26-Dec-22) 2)CARE B (Is); Stable; ISSUER NOT COOPERATING * (05-Dec-22)	1)CARE B (Is); Stable (09-Sep-21)	-

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

*Long term/Short 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	Issuer Rating-Issuer Ratings	-

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

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About us:

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