

Janashree Microfin Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE B-; Stable; 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 December 05, 2022, placed the rating(s) of Janashree Microfin Limited (JMFL) under the 'issuer non-cooperating' category as the company failed to provide information for monitoring of the rating. JMFL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated January 11, 2025, January 21, 2025, and January 31, 2025. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings has reviewed the rating on the basis of the best available information, which however, in CARE Ratings' 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 rating assigned to the issuer rating of JMFL is constrained by its small scale of operations with geographical concentration of Loan Portfolio, Weak Asset Quality and Absence of diversification of funding. The rating considers the experienced management profile and adequate capitalisation profile with low capital base.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on February 26, 2024, 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 a non-banking finance company (NBFC)-microfinance institution (MFI) from April 2017 and entire operations are 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 ₹3.22 crore as on March 31, 2021 against ₹4.90 crore as on March 31, 2018.

Weak asset quality

Gross non-performing asset (GNPA) and net NPA (NNPA) stood at 14.73% and 14.21% as on March 31, 2020 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) 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.

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 ₹0.57 crore compared to a net loss of ₹0.17 crore in March 31, 2019. In FY21, net loss increased to ₹0.92 crore. The losses are mainly considering smaller scale of operations with high operating cost and amortisation of expenses incurred due to a failed ECB transaction. Going forward, improvement in profitability on a sustained basis remains a key rating sensitivity.

Key strengths

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

Experienced management

The company's Directors and the senior management team have good business experience. All the directors come from a social worker background. JMFL is a part of the Janashree initiative headed by M.M Hassan, further to which 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. JMFL was started as an extension of this initiative, which works per the guidelines and directives issued by the Reserve Bank of India (RBI).

Adequate capitalisation profile, though capital base remains low

Capital adequacy ratio (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 ₹5.07 crore and loan portfolio stood at ₹3.75 crore. Per March 31, 2021, the net worth stood at ₹5.00 crore and loan portfolio stood at ₹3.22 crore.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Issuer Rating](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non-Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Microfinance institutions

JMFL is an NBFC-MFI registered with the RBI. 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 benefit poor/woman/men groups/individuals for enhancement of their livelihood in a financially viable manner and to provide financial support to these groups through community-based livelihood mutual benefit funds trust organisations (private livelihood mutual benefit trust known as Janashree Mutual Benefit Trusts [JMBT]) constituted by such groups. These community-based organisations hold majority share capital of the company. M.M Hassan (Minister for Information, Parliamentary Affairs & Non-Resident Keralites Affairs (NORKA) from 2001 to 2004) is founder and MD of JMFL. JMFL operates in Kerala with 11 branches and is headquartered in Trivandrum, Kerala. As on March 31, 2021, the company has an AUM of ₹3.22 crore.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)
Standalone		
Total operating income	0.58	0.57
PAT	-0.56	-0.92
Interest coverage (times)	NM	NM
Total Assets	5.67	5.97
Net NPA (%)	14.21	NA
ROTA (%)	NM	NM

A: Audited; Note: these are latest available financial results

NM: Not Meaningful NA: Not Available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and 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 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (26-Feb-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (26-Dec-22) 2)CARE B (Is); Stable; ISSUER NOT COOPERATING* (05-Dec-22)

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

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated: Not applicable

Annexure-5: Lender details

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

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

Contact us

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About us:

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