

Dakshin Budhakhali Improvement Society

September 21, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	14.11	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	14.11 (₹ Fourteen Crore and Eleven Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release dated December 05, 2018, placed the ratings of Dakshin Budhakhali Improvement Society (DBIS) under the 'issuer non-cooperating' category as DBIS had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. DBIS continues to be non-cooperative despite repeated requests for submission of information through e-mails, dated June 13, 2022, June 03, 2022 and May 24, 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's opinion is not sufficient to arrive at a fair rating.

The rating reaffirmation of the long-term bank facilities of DBIS at CARE D; ISSUER NOT COOPERATING* as the society has been declared as defaulter by one of the Bank.

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

Detailed description of the key rating drivers

At the time of last rating on September 29, 2017 the following were the rating strengths and weaknesses (updated for the information available from public domain):

Key rating weaknesses

Small scale of operation

DBIS's loan portfolio was small at Rs.25.15 crore as on Sep 30, 2018 as against to Rs.14.06 crore as on Mar 31, 2017. However, the scale of operation continues to remain small in comparison to other players operating in this industry.

Concentration of operation in West Bengal

DBIS's operations continue to remain majorly concentrated in West Bengal.

Moderate liquidity profile

Liquidity position has been moderate with positive cumulative mismatches in the short term (upto 1 year) bucket.

Key rating strengths

Experienced promoters and management

DBIS was formed in 1995 as a charitable society, and started micro finance operations from 2006. The affairs of the society are managed by Mr. Prasanta Kr. Panda (Secretary) and Ms. Swapna Das (President) along with the support of governing body members. Both Mr. Prasanta Kr. Panda and Ms. Swapna Das have around a decade of experience in the MFI sector.

Improvement in financial performance

DBIS's total operating income increased from Rs.2.45 crore in FY17 to Rs.5.65 crore in FY18 driven by healthy increase in loan portfolio during the year.

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

Adequate capitalization level

DBIS's CAR has improved from 23.92% as on Mar 31, 2017.

Comfortable asset quality

The collection efficiency of DBIS was comfortable at around 99% in FY17. GNPA and NNPA stood at 0.40% & 0.21% respectively as on Mar 31, 2017.

Analytical approach Standalone**Applicable criteria**

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

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

[Financial Ratios – Financial Sector](#)

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

About the company

Dakshin Budhakhali Improvement Society (DBIS) was formed in 1995 as a charitable society. DBIS started MFI activity from May 2006 by lending to women borrowers engaged in small businesses under 'Self Help Groups' model in rural area of West Bengal. It also provides other technical support services to its borrowers which enables them to achieve self-sustainability.

Brief Financials (₹ crore)	March 31, 2016 (A)	March 31, 2017 (A)	Q1/ H1/9M
Total operating income	1.16	2.45	NA
PAT	0.22	0.56	NA
Interest coverage (times)	1.51	1.52	NA
Total Assets	7.71	19.82	NA
Net NPA (%)	0.00	0.02	NA

A: Audited

Status of non-cooperation with previous CRA: Infomerics and Acuite have continued the ratings of DBIS as Issuer Not Cooperating vide press release dated August 29, 2022, and July 26, 2021 respectively on account of non-cooperation by management.

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	Not applicable	14.11	CARE D; 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)	Date(s) and Rating(s) assigned in	Date(s) and Rating(s) assigned in	Date(s) and Rating(s)

					assigned in 2022-2023	2021-2022	2020-2021	assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	14.11	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (08-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (20-Apr-20)	-

*Long term/Short term.

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

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 company

To 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: Niketa Kalan
Phone: +91-22-6754 1638
E-mail: Niketa.Kalan@careedge.in

Relationship contact

Name: Lalit Sikaria
Phone: + 91-033- 40181600
E-mail: lalit.sikaria@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.

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**