Satin Finserv Limited

April 14, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long Term Bank Facilities[@]	50.00	CARE BBB+ (CE); Stable [Triple B Plus (Credit Enhancement); Outlook: Stable]	Final Rating^
Total Facilities	50.00 (Rs. Fifty crore only)		

Details of facilities in Annexure-1

[@]Backed by LoC from Satin Creditcare Network Limited (SCNL, rated CARE A-; Stable/BBB+ [RPS]; Stable/CARE A1)

^ Pursuant to receipt of signed copy of Letter of Comfort given by SCNL to Satin Finserv's lenders for its bank facilities

Unsupported Rating [2]	CARE BBB- (Triple B Minus)

Note: Unsupported Rating does not factor in the explicit credit enhancement

Detailed Rationale & Key Rating Drivers for the credit enhanced debt

The rating on the bank facilities of Satin Finserv Limited (SFL), wholly owned subsidiary of Satin Creditcare Network Limited (SCNL; rated CARE A-; Stable, BBB+ [RPS]; Stable/CARE A1) are supported by the credit enhancement in the form of Letter of Comfort (LoC) by its parent. SCNL has indicated its commitment towards SFL's operations and intends to provide support in in the form of LoC towards honoring the debt obligations of SFL on due date. The LoC, though irrevocable, valid and binding on SCNL cannot be constructed as a guarantee and has no legal binding on the parent to make good of the liabilities. However, given the written articulation of support coupled with name sharing, strong financial and management backing from the parent, there is a strong moral obligation on SCNL to honour the terms of LoC. The rated facilities are backed by the LoC from SCNL.

Detailed Rationale & Key Rating Drivers of Satin Creditcare Network Limited

The ratings of Satin Creditcare Network Limited (SCNL) takes into account comfort from the long-standing experience of the promoter, demonstrated ability to raise capital, company's stated intent to maintain adequate capitalization levels well above the regulatory requirement, diversified resource base and comfortable liquidity position. The ratings also take into consideration the established track record of operations, risk management systems in place which allow real time monitoring of operations. The ratings also factor in the profitable operations in FY19 and H1FY20 following marginal profits in FY18, restoration of asset quality post demonetization to a large extent and reducing geographical concentration risk with expansion into new territories/regions.

The ratings are however constrained by higher slippages from disbursements immediately post demonetization resulting in GNPA / Stage 3 assets to AUM of 3.14% as on Dec-19 and reduction in ECL provisioning against the same from 62% as on Mar-18 to 37% as on Dec-19, increase in delinquencies in Q2FY20 following floods / excessive rainfall in few states, impact on repayments of MFIs including SCNL in few districts of Assam since Sept-19 following protests by the local unions, increase in first cycle loans in the overall loan book following expansion into new territories as against the traditional Hindi speaking belt where SCNL has long standing experience of operations. Also, concentration in Uttar Pradesh (single largest state and region most impacted post demonetization) was 25.68% as on Dec-19. The ratings of SCNL also continue to account for the inherent risk involved in the microfinance industry including unsecured lending; cash based operations, marginal profile of borrowers and socio-political intervention risk.

The ability of the company to improve its asset quality and limit the credit losses especially in view of the recent impact on portfolio in Assam, maintain comfortable capital structure and gearing levels, grow its portfolio while continuing to diversity its presence and maintaining consistent profitability are key rating sensitivities.

Key Rating Drivers of Satin Finserv Limited

The rating on the bank facilities of Satin Finserv Ltd (SFL), wholly owned subsidiary of Satin Creditcare Network Limited (SCNL; rated CARE A-; Stable, BBB+ [RPS]; Stable/CARE A1) are supported by the credit enhancement in the form of Letter of Comfort by its parent.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

[2] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).*

Satin Finserv Limited (SFL) incorporated in August 10, 2018 draws comfort from the promoters in SCNL having long track record of operations and a strong investor base. SFL benefits from the common name sharing, financial and managerial support from the SCNL. The standalone profile of SFL is also supported by the comfortable capitalization levels backed by regular capital infusion by SCNL, comfortable liquidity position, geographically diversified operations and strength in underwriting the NBFC-MFIs owing to long standing experience of SCNL. SFL's profile is however constrained by the short track record of operations, small albeit growing loan book, loss making operations due to lack of scale and growing operations, unseasoned loan portfolio with exposure to borrower segment vulnerable to economic cycles in the MSME retail segment and risk owing to concentration of exposure to corporates.

Rating Sensitivities

Positive Factors

- Growth in loan book with geographical diversification of operations
- Improvement in profitability indicators with Adj. ROTA being 2.5% on sustained basis
- Maintain adequate capitalization levels well above the regulatory requirement of 15% while maintaining net adjusted gearing at less than 4 times on sustained basis
- The rating of SFL takes into account improvement in financial risk profile of the parent, SCNL

Negative Factors

- Deterioration in asset quality leading to substantial increase in credit losses thereby impacting the profitability and capitalization levels
- Increase in adjusted net gearing levels beyond 5 times
- Decline in cash surplus and liquidity buffers beyond a threshold which could impact the risk absorption ability
- Any impact on ownership and support from SCNL or deterioration in the financial risk profile of the parent, SCNL, could impact the rating of SFL

Detailed description of the key rating drivers

Key Rating Strengths

Long track record of the company, strong investor base and experienced promoter and management

SCNL has been carrying out individual lending activities since 1990. The company entered into microfinance lending in 2008 and has gained reasonable experience in the group lending business emerging as the 2nd largest NBFC-MFI in the country in terms of Assets under Management (AUM). SCNL has an eleven-member Board of Directors comprising of two promoter directors, three directors nominated by investors and six independent directors. The operations of the company are headed by the promoter, Mr H P Singh, the Chairman and Managing Director of the company who is supported by a management team having rich experience in the financial services and microfinance sector. End Dec, 2019, the promoters together held 30.19% stake in the company. Additionally, SCNL has a diversified investor base consisting of mutual funds and Foreign Portfolio Investors/Financial Institutions viz. Asian Development Bank, Kora Investments, NMI Fund, SBI FMO Emerging Asia Financial Sector Fund Pte Ltd, Morgan Stanley Mauritius Company Ltd, Morgan Stanley (Investments) Mauritius Ltd, IndusInd Bank and IDFC First Bank.

SFL is a wholly owned subsidiary of Satin Creditcare Network Limited Ltd (SCNL). SCNL has been carrying out lending activities since 1990 and ventured into microfinance lending in 2008 and is the second largest NBFC-MFI in the country in terms of AUM. End Dec 2019, the promoters together held 30.19% stake in the company. Additionally, SCNL has a diversified investor base consisting of mutual funds and Foreign Portfolio Investors/Financial Institutions viz. Asian Development Bank, Kora Investments, NMI Fund, SBI FMO Emerging Asia Financial Sector Fund Pte Ltd, Morgan Stanley Mauritius Company Ltd, Morgan Stanley (Investments) Mauritius Ltd, IndusInd Bank and IDFC First Bank. SCNL started MSME lending business through its wholly owned subsidiary SFL in March 2019. While the operations of SFL are managed by a separate management team with experience in financial services and MSME business, SFL is expected to receive strong management support from SCNL. Mr H P Singh, also serves as the Director of SFL and the company has empaneled two other board of directors Mr. Sundeep Kumar Mehta and Mr. Anil Kalra who also serve on the board of SCNL. SFL is headed by Mr. Sumit Mukherjee, Chief Executive Officer and also the Whole-time Director, who has over 25 years' experience in lending business.

Demonstrated ability of the parent SCNL to raise equity capital and comfortable regulatory capital levels

SCNL has also demonstrated its ability to consistently raise capital with infusion of equity of nearly Rs.495 crore since demonetization (April 2017 to June 2019) including Rs.98 crore addition to networth upon infusion of Rs.45 crore (balance towards share warrants) from the promoters and conversion of Rs.53 crore OCRPS from IndusInd Bank into equity in June 2019. The capitalization profile of SCNL is comfortable with regulatory CAR and Tier-I CAR of 32.17% and 24.10% as on Dec-19. However, with the growth in loan book, the adjusted overall gearing (i.e. ratio of debt including securitized portfolio and preference share capital and credit enhancement for its subsidiaries to net worth reduced by DTA, Intangible assets, investments in subsidiaries and 7.5% FLDG on the BC portfolio) has reduced 6.95x as on Sept-18 to 4.39x as on Dec-19. This has been on account of increase in the tangible net worth base with accrual of profits and equity infusion in H1FY20 whereas the on-book debt has declined by nearly Rs.560 crore owing to significant assignment of loans and buildup of BC book during the year (36% of the AUM as on Dec-19 as against 30% as on March-19). The net adjusted gearing (adjusted for the cash and bank balance and liquid investments and accounting for assigned book as debt similar to BC portfolio) stands at 2.75x as on Dec-19 as against 4.10x as on Mar-19.Management has stated its intent to maintain capitalization levels well above the regulatory requirement. However, going forward, the ability of SCNL to maintain its gearing levels would be one of the key monitorables.

SCNL has regularly infused equity in SFL with aggregate infusion of Rs.102.50 crore in SFL upto December 31, 2019 (including Rs.50 crore in Q3FY20). Given its small book size, the capitalisation levels of SFL remain comfortable CAR of 91.49% and gearing of 0.10 times as on December 31, 2019. In the near to medium term, SFL is expected to receive additional capital from parent, as and when required to scale operations. The gearing is expected to remain at around 2-3 times over the medium term.

Diversified resource base supporting liquidity

SCNL has a diversified resource base with association with over 70 Banks/FIs as on Dec 31, 2019. SCNL has demonstrated its ability to raise funding from diverse sources viz. Banks, Domestic Financial Institutions, NBFCs, Overseas and Domestic Funds etc. The major source of external funding for SCNL has been term loan from banks/FIs/NBFCs (59% of the borrowings as on Dec-19). SCNL has also raised substantial borrowings in the form of NCDs and Sub-debt (largely from overseas funds and NBFCs) accounting for nearly 20% of the overall borrowings along with a share of Commercial Paper and External Commercial Borrowings (ECBs) of 17% and 1% respectively of the overall borrowings as on Dec-19. SCNL has also accessed assignment/securitization route to raise funds (26% of the funding profile as on Jun-19). The overall resource base excluding the BC portfolio stood at Rs.6,574 crore as on Dec-19. BC portfolio of SCNL stood at Rs.522 crore i.e. 8% of AUM as on Dec-19.

With respect to SCNL's subsidiary SFL, it is yet to raise substantial borrowings on its books. So far loans of Rs.73 crore have been sanctioned to SFL (including Rs.30 crore, 5 year loan from the parent entity SCNL) with outstanding amount as on Dec-19 being Rs.10.4 crore and borrowing cost ranging from 14-14.75% ROI.

Profitable operations of SCNL during FY19 and 9MFY20

SCNL has seen 25% growth in its AUM from Rs.5085 crore as on Mar-18 to Rs.6,374 crore as on Mar-19. SCNL disbursed fresh loan of Rs.6,252 crore during FY19 (as against Rs.5,572 crore during FY18). SCNL, however, saw an increase in overall income by 41% to Rs.1373 crore in FY19 and has reported pre-provision profit of Rs.361 crore during FY19 as against Rs.172 crore during FY18. The improvement in profitability has been account of increase in Adj. NIM from 7.52% in FY18 to 9.40% in FY19 owing to higher assignment transactions undertaken during FY19 resulting in up-fronting of income from these transactions as a result of transition to INDAS. NIMs have also improved owing to improvement in capital structure. Credit costs during FY19 have been 0.87% as against 0.84% during FY18 (as per INDAS accounting). SCNL took a one time impact of Rs.118 crore taken through net-worth upon transition to INDAS (nearly 1.84% of ATA for FY19); including the same in credit cost for FY19, it would have been 2.71% of ATA.

SCNL has reported PAT of Rs.195 crores in FY19 as against overall profits of Rs.82 crore during FY18. The company had earlier reported profits of Rs.4 crore during FY18 (basis IGAAP accounting). Adj. ROTA of SCNL was 2.64% during FY19 (as against 1.45% during FY18 as per INDAS and 0.07% as per IGAAP accounting).During 9MFY20, the AUM of SCNL has not grown and has remained stable as disbursements were impacted during Q2FY20 due to flooding in few states. Consequently, profitability of SCNL was moderate, with the company having reported a PAT of Rs.144 crore during the period. Also, there is impact of negative carry due to higher cash buffer being maintained by SCNL during recent months as against in FY19 resulting in lower spreads of 5.84% and NIM of 8.09% as against Interest spread and NIM of 6.85% and 9.40% in FY19. The pre-provision profits stood at Rs.282 crore during 9MFY20 as against Rs.365 crore during FY19 despite the lower operating costs at 4.67% in 9MFY20 as against 5% in FY19. Consequently, Adj. ROTA for the period 9MFY20 stood at 2.20% as against 2.64% in FY19.

SFL commenced lending operations in March 2019 and reported losses of Rs.0.78 crore during 9MFY20 (Provisional) as the company is still in the growth stages of operations. SFL earns a spread of 5% (Avg. Yield of 19% basis portfolio o/s as on Dec-19) as against cost of borrowing of 14%), however, given the small scale of operations, the average Opex/ATA was high at 14.20% during 9MFY20 resulting in ROTA of -1.52% during 9MFY20. SFL however, reported profits of Rs.0.71 crore during Q3FY20 and expects to report cumulative profits from FY20 itself. The current profitability is largely driven by the low leverage. Going forward, growth in SFL's loan book, rationalization of expenses, improved in interest spreads with increase in share of higher yield MSME loan book would be crucial for the credit profile of SFL.

Management information and IT systems in place

SCNL has established an efficient monitoring structure for overseeing its operations at various levels, including area level, regional level and state level. It has put in place risk management systems, viz, defined credit appraisal, collection and monitoring systems including profile of the clients and outer limit of loan size. Specialized software and user-level restrictions are in place to ensure a speedy access to the information with data security. The company has also implemented systems wherein the field staff operate through TABs connected to the internet. SCNL has put in place systems for real time monitoring of on-field data such as collections, meeting details, geo tagging of field agents etc. thereby allowing monitoring of the operations by the management across various levels of hierarchy on real time basis. It has also resulted in reduction in operational expenses by bringing down the disbursement TATs. SCNL has already moved to cashless disbursements (100% branches being cashless enabled as on Dec-19).

Incrementally, SCNL in FY19, has improved its credit risk management and data quality maintenance systems by shifting to Centralized Credit Management System (Loan Application, KYC and Bank Account verification and Loan Sanctions), thus putting in an additional level of independent check as against a branch / field driven system earlier. SCNL has also implemented a credit scoring model for individual borrowers and groups and psychometric analysis tool which are being testing to improve the client identification process. SCNL is also testing pilots for cashless collections going forward.

Geographically diversified operations

SCNL has spread its operations and grown its portfolio in new states and currently has a presence in 22 States / UTs and 371 districts across the country with a borrower base of 31.93 lacs and AUM of Rs.6,390 crore as on Dec-19. SCNL has been traditionally a North Indian Player with presence mostly in the Hindi speaking states where it has long standing experience of operating. However, post demonetization, i.e. during FY18 and FY19 the company has expanded its footprint and grown in Eastern, North Eastern and Southern States viz. Assam, Orissa, West Bengal, Meghalaya, Tripura, Tamil Nadu, Pondicherry and Karnataka which together constituted 23.14% of the portfolio of SCNL as on Dec-19 as against just 13.61% at the end of Mar-18 and 1% as on Mar-17.

Consequently, the regional concentration risk of SCNL has reduced as reflected by reduction in the Top 5 states portfolio from 75% as on March 31, 2018 (Top 5 states being UP, Bihar, Punjab, Assam and West Bengal) to 65.15% as on Dec 31, 2019 (viz. UP, Bihar, Assam, MP and Punjab) albeit increased from 59.42% as on Mar-19. The Top State (UP) Concentration and top state concentration /Net Worth stood at 25.68% and 117% respectively as on Dec 31, 2019.

Despite being in the nascent stages of growth, SFL's retail operations are fairly well spread with presence across 7 states viz. Maharashtra (34%), Haryana (22%), Delhi (18%) Punjab (10%), Madhya Pradesh (8%), Gujarat (7%) and West Bengal (1%) through its 18 branches as on Dec-19. The company's current retail operations are largely based in North (50%) and Western states (41%) with limited presence in Central, Eastern states and no presence in South India so far. As against this, most of the corporate loan book pertains to entities based out of Delhi catered to by Delhi Head Office (70%) with balance being originated from Mumbai and Thane regional offices and pertaining to Maharashtra and Gujarat.

Key Rating Weaknesses

Increase in delinquencies following to floods in few states and unrest in Assam; albeit sufficient cushion available to absorb the risk

SCNL reported Stage 3 assets (PAR 90) and Net PAR 90 of 3.14% and 1.97% respectively as on Dec-19. Although, SCNL has been able to largely restore its asset quality following demonetization, its NPA levels of SCNL still remain higher than industry. This is due to predominant presence of SCNL in Uttar Pradesh, which was the area most impacted post demonetization and disbursements undertaken in the affected pockets to bring back the borrowers into the system, a lower provision cover of 39% being maintained against the PAR 90.

The asset quality of SCNL was however impacted to some extent in Q2FY20 following flooding in few states viz. MP, Assam, Bihar and Orissa as also reflected by increase in PAR 1 from 3.88% as on June-19 to 7.29% as on Dec-19 and increase in PAR 90 from 2.75% to 3.14% as on Dec-19. Also, the delinquencies have increased in Assam (which contributed to 6.94% of AUM of SCNL as on Dec-19), following unrest in North Eastern districts of Assam viz. Dibrugarh, Sibasagar, Tinsukhia, Jorhat, Golaghat and Charaideo. These districts have a portfolio of nearly Rs.254 crore as on Nov 20, 2019 (4% of AUM of SCNL as on Sept-19) and PAR 1 for these districts stood at Rs.76 crore (29.9% of the portfolio as on Nov 20, 2019). The company has taken various measures, along with SROs viz. MFIN and Sadhan to address the concern on the ground level and are encouraging the borrowers to repay.

Nevertheless, given the pre-provision profit of Rs.365 crore in FY19 and Rs.282 crore in 9MFY20 (Average Rs.94 crore quarterly), SCNL can absorb the net PAR 90 of Rs.126 crore as on Dec-19 and also the current impacted portfolio of Assam if so required. Also, there is sufficient capital cushion to absorb the loss, with Net PAR 90 being 8.98% of the Tangible Networth as on Dec-19. The impacted portfolio of Assam which was delinquent is 5.7% of the Net-worth as on Sept-19. Going forward, however, the ability of the company to improve its asset quality and limit the net credit losses would be crucial for the credit profile of SCNL.

With respect to SFL, the company recently started MSME business in March 2019, the portfolio remains largely unseasoned and the track record of asset quality remains to be seen across economic cycles given the medium tenured loan product and the inherent vulnerability in the credit profile of target borrower segment. The company had nil Gross and Net NPA ratio as of December 31, 2019. The delinquencies have however marginally increased with PAR 1 being 2% as against nil delinquencies upto Sept-19. In order to limit the credit risk, the company has tightened its credit norms, developed a scorecard based lending model and lowered its ticket size in this segment. It has also put up systemic collection mechanisms to ensure early resolution of delinquent cases. MSME retail segment contributed to 38% of the AUM as on Dec-19. Going forward, the SFL management intends to grow the retail share to 50-60% in the medium term. SFL has also taken large ticket size exposures to various entities albeit known to promoters and management of SCNL. Given these being larger ticket size loans of upto 10 crore and also their share being 35% of the loan portfolio as on Dec-19, SFL is exposed to concentration risk from this segment. Going forward, the management intends to reduce the share of overall corporate book to 40% and within the same Non-NBFC MFI corporate segment to 20-25%.

Majority of portfolio in UP and increase in first cycle loan borrowers
Expansion and growth in loan book in the newer territories, has meant reduction in geographical concentration, however this has also resulted in increase in first time borrowers for SCNL in new territories wherein it has limited experience of operations. The first cycle loans increased to 51.5% as on Mar-19 from 38.4% as on Mar-18. Also, SCNL's exposure in the state of Uttar Pradesh (U.P.; single largest state exposure and area most impacted post demonetization) continues to be high at 25.68% as on Dec 31, 2019.

Inherent industry risks
The microfinance sector continues to be impacted by the inherent risk involved viz. socio-political intervention risk and risks emanating from unsecured lending and marginal profile of borrowers who are vulnerable to economic downturns besides operational risks related to cash based transaction.

Liquidity : Adequate
The liquidity position of SFL, is adequate given the largely equity funded book and low overall borrowings. Also, the company's borrowings tenure (18-60 months tenure loans) is largely aligned with the 4-5 year tenure of the loans in its loan book. Also, SFL had liquid cash and bank balance and investments of ~Rs.3.83 crore as on Dec-19 and had un-availed lines of credit of Rs.47 crore as on Dec-19 (including Rs.27 crore from SCNL).

Analytical approach:
SCNL: Standalone
SFL: The ratings are based on the credit enhancement in the form of Letter of Comfort from parent company; i.e. Satin Creditcare Network Limited to support its debt servicing

Applicable Criteria
Criteria on assigning 'Outlook' and 'Credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology: Consolidation and Factoring Linkages in Ratings
CARE Methodology for Non-Banking Finance Companies
CARE's Methodology for rating Credit enhanced Debt
Financial Sector Ratios

About the Company – Satin Creditcare Network Limited
SCNL is a leading microfinance company based out of Delhi. The company is registered with Reserve Bank of India (RBI) as a non-deposit accepting, systemically important non-banking financial company (NBFC) and had been granted NBFC-MFI status on November 6, 2013, by RBI. SCNL is also listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).
Incorporated in 1990, the company was initially engaged in providing loans to individuals including shopkeepers etc. in the urban areas. In 2008, the company started group lending business with joint liability group (JLG) model which constituted 96% of the portfolio of SCNL as on March 31, 2019 with MSME loans constituting the balance 4% of AUM as on Mar-19.

MSME Loans include unsecured loans of ticket size of Rs.1-10 Lacs for a period of 1-10 years and corporate loans to other MFIs of Rs.3-10 crore. The operations of SCNL are spread across 22 states/ UTs i.e. Uttar Pradesh, Madhya Pradesh, Bihar, Punjab, Delhi/ NCR, Uttarakhand, Rajasthan, Haryana, Chandigarh, Jammu & Kashmir, Maharashtra, Chhattisgarh, Jharkhand, Himachal Pradesh, West Bengal, Gujarat, Orissa, Assam, Karnataka, Meghalaya, Tripura and Pondichery. As on Dec, 2019, SCNL was operating in 371 districts managed through 1110 branches with 31.93 Lac active borrowers (Individual & JLG) with total assets under management (AUM) being Rs.6,390 crores (including BC book for IndusInd of Rs.522 crore and assigned portfolio of Rs.1,776 crore).

SCNL also has three subsidiaries viz. Taraashna Financial Services Limited (TSL), Satin Housing Finance Limited (SHFL) and Satin Finserv Ltd. TSL acts as a business correspondent for 4 Banks/FIs. The company has spread its presence in 8 states (Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Chattisgarh, Bihar, Punjab and UP) with 213 branches and AUM of Rs.646 crore as on Dec-19. SHFL is a HFC registered with NHB which undertakes extension of home loans and Loan Again property. Currently, SHFL sources its business in Delhi/NCR, Uttar Pradesh and Rajasthan region. It commenced lending operations in February 2018 and has built a loan portfolio of Rs.138 crores. Satin Finserv Limited is the newest subsidiary of the group formed to foray into the MSME segment which commenced operations in March 2019. The AUM of SFL as on Dec 31, 2019 was Rs.109 crore as on Dec 31, 2019.

About the Company – Satin Finserv Limited
Incorporated in March 2019, Satin Finserv Limited is a wholly owned subsidiary of Satin Creditcare Network Limited (SCNL). SFL obtained license to commence operations i.e. January 9, 2019 upon receipt of certificate of registration from RBI to operate as a NBFC. SFL currently operates through its Corporate Office at Gurgaon and 18 branches spread across 7 states. End December 2019, SFL's loan portfolio stood at ~Rs.109 crore which comprised Retail secured business loans (38%), Corporate (NBFC-MFI; 27%; upto Rs.10 crore) and Corporate (large ticket size loans: upto Rs.10 crore; 35%).

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

Brief Financials (Rs. crore)	FY19 (A)
Total operating income	0.10
PAT	-0.63
Interest coverage (times)	NM
Total Assets	23.41
Net NPA (%)	0.00
ROTA (%)	NM

A: Audited; 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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	50.00	CARE BBB+ (CE); Stable
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	0.00	CARE BBB-

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	50.00	CARE BBB+ (CE); Stable	-	1)Provisional CARE BBB+ (CE); Stable (13-Mar-20)	-	-
2.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB-	-	1)CARE BBB- (13-Mar-20)	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not Applicable

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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