

Samaj Laghubitta Bittiya Sanstha Limited

Rating

Facilities / Instrument	Amount (Rs. in Million)	Ratings ¹	Rating Action
Issuer Rating	NA	CARE-NP B+ (Is): ISSUER NOT COOPERATING* [Single B Plus; ISSUER NOT COOPERATING*]	"Issuer not cooperating; Based on best available information" (Notice of Withdrawal)

CARE Ratings Nepal Limited (CRNL) has been seeking information from Samaj Laghubitta Bittiya Sanstha Limited (SLBS) to monitor the ratings vide e-mail communications/ letters dated January 19, 2022 and March 27, 2022 along with numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant Securities Board of Nepal (SEBON) guidelines, CRNL has reviewed the rating on the basis of the best available information which however, in CRNL's opinion is not sufficient to arrive at a fair rating. CRNL will monitor/watch the rating once for a minimum period of 6 months and notify SEBON and public with regards to the withdrawal of rating. If after the monitoring of the rating there is no cooperation from the Client, then after, CRNL may withdraw the rating.

The issuer rating of SLBS will now be denoted as **CARE-NP B+ (Is): ISSUER NOT COOPERATING*, (Notice of withdrawal)**.

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

Detailed description of the key rating drivers

Please refer to the previously published press release [here](#)

Key Updates

Financial Risk Profile

During FY21 (audited, refers to the twelve-month period ended mid-July 2021), SLBS reported total operating income of Rs. 44 Mn as compared to Rs. 23 Mn during FY20. The MFI reported PAT of Rs. 13 Mn in FY21 compared to net loss of Rs. 3 Mn in FY20. Furthermore, overall capital adequacy ratio (CAR) stood at 9.92% at the end of FY21 compared to 4.41% at the end of FY20. Similarly, Non-Performing Loan to Total Loan stood at 0.17% at the end of FY21.

About the Company

SLBS is a "D" class microfinance institution incorporated on May 3, 2017, licensed by Nepal Rastra Bank on April 15, 2018 for operating in 3 districts of Nepal. It is promoted by individuals from different background and is primarily engaged in providing microfinance loan based on the Joint Liability Group (JLG) model with each group consisting of five members. As on Mid-July 2021, it had total paid up capital of Rs. 20.00 Mn.

¹Complete definitions of the ratings assigned are available at www.careratingsnepal.com and in other CRNL publications.

*Issuer not cooperating; based on best available information

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About CARE Ratings:

CARE Ratings Nepal Limited (CRNL) is licensed by the Securities Board of Nepal w.e.f. November 16, 2017. CRNL is supported by CARE Ratings Limited through a technical services agreement to provide technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings on an ongoing basis. The technical support shall ensure that CRNL has adequate resources to provide high quality credit opinions in Nepal.

Our parent company, CARE Ratings Limited commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI).

Disclaimer

CRNL's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRNL has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRNL does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRNL have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.