

Press Release**Dhosa Chandaneswar Bratyajana Samity****January 15, 2019****Rating**

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities (Including proposed limit of Rs.8.47 crore)	15.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Assigned
Total	15.00		

Details of Facilities are in Annexure 1**Detailed Rationale**

The aforesaid rating derives comfort from its experienced management, comfortable capital adequacy ratio, stable asset quality and comfortable liquidity profile. However, the rating is constrained by its small scale of operations, geographical concentration risk, weak resource profile and regulatory & socio-political risks inherent in the industry. Growth in operations, asset quality and financial leverage are the key rating sensitivities.

List of Key Rating Drivers with description**Key Rating Strengths****Experienced Management**

DCBS is managed by a seven member governing body headed by Mr. Santosh Kumar Haldar (President). All the governing body members are well versed with the intricacies of the society and operational environment. The day to day affairs are handled by Mr. Animesh Naiya (Secretary) having more than two decades of experience in the MFI sector.

Comfortable capital adequacy ratio

DCBS has maintained a healthy capital adequacy ratio (CAR) over the years. As on March 31, 2018 CAR was healthy at 39.94% (44.54% as on March 31, 2017).

Stable asset quality

The asset quality of DCBS has improved in FY18 which is witnessed by stable collection efficiency which was 94.47% in FY17 and 99.45% in FY18. Further, it did not have any NPA's as on March 31, 2018 which improved from 0.32% as on March 31, 2017.

Comfortable liquidity profile

Liquidity position of DCBS, as on March 31, 2018 has been comfortable with positive cumulative mismatches in the short term (3-6 months) bucket.

Key Rating Weaknesses

Small scale of operations

The scale of operations of DCBS remained small with a loan portfolio of Rs.12.01 crore as on March 31, 2018 and Rs.8.94 crore as on March 31, 2017.

Geographical concentration risk

DCBS's operations are concentrated in the state of West Bengal and Bihar, with major focus in the state of West Bengal. Single state concentration exposes DCBS to high geographical concentration risk.

Weak resource profile

Being a society, DCBS has a weak resource profile with limited options to attract funds.

Regulatory risks & socio political risks inherent in the industry

MFI industry is highly prone to regulatory risks & socio political risks mainly on account of its unique collateral free debt nature. Earlier events like demonetization have affected the industry to a great extent where the collection efficiency of the MFI's has got impacted. However given the market potential due to demand of micro loans in rural segments, the sector is likely to maintain its high growth.

Analytical Approach & Applicable Criteria:

Rating Methodology for Financial Institutions/NBFCs

Financial Ratios & Interpretation (Financial Sector)

Default Recognition and Post Default Curing Period

About the Company

Dhosa Chandaneswar Bratyajana Samity (DCBS) was established in the year 2003 at a remote village Dhosa of South 24 Parganas District under Sundarban of West Bengal for the welfare of rural poor people especially women and children. It was registered as a Society under the West Bengal Societies Registration Act (XXVI) of 1961 in 2003. It was initially started with the initiative of some enthusiastic youths. Though started to provide thrift services, gradually they realized the need to provide loans to the poor in order to make them self-dependent. DCBS follows a group based (JLG) approach to extend loans to individuals.

Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2017	31-03-2018
	Audited	Audited
Total Income	2.24	2.71
Net Interest Income	1.41	1.55
PAT	0.47	0.48
Total Debt	6.41	9.64
Total Loan Assets	8.94	12.01
PAT Margin (%)	21.24	18.09
Net Interest Margin (%)	16.45	14.82
Return on Total Assets (%)	4.71	3.92
Overall Gearing Ratio (x)	1.70	2.38

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable**Any other information:** Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Fund Based Limits-Cash Credit	Long Term	4.53	IVR BB+ /Stable	-	-	-
2.	Long Term Fund Based Limits-Term Loan	Long Term	2.00	IVR BB+ /Stable	-	-	-
3.	Long Term Fund Based Limits-Proposed	Long Term	8.47	IVR BB+ /Stable	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities-Cash Credit	-	-	-	4.53	IVR BB+ /Stable
Long Term Fund Based Limits- Term Loan	-	Dena Bank- 10.8% UCO Bank- 11.8%	To be repaid fully by Feb. 2021	2.00	IVR BB+ /Stable
Long Term Fund Based Limits- Proposed	-	-	-	8.47	IVR BB+ /Stable