

About Fincare Small Finance Bank Unlisted Equity

(i) Fincare Small Finance Bank is a digital-first SFB focused on unbanked or underbanked customers, especially in rural and semi-urban areas. According to CRISIL, Fincare Small Finance Bank recorded the highest loan growth rate amongst peer SFBs in India between 2018 and 2020.

(ii) It pursues a business model focused on financial inclusion, aiming to provide individuals and businesses with affordable financial products and services that meet their needs. The business objective is to leverage technology and last-mile distribution to increase access to savings, credit, and other financial products for unbanked and underbanked individuals, MSMEs, and unorganized businesses, especially in rural areas.

(iii) During FY20, the Company achieved the best-adjusted return on equity (ROA) and return on equity (ROE) (adjusted for COVID-19 provisions) among SFBSs. Also, for the nine months ended December 31, 2020, and for FY20, the Company was one of the most profitable SFBS in India in terms of Return on Equity and ROA (Source: CRISIL Report). The Gross Loan Portfolio ("GLP") grew from Rs 2,154 Cr to Rs 5,547 Cr from March 31, 2018, to December 31, 2020, registering a compound annual growth rate (CAGR) of 41.05%.

(iv) The increase was primarily due to an increase in borrowers from 1.02 million as of March 31, 2018, to 2.19 million as of December 31, 2020, representing a compound annual growth rate (CAGR) of 31.82%. The return on equity for FY20 was 18.41% and for the nine months ended December 31, 2020, 14.27% (annualized). As of December 31, 2020, the company had a total customer base of 2.7 million (comprising borrowers and depositors).

The company has a business model focused on financial inclusion and aims to provide individuals and businesses with affordable financial products and services that meet their needs. The business objective is to use technology and last-mile distribution to improve access to savings, credit, and other financial products for unbanked or underbanked small and medium-sized enterprises and unorganized enterprises, especially in rural areas. As of December 31, 2020, 92% of our customers were rural and 40% were yet to take out a loan. We believe that our business model is profitable, sustainable, and socially beneficial.

(v) We have a deep understanding of unbanked or underbanked customers, especially in rural areas, and have over 14 years of experience in providing microcredit. The bank has been operating as an NBFC-ND since 2010 under the name "Disha Microfin Limited" and was registered as an NBFC-MFI in 2013. After getting in-principle approval from RBI in 2016, the bank acquired the microfinance business of FFSP (which had commenced microfinance operations in 2007) and subsequently renamed itself Fincare Small Finance Bank.

NPA Status For FY20, the GNPA ratio (i.e., the ratio of the Company's gross NPAs to advances) stood at 0.92% and the NNPA ratio at 0.41%. Further, the company has a strong capital position, a healthy balance sheet, and a prudent reserving policy with a Reserve Coverage Ratio ("PCR") of 74.82%, Tier 1 Capital Ratio of 25.22% and Tier 1 Capital Ratio of 4.68%, which meet the minimum regulatory norms prescribed by the RBI for all the three ratios.

Loan Book Profile NPA Status During FY20, the GNPA ratio (i.e., the ratio of the Company's gross NPAs to advances) stood at 0.92% and the NNPA ratio at 0.41%. Further, the Company has a strong capital position, a healthy balance sheet, and a prudent reserving policy with a Reserve Coverage Ratio ("PCR") of 74.82%, a Tier 1 Capital Ratio of 25.22%, and a Tier 1 Capital Ratio of 4.68%, which meet and achieve the minimum regulatory norms prescribed by the RBI for all the three ratios.

Loan Book Profile The total loan portfolio primarily comprises micro-loans, which constitute 79.50% of the total loan portfolio as of December 31, 2020. The portfolio is tilted toward microcredit, the sector which has been most affected by COVID-19. One should check with RHP what the NPA levels are in this small loan book as of 31 March 2021. Listed stocks like Ujjivan Small Finance and Suryoday Small Finance Bank are struggling due to high NPAs in their microfinance books. Microcredit clients are typically women from low-income families in rural India, with limited sources of income, savings, and credit history supported by tax returns and past credit risk statements, which are generally unsecured. Many micro borrowers are new to lending, with around 40% of clients being first-time borrowers as of 31 December 2020. This means that NPAs are highly likely in cases like COVID-19, as borrowers have limited credit history.

Fundamentals

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FinCare Small Finance Bank	270 Per Equity Share	Market Cap (in cr.)	0
Unlisted Shares Price		P/E Ratio	N/A
Lot Size	1000 Shares	P/B Ratio	0
52 Week High	270	Debt to Equity	N/A
52 Week Low	200	ROE (%)	N/A
Depository	NSDL & CDSL	Book Value	N/A
PAN Number	AABCB6398N	Face Value	N/A
ISIN Number	INE519Q01017		
CIN Number	N/A		
RTA	N/A		