

Jalpa Samudayik Laghubitta Bittiya Sanstha Limited: Ratings withdrawn

November 6, 2023

Summary of rating action

Facility/Instrument	Rated Amount (NPR Million)	Rating Action
Long-term loan limits	1,287.26	Rating withdrawn
Short-term loan limits	665.75	Rating withdrawn
Total limits	1,953.01	

Rating action

ICRA Nepal has withdrawn the long-term rating of [ICRANP] LBB-@¹ (pronounced ICRA NP L double B minus) assigned to the long-term limits and short-term rating of [ICRANP] A4@ (pronounced ICRA NP A four) assigned to the short-term limits of Jalpa Samudayik Laghubitta Bittiya Sanstha Limited (Jalpa).

Rationale

The ratings assigned to Jalpa has been withdrawn upon request from the company in accordance with ICRA Nepal's policy on withdrawal of credit rating. ICRA Nepal does not have any information to suggest whether the credit risk has changed since the time the rating was last reviewed.

Rationale

Key rating drivers have not been captured as the rating is being withdrawn.

Analytical approach: For arriving at the ratings, ICRA Nepal has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Issuer Rating Methodology](#)

[Credit Rating Methodologies for Non-banking Finance Companies](#)

[ICRA Nepal's Policy on Withdrawal of Credit Rating](#)

Links to previous detailed rating rationale:

[Ratings downgraded and placed on Watch with Negative Implications – June 20, 2023](#)

[Rating rationale – September 5, 2022](#)

Company Profile

Jalpa Samudayik Laghubitta Bittiya Sanstha Limited (Jalpa) started joint operations in December 2020, following the merger of two regional level MFIs (JLBSL and MSLBSL). Both the entities had FINGO backgrounds before their conversion into Class-D MFIs and before merging together to form the present day Jalpa.

Jalpa's major shareholding as of mid-July 2022 consisted of Srijana Development Centre (~21%), Nepal Women Community Service Centre (~16%), Prime Commercial Bank Limited (~4%), Jyoti Bikas Bank Limited (~4%), Pokhara Finance Limited (~4%). It is operating through a network of 102 branches across 29 districts. The corporate office of the company is located at Butwal-11, Rupandehi, Nepal.

¹ symbol '@' denotes rating [Watch with Negative Implications](#)

Jalpa reported a net profit of ~NPR 112 million in FY2023 over an asset base of ~NPR 4,902 million as of mid-July 2023 vis-à-vis net profit of ~NPR 56 million in FY2022 over an asset base of ~NPR 5,465 million as of mid-July 2022. Jalpa's gross NPLs stood at 8.39% and CRAR at 9.46% as of mid-July 2023.

Key financial indicators

Year Ended	Mid-July 2020 ² (Audited)	Mid-July 2021 ² (Audited)	Mid-July 2022 (Audited)	Mid-July 2023 (Provisional)
Number of members	78,631	85,758	102,628	106,753
Credit portfolio (NPR million)	2,972	3,750	5,218	4,570
Number of borrowers	38,118	39,108	49,721	44,437
Average ticket size (NPR)	77,979	95,893	104,942	102,852
No of branches	55	76	102	104
Deposits (NPR million)	1,898	2,123	2,558	2,661
Deposit to loan ratio	64%	57%	49%	58%
Gross NPLs	2.45%	3.14%	2.74%	8.39%
Operating ratios				
Yield on Average Loans	17.37%	16.32%	15.42%	15.82%
Cost of Avg. Int. Bearing Funds	9.81%	7.16%	8.14%	9.96%
Net Interest Margin / Average Total Assets	7.76%	8.35%	7.37%	6.01%
Non- interest income/ Average Total Assets	2.19%	2.22%	1.38%	1.35%
Operating expenses / Average Total Assets	6.24%	6.11%	6.56%	6.21%
Credit Prov. & Write-offs / Average Total Assets	2.18%	0.44%	0.80%	3.33%
Profit After Tax / Average Total Assets	1.05%	2.78%	1.17%	-2.17%
Profit After Tax / Average Net worth	9.57%	24.02%	10.46%	-22.80%
Capitalisation ratios				
Capital adequacy ratio	10.71%	11.52%	10.51%	9.46%
Gearing [(deposits+ borrowing)/ net-worth] times	7.08	6.88	7.55	10.14
Borrowing/ net worth (times)	2.19	2.48	3.21	3.44

Source: Company data/quarterly published financials/NRB monthly statistics

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About ICRA Nepal Limited

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² Combined figures of merged MFIs taken for the periods/dates prior to the merger



technical support services agreement, which envisages ICRA helping ICRA Nepal in areas such as rating process and methodologies, analytical software, research, training, and technical and analytical skill augmentation.

Our parent company, ICRA Limited, was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies.

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