



Samriddhi Finance Company Limited: Rating withdrawn

June 10, 2024

Summary of rating action

Facility/Instrument	Amount	Rating Action
Issuer Rating	NA	Rating withdrawn

Rating action

ICRA Nepal has withdrawn the issuer rating of [ICRANP-IR] B- (pronounced ICRA NP Issuer Rating B minus) assigned to Samriddhi Finance Company Limited (SFCL).

Rationale

The rating assigned to SFCL has been withdrawn upon request from the company in accordance with ICRA Nepal's policy on withdrawal of credit rating.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.

Key rating drivers

Key rating drivers have not been captured as the rating is being withdrawn.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](#)

[Bank Rating Methodology](#)

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

Links to previous detailed rating rationale:

[Issuer Rating Rationale – July 24, 2023](#)

Company Profile

Samriddhi Finance Company Limited (SFCL), erstwhile World Merchant Banking & Finance Limited (WMBF) was incorporated in June 2000 and started commercial operation from August 2001. The company is registered as a public limited company and is licensed by NRB as a national level class C finance company.

The then WMBF was declared problematic by NRB on April 26, 2013, citing a lack of governance & internal control, poor asset quality and deterioration in financial indicators with the restrictions on opening new branches, raise deposits or extend new loans until it gets released from the problematic status. The company was released from the problematic status on July 23, 2019, after it met the regulatory minimum capital adequacy ratio by infusing fresh capital (advance equity). The release from problematic status was subject to the company meeting a minimum paid up capital of NPR 800 million within two years from the release. Since then, SFCL has floated 200% rights issue in FY2021 and another 50% rights issue in FY2022. Following the equity raising programs, the paid-up capital of SFCL is ~NPR 819 million which is adequate vis-à-vis regulatory minimum.



Key financial indicators

YEAR ENDED (Amount in NPR million)	Jul-21 (Audited)	Jul-22 (Audited)	Jul-23 (Audited)	Apr-24 ¹ (Provisional)
Net Interest Income – NPR Million	30	68	71	53
Profit before tax – NPR Million	4	3	-79	-69
Profit after tax – NPR Million	21	0	-70	-69
Loans and advances – NPR Million	882	1,587	1,559	1,515
Total assets – NPR Million	1,269	2,671	2,705	2,748
OPERATING RATIOS				
Net Interest Margin/Avg. Tot Assets	3.64%	3.44%	2.63%	2.60%
Non-Interest Income/Avg. Tot Assets	-14.15%	-1.33%	0.59%	0.91%
Operating Expenses/Avg. Total Assets	7.48%	4.40%	4.44%	4.61%
Credit Provisions/Avg. Total Assets	-10.44%	-1.16%	1.64%	2.02%
PAT/Average Total Assets	2.55%	0.01%	-2.61%	-3.39%
PAT/Net Worth	9.74%	0.05%	-11.12%	-15.39%
Gross NPLs	5.11%	4.58%	4.59%	17.23%
CAPITALISATION RATIOS				
Capital Adequacy Ratio	24.32%	28.07%	22.25%	17.11%
Tier I Capital	23.12%	26.82%	20.67%	NA
Net NPAs/Net Worth	0.51%	8.54%	11.29%	NA
COVERAGE & LIQUIDITY RATIOS				
Total Liquid Assets/Total Liability	28.13%	36.59%	35.66%	39.52%
Total Advances/Total Deposits	92.72%	82.86%	96.79%	79.42%

Source: Company Data

For further details please contact:

Analyst Contacts

Mr. Sailesh Subedi (Tel No. +977-1-4519910/20)
sailesh@icranepal.com

Mr. Bipin Timilsina (Tel No. +977-1-4519910/20)
bipin@icranepal.com

Relationship Contacts

Ms. Barsha Shrestha (Tel No. +977-1-4519910/20)
barsha@icranepal.com

About ICRA Nepal Limited

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¹ Annualized



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For more information, visit www.icranepal.com

ICRA Nepal Limited,
Sunrise Bizz Park, 6th Floor, Dillibazar, Kathmandu, Nepal.
Phone: +977-1-4519910/20
Email: info@icranepal.com
Web: www.icranepal.com

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