

SKS Microfinance closes Rs 390-crore securitisation deals

SKS Microfinance Limited, the only publicly-listed microfinance institution in the country, has concluded two microfinance securitisation transactions aggregating Rs 390 crore.

The transactions take the total number of securitisation transactions that the company had closed in the current financial year to seven, with a value of Rs 803 crore.

"The present transactions generate liquidity of Rs 370 crore for SKS Microfinance and also bring in the concomitant capital relief. Notably, 26% of the pool is from scheduled caste and scheduled tribe entrepreneurs, 18% from minorities, 34% from backward castes and the remaining 22% from women belonging to other castes," S Dilli Raj, chief financial officer, SKS Microfinance, said in a filing to the BSE on Monday.

The transactions have helped SKS provide working capital access to 5,00,000 women rural entrepreneurs, while enabling the purchasing banks to achieve their priority sector loan obligations, he added.

SKS has downloaded the receivables from microloans extended to rural women entrepreneurs to a special purpose vehicle, and pass through certificates (PTCs) have been purchased by a major public sector bank and a private sector bank in the deals announced today.

Notably, the entire pool qualifies for the weaker section treatment as per the RBI's priority sector lending guidelines.

According to the company, the two pools, which are rated A1+(SO) signifying 'highest safety' by one of the leading rating agencies, are structured with geographical diversity as they comprise receivables from 14 states (excluding Andhra Pradesh) after capping the maximum pool exposure of ~23.50% for any state. Also, ~35% of the clients have completed three loan cycles.

The non-banking finance company, which operates across 17 states in the country, including Andhra Pradesh, Karnataka, Maharashtra, Odisha, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal, Haryana, West Bengal, Jharkhand, Chhattisgarh, Gujarat, Kerala, Punjab and Delhi, has completed 22 assignments and securitisation transactions worth Rs 2,481 crore since October 2010, when Andhra Pradesh promulgated its Andhra Pradesh Micro Finance Institutions (Regulation of Money-lending) Ordinance, 2010 (which became an Act in December 2010).

SKS Microfinance's scrip is currently trading at Rs 145.75 on the BSE, up 10%, over the previous close of Rs 132.50 a share.

(Business Standard)