

## Press Release

### Shriram Chits Tamilnadu Private Limited

April 30, 2019

## Rating Update



|                                |                                                                 |
|--------------------------------|-----------------------------------------------------------------|
| <b>Total Facilities Rated*</b> | Rs. 60.00 Cr.                                                   |
| <b>Short Term Rating</b>       | ACUITE A2+<br>(Under rating watch with developing implications) |

\* Refer Annexure for details

## Rating Rationale

Acuite has placed the long term ratings of '**ACUITE A2+**' (read as **ACUITE A two plus**) to the Rs. 60.00 Cr. bank facilities of Shriram Chits Tamilnadu Private Limited (SCTPL) on '**Rating watch with developing implications**'.

### Rationale for placing the rating on Watch:

Shriram Group has announced plans to amalgamate the chit fund businesses among its group companies – Shriram Chits Tamilnadu Private Limited (SCTPL), Shriram Chits Private Limited (SCPL), Shriram Chits (Maharashtra) Limited (SCML) and Shriram Chits (Karnataka) Private Limited (SCKPL). The scheme broadly entails amalgamation of SCTPL, SCPL, SCML with SCKPL. The merged entity will be renamed to 'M/s. Shriram Chits [India] Private Limited'.

Acuite is in discussion with the management of Shriram group to assess the impact of this merger on the bank's exposure.

Acuite's ratings on the debt instruments of SCTPL would need to be withdrawn once SCTPL ceases to exist on completion of the above amalgamation.

### About the Company:

SCTPL has been in the chit fund business since 1989 with operations spread across Tamil Nadu. As a part of the Shriram Group of Companies, the company was promoted by Mr. R. Thyagarajan. SCTPL is a registered chit fund company under the Chit fund Act, 1982.

### Analytical Approach

Acuite has adopted a standalone approach on SCTPL's business and financial risk profile for arriving at the rating.

### About the Rated Entity - Key Financials

|                                         | Unit    | FY19 (Prov.) | FY18   | FY17   |
|-----------------------------------------|---------|--------------|--------|--------|
| Total Assets                            | Rs. Cr. | 914.26       | 889.10 | 858.34 |
| Total Income (Net of Interest Expense)  | Rs. Cr. | 111.15       | 105.13 | 108.62 |
| PAT                                     | Rs. Cr. | 1.51         | 1.27   | 2.29   |
| Net Worth                               | Rs. Cr. | 86.30        | 84.79  | 83.51  |
| Return on Average Assets (RoAA)         | (%)     | 0.17         | 0.15   | 0.54   |
| Return on Average Net Worth (RoNW)      | (%)     | 1.77         | 1.51   | 4.81   |
| Total Debt/Tangible Net Worth (Gearing) | Times   | -            | -      | -      |
| Gross NPAs                              | (%)     | -            | -      | -      |
| Net NPAs                                | (%)     | -            | -      | -      |

For further details, kindly refer to Acuite's release dated March 17, 2018:  
<https://www.acuite.in/documents/ratings/revised/15393-RR-20180317.pdf>

#### Rating History (Upto last three years)

| Date          | Name of Instrument / Facilities | Term       | Amount (Rs) | Ratings/Outlook                |
|---------------|---------------------------------|------------|-------------|--------------------------------|
| 17-Mar- 2018  | Bank guarantee                  | Short Term | 30.00       | ACUITE A2+/Stable (Reaffirmed) |
|               | Bank guarantee                  | Short Term | 28.00       | ACUITE A2+/Stable (Reaffirmed) |
|               | Proposed Bank guarantee         | Short Term | 2.00        | ACUITE A2+/Stable (Reaffirmed) |
| 03- Nov- 2016 | Bank guarantee                  | Short Term | 30.00       | ACUITE A2+/Stable (Reaffirmed) |
|               | Bank guarantee                  | Short Term | 28.00       | ACUITE A2+/Stable (Reaffirmed) |
|               | Proposed Bank guarantee         | Short Term | 2.00        | ACUITE A2+/Stable (Reaffirmed) |
| 22-Jul-2015   | Bank guarantee                  | Short Term | 30.00       | ACUITE A2+/Stable (Assigned)   |
|               | Bank guarantee                  | Short Term | 28.00       | ACUITE A2+/Stable (Assigned)   |
|               | Proposed Bank guarantee         | Short Term | 2.00        | ACUITE A2+/Stable (Assigned)   |

#### \*Annexure – Details of instruments rated

| Name Of The Facilities  | Date of Issuance | Coupon Rate    | Maturity Date  | Size of the Issue (Rs.Cr.) | Rating/ Outlook                                              |
|-------------------------|------------------|----------------|----------------|----------------------------|--------------------------------------------------------------|
| Bank guarantee          | Not Applicable   | Not Applicable | Not Applicable | 30.00                      | ACUITE A2+ (Under Rating watch with developing implications) |
| Bank guarantee          | Not Applicable   | Not Applicable | Not Applicable | 28.00                      | ACUITE A2+ (Under Rating watch with developing implications) |
| Proposed Bank guarantee | Not Applicable   | Not Applicable | Not Applicable | 2.00                       | ACUITE A2+ (Under Rating watch with developing implications) |

#### Contacts

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
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**About Acuite Ratings & Research:**

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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