

Press Release
Shriram Chits Tamilnadu Private Limited

August 02, 2019

Rating Update



Total Facilities Rated*	Rs. 60.00 Cr.
Short Term Rating	ACUITE A2+ (Under rating watch with developing implications)

* Refer Annexure for details

Rating Rationale

Acuite had 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**' vide the press release dated April 30, 2019. The watch has been further extended.

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Acuite's ratings on the debt instruments of SCTPL would need to be withdrawn, once SCTPL ceases to exist on completion of the above amalgamation.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. Cr.)	Ratings/Outlook
18-Jun-2019	Bank guarantee	Short Term	30.00	ACUITE A2+ (Under rating watch with developing implications)
	Bank guarantee	Short Term	28.00	ACUITE A2+ (Under rating watch with developing implications)
	Proposed Bank guarantee	Short Term	2.00	ACUITE A2+ (Under rating watch with developing implications)
30-Apr-2019	Bank guarantee	Short Term	30.00	ACUITE A2+ (Under rating watch with developing implications)
	Bank guarantee	Short Term	28.00	ACUITE A2+ (Under rating watch with developing implications)
	Proposed Bank guarantee	Short Term	2.00	ACUITE A2+ (Under rating watch with developing implications)
17-Mar-2018	Bank guarantee	Short Term	30.00	ACUITE A2+ (Reaffirmed)
	Bank guarantee	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Proposed Bank guarantee	Short Term	2.00	ACUITE A2+ (Reaffirmed)
03- Nov-2016	Bank guarantee	Short Term	30.00	ACUITE A2+ (Reaffirmed)
	Bank guarantee	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Proposed Bank guarantee	Short Term	2.00	ACUITE A2+ (Reaffirmed)

*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

Analytical	Rating Desk
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About Acuité Ratings & Research:

Acuité 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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