



Press Release
VALAR ADITI SOCIAL FINANCE PRIVATE LIMITED
August 05, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	33.00	ACUITE BB+ Negative Reaffirmed Stable to Negative	-
Total Outstanding Quantum (Rs. Cr)	33.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of **‘ACUITE BB+’ (read as ACUITE double B pluso)**n the Rs. 33.00 Cr. bank facilities of Valar Aditi Social Finance Private Limited (VASF). The outlook is revised to **‘Negative’** from **‘Stable’**.

Rationale for the rating

The revision in the outlook takes into consideration the decline in AUM, disbursements, and earnings profile till March 31,2025 (prov.) . The overall AUM level stood at Rs 51.65 Cr. as on March 31,2025 (prov.) (Rs. 64.62 Cr. as on March 31,2024 , Rs 53.41 Cr. as on March 31, 2023 and Rs 26.43 Cr. as on March 31, 2022). The company reported disbursements of Rs 42.12Cr. till March 31,2025 (prov.) (Rs 65.03 Cr. during FY2024 and Rs 52.96 Cr. during FY2023). The company reported PAT of Rs 2.34 Cr. as on March 31,2025 (prov.) (Rs 2.86 Cr. during March 31,2024 and Rs 1.41 Cr. during March 31, 2023).The ratings continue to factor in VASF’s experienced management, comfortable capitalization levels and moderate asset quality metrics. The company’s CAR stood at 47.7 percent as on March 31,2025 (prov.) aided by internal accruals. The company’s asset quality was marked by on-time portfolio of 95.5 percent with GNPA at 2.30 percent as on March 31,2025 (prov.) supported by average overall collection efficiency of 97.5 percent for six months ended March 31,2025 (prov.). The rating is however, constrained by its modest scale of operations and geographic concentration and risks inherent to micro finance sector.

Going forward, the ability to leverage on experience of management, maintain comfortable capitalization levels and profitably scale up its operations while maintaining its asset quality and collection efficiency will be a key rating monitorable.

About the company

Valar Aditi Social Finance Private Limited (VASF) is a Non-Deposit Accepting Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI). It is promoted by Dr. I. Sebastian and Tranquebank ApS. The company is engaged in micro financing activity directed to the benefit of poor women groups/individual for enhancement of their livelihoods. The company started its activities from 2010 onwards and has presence in Tamil Nadu and Puducherry. VASF currently operates in Tamil Nadu and Puducherry with its network of 9 branches as on March 31,2025.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of VASF to arrive at the rating.

Key Rating Drivers

Strength

Established presence in the micro-finance segment:

VASF commenced its micro-finance operations in 2010, extending micro-credit to women borrowers engaged in income-generating activities under the Joint Liability Group (JLG) model. The company caters to the rural areas of

Tamil Nadu and Puducherry. It has a network of 9 branches with a loan portfolio of Rs. 51.65 crore as on March 31, 2025 (prov.) (Rs. 65.26 crore as on March 31, 2024). VASF is promoted by Mutual Benefit Trusts developed by Dr. I Sebastian's charitable trust – St. Joseph Development Trust (SJDT) and Tranquebank ApS. He has around three decades of experience in rural developmental activities. Dr. Sebastian is adequately supported on the board with Ernst Michaelsen – Managing Director of Tranquebank ApS, Mr. Sridhar Sampath, Mr. Reji Chandra, Mr. Ravi Prakash Singhee – Nominee Directors.

Acuité believes that VASF will continue to benefit from its established presence and experience of the promoters in the microfinance segment.

Adequate capitalisation levels:

VASF primarily focuses on micro-credit to women borrowers engaged in income-generating activities under the Joint Liability Group (JLG) model. The company's CAR stood at 47.7 percent as on March 31, 2025 (prov.) (35.3 percent as on March 31, 2024 and 35.45 percent as on March 31, 2023). The overall AUM level stood at Rs 51.65 Cr as on March 31, 2025 (prov.) (Rs 64.62 Cr. as on March 31, 2024, Rs 53.41 Cr. as on March 31, 2023 and Rs 26.43 Cr. as on March 31, 2022).

Acuité believes that going forward the ability of the company to maintain its adequate capitalization levels will be key rating sensitivity.

Weakness

Modest Scale of operations; Geographical concentration risk

VASF commenced its operations in 2010 and currently operates through a network of 9 branches located across 10 districts in two states namely, Tamil Nadu and Puducherry. Its Assets Under Management (AUM) stood at Rs. 51.65 Cr. as on March 31, 2025 (prov.) as against Rs. 64.62 Cr. as on March 31, 2024. Against this backdrop, the company has highly concentrated portfolio with Tamil Nadu alone contributing ~86 percent of the overall AUM as on March 31, 2025 (prov.). Resultantly, the company's performance is expected to remain exposed to competitive landscape in these areas and occurrence of events such as natural calamities may adversely impact the credit profile of the borrowers.

Acuité believes that the company's modest scale of operations coupled with geographic concentration in the will continue to weigh on the company's credit profile over the near to medium term.

Moderate Asset Quality

The asset quality is marked by its on-time portfolio at 95.5 percent as on March 31, 2025 (prov.) This is supported by moderate collections where collection efficiency stood at an average of 97.5 percent for 6 months ended March 31, 2025 (prov.). The company reported a GNPA of 2.30 percent as on March 31, 2025 (prov.) and NNPA of 1.32 percent as on March 31, 2025 (prov.)

Susceptibility to risks inherent to microfinance segment

VASF primarily extends unsecured loans to economically challenged borrowers who have limited ability to absorb income shocks. Since financial assistance to economically challenged borrowers is a sensitive issue, from government stand point the regulatory dispensation in respect of the policies becomes relevant. Any changes in the regulatory environment impeding the ability of entities like VASF to enforce collections, etc will have an impact on its operational performance. Besides the regulatory risks, the inherent nature of the business renders the portfolios vulnerable to event risks such as natural calamities in the area of operations.

Acuité believes that containing additional slippages while maintaining the growth in the loan portfolio will be crucial.

Rating Sensitivity

- Movement in collection efficiency and asset quality
- Movement in liquidity buffers
- Movement in profitability and capitalisation buffers
- Changes in regulatory environment

Liquidity Position

Adequate

VASF's overall liquidity profile remains adequate in near to medium term. The company's assets and liabilities are well matched with no cumulative deficit in near to medium term time buckets. VFPL's borrowings stood at ~Rs. 34.83 crore with a gearing of ~1.38 times as on March 31, 2025 (prov.). The company has maintained cash and cash equivalents of ~Rs. 9.22 crore as on March 31, 2025 (prov.).

Outlook:

Negative

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY25(Prov)	FY24(Actual)
Total Assets	Rs. Cr.	63.15	78.90
Total Income*	Rs. Cr.	9.66	8.59
PAT	Rs. Cr.	2.34	2.86
Net Worth	Rs. Cr.	25.29	22.95
Return on Average Assets (RoAA)	(%)	3.30	4.28
Return on Average Net Worth (RoNW)	(%)	9.71	14.26
Debt/Equity	Times	1.38	2.34
Gross NPA	(%)	2.30	-
Net NPA	(%)	1.32	0.03

**Total income equals to Net Interest Income plus other income*

Status of non-cooperation with previous CRA (if applicable):

Not Applicable.

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 May 2024	Term Loan	Long Term	2.92	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.85	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Loan	Long Term	3.00	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	1.90	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.21	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.06	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.89	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	14.55	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.64	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Loan	Long Term	3.70	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.28	ACUITE BB+ Stable (Assigned)
17 Mar 2023	Proposed Long Term Loan	Long Term	3.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
08 Dec 2022	Proposed Long Term Loan	Long Term	3.00	ACUITE BB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.74	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.70	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	25 Jul 2022	Not avl. / Not appl.	03 Sep 2024	1.88	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
State Bank of India	Not avl. / Not appl.	Term Loan	29 Oct 2022	Not avl. / Not appl.	29 Oct 2025	0.07	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
State Bank of India	Not avl. / Not appl.	Term Loan	30 Oct 2023	Not avl. / Not appl.	01 Sep 2026	6.82	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
Tamil Nadu Grama Bank	Not avl. / Not appl.	Term Loan	17 Oct 2017	Not avl. / Not appl.	18 Jan 2026	0.28	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
Tamil Nadu Grama Bank	Not avl. / Not appl.	Term Loan	06 Oct 2023	Not avl. / Not appl.	06 Oct 2026	1.42	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative
Union Bank of India	Not avl. / Not appl.	Term Loan	25 Aug 2022	Not avl. / Not appl.	26 Aug 2025	0.09	Simple	ACUITE BB+ Negative Reaffirmed Stable to Negative

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Tejas Chaugule Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.