

Press Release

Vanchinad Finance Private Limited

June 09, 2021

Rating Update



Total Bank Facilities Rated*	Rs.35.00 Cr.#
Long Term Rating	ACUITE BB- (Downgraded from ACUITE BB) Issuer not co-operating*

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Acuité has downgraded the long-term rating to '**ACUITE BB-' (read as ACUITE double B minus)** from '**ACUITE BB' (Read as ACUITE double B)** on the Rs.35.00 crore bank facilities of Vanchinad Finance Private Limited. The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

VFPL is a non-deposit taking NBFC incorporated in 1987. VFPL is a wholly owned subsidiary of SML Finance Limited and was acquired by SML Finance Limited in May 2016 with the aim to expand the latter's microfinance business. VFPL offers microfinance loans under the Self-help group (SHG) model. The registered office is in Thrissur (Kerala). Spread across 10 districts across Kerala and Tamil Nadu, the company has a network of 32 branches with assets under management (AUM) of Rs 83.44 crores as on September 30, 2018. It is led by Mr. Jijo Kuriyappan, Chief General Manager, who has around 17 years of overall experience; of which more than 11 years are in Micro-finance business. The Managing Director of the group company- SML Finance Ltd, Mr. William Varghese has more than 2 decades of experience in financial services.

Non-cooperation by the issuer/borrower:

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities- <https://www.acuite.in/view-rating-criteria-44.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Liquidity Indicators - "No information provided by the issuer / available for Acuite to comment upon."

Rating Sensitivity - "No information provided by the issuer / available for Acuite to comment upon."

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
12 Mar, 2020	Cash Credit	Long term	19.50	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
	Term Loan	Long term	10.00	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
	Proposed Bank Facility	Long term	5.50	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
19 Feb, 2019	Cash Credit	Long term	19.50	ACUITE BB+/ Stable (Assigned)
	Term Loan	Long term	10.00	ACUITE BB+/ Stable (Assigned)
	Proposed Bank Facility	Long term	5.50	ACUITE BB+/ Stable (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	19.50	ACUITE BB- (Downgraded from ACUITE BB) Issuer not co-operating*
Term Loan	Not Available	Not Available	Not Available	10.00	ACUITE BB- (Downgraded from ACUITE BB) Issuer not co-operating*
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE BB- (Downgraded from ACUITE BB) Issuer not co-operating*

*The issuer did not co-operate; based on best available information.

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research 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 8,616 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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