



Press Release

Vanchinad Finance Private Limited

September 01, 2022

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE B+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

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

About the Company

Vanchinad Finance Private Limited (VFPL), incorporated in 1987 is a non-deposit taking NBFC having its registered office at Thrissur, Kerala. 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. 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 Current Directors of Vanchinad Finance Private Limited are Mr Kadapuram Mathewsmathai, Mr Kocheril Ittoop Varghese, Ms Susanna Isaac, Mr Griger Cherry Williams and Mr Abin M Behanan. 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:

Acuite 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.

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

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). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

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

Rating Sensitivity

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

Material Covenants

Not Applicable

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook

Not Applicable

Status of non-cooperation with previous CRA

Not Applicable

Any other information

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

Applicable Criteria

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

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Jun 2021	Cash Credit	Long Term	19.50	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	10.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	5.50	ACUITE BB- (Downgraded and Issuer not co-operating*)
12 Mar 2020	Term Loan	Long Term	10.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	5.50	ACUITE BB (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	19.50	ACUITE BB (Downgraded and 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

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	19.50	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	10.00	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)

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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.

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