



Press Release
Vanchinad Finance Private Limited
November 21, 2023

Rating Reaffirmed and Issuer not co-operating

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

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) 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 based on the best available information.

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 non-cooperation by the issuer along with 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 Acuite's policies.

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 entity has not shared the latest financial statement for Acuite to comment.

Rating Sensitivity

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

All Covenants

None

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

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

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
01 Sep 2022	Cash Credit	Long Term	19.50	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	10.00	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	5.50	ACUITE B+ (Downgraded and Issuer not co-operating*)
09 Jun 2021	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*)
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*)

Annexure - Details of instruments rated

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

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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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