



Press Release
SRINIDHI CREDIT PRIVATE LIMITED
June 05, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	10.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) on the Rs. 10 Cr. Proposed bank loan facility of Srinidhi Credit Private Limited (SCPL). The outlook is 'Stable'.

Rationale for rating

The rating factors in the experienced management, significant support from Srinidhi group where the Srinidhi Cat II Alternative Investment Fund (Srinidhi AIF) has assumed OCD worth Rs 60 Cr. outstanding as on Dec'24 and its comfortable capital structure. SCPL's capital structure is marked by net worth and gearing of Rs. 107.95 Cr. and 0.03 times as on Dec 31, 2024. The rating also reflects the sound asset quality and prudent risk management practices of SCPL. SCPL has demonstrated sound asset quality marked by on-time portfolio of 99 percent as on Dec 31, 2024. These strengths are partially offset by the high concentration of top 3 borrowers in the overall loan portfolio constituting ~80 percent as on 31 Dec 2024. Further the rating remains constrained by lack of diversification in the funding profile. Going forward, SCPL's ability to diversify their funding profile, minimising its concentration while maintaining its asset quality and profitability metrics will remain a key monitorable.

About the company

Srinidhi Credit Private Limited ("SCPL"), an NBFC under registered license from RBI was incorporated in the year 2016. It was incorporated by late Mr. SV Mony, along with Mr Venkat. SCPL is the lending arm of Srinidhi group which also operates Category II Alternative Investment Fund registered under SEBI. Srinidhi's investment takes a debt-style approach to the principal investment and participation in upside performance in enterprises to ensure long-term equity appreciation. Srinidhi Credit Private Limited, the NBFC arm of the Group - plays an active role in assuming exposure towards credit opportunities from identified Portfolio companies for the group, where Srinidhi AIF has already assumed convertibles and significant minority to supermajority equity in the capital structure. This helps in security perfection and high-yield interest income from the investments. It also has a non-core loan book where the strategy is to start a lending relationship which will test the serviceability and help the group in understanding the business before assuming the equity partnership to a high-quality business. The company is based in Chennai.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered standalone business and financial risk profiles of SCPL to arrive at the rating.

Key Rating Drivers

Strength

Experienced Management

Srinidhi Credit Private Limited (SCPL) is the lending arm of the Srinidhi Group extending loans towards small to medium size enterprises. SCPL is headed by Mr Venkat Ramaswamy who is the Co-founder and CIO of the Group and director of SCPL. Mr Venkat has previously worked as MD at Fortress Investment Group, NY and managed USD 500 Mn structured equity portfolio in emerging markets, he has also worked for 3 years as an originator in the Securitization team at HSBC Bank, NY. The promoters are supported by seasoned professionals in day-to day

activities. The management team has an extensive experience of over two decades in the financial industry. Acuité believes that company's growth prospects will be supported by the promoter's experience in this industry.

Healthy AUM growth while maintaining asset quality.

The company's loan portfolio outstanding grew to Rs. 298.78 Cr. as on 9MFY25 from Rs. 255.22 Cr. as on March 31, 2024. The company majorly disburses loans to MSMEs, with the average ticket size ranging between Rs 50 lacs to 15 Cr. The tenure of these loans range between 3 months to 6 years. SCPL has demonstrated sound asset quality marked by on-time portfolio of 99 percent as on Dec 31,2024. The company has structured inherent checks for effective risk management that include lending policy, underwriting process, and dedicated due diligence team, which helps to maintain asset quality. SCPL reported GNPA and NNPA of 0.78 % and 0.45 % as on Dec 31,2024. The company's overall collection efficiency averages to 91 percent for last 6 month ended Dec' 24.

Acuité believes that SCPL's ability to sustain the growth in its loan book, while maintaining sound asset quality level in the near to the medium term will be key rating monitorable.

Adequate Capital Structure

With a net worth of Rs. 107.95 Cr. as on Dec 31, 2024, the company is well positioned to support the growth of its businesses over the medium term. SCPL's capital position is adequate as reflected in the capital adequacy which stood at 96.51 percent as on Dec 31, 2024. Also, the outstanding long term debt stood at Rs. 221.76 Cr. as on Dec 31,2024 comprising of convertible debentures translating to gearing ratio of 2.05 times.

Weakness

Concentrated Loan book and limited track record.

SCPL's loan book is highly concentrated in terms of geography and customers. The portfolio is highly concentrated in the states of Tamil Nadu (~94%) and Rajasthan (~6%). SCPL's exposure to the top 3 borrowers in the overall loan portfolio constitute ~80 percent as on Dec 31, 2024. SCPL was incorporated in 2016 and disburses loans with tenure averaging to five to six years indicating that the company has limited track record.

Acuite believes the company's ability to diversify its loan portfolio while maintaining its asset quality will be key monitorable.

Moderate diversification in funding profile

The company's funding profile remains concentrated to Srinidhi AIF Fund II (25.89%) and Sustainable Investments (34.32%) who have assumed total debt of Rs 231 Cr. outstanding as on Dec'24.

Acuite believes that the company's ability to raise adequate capital to fund growth, while maintaining comfortable gearing and achieve a more diversified funding mix, would be important rating considerations going forward.

Rating Sensitivity

- Movement in Asset Quality and Collection Efficiency.
- Movement in Profitability Metrics
- Growth in Scale of Operations

Liquidity Position

Adequate

SCPL's overall liquidity profile remains well matched with no negative cumulative mis-matches in near to medium term as per ALM dated Dec 31, 2024. The company's liquidity position is supported by Cash and Bank Balance of Rs 32.81 Cr. as on Dec 31, 2024.

Outlook:

Stable.

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23(Actual)
Total Assets	Rs. Cr.	258.58	248.85
Total Income*	Rs. Cr.	14.51	11.49
	Rs.		

PAT	Cr.	6.37	5.68
Net Worth	Rs. Cr.	90.18	83.81
Return on Average Assets (RoAA)	(%)	2.51	2.79
Return on Average Net Worth (RoNW)	(%)	7.32	7.90
Debt/Equity	Times	1.56	1.77
Gross NPA	(%)	0.78	-
Net NPA	(%)	0.45	-

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

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuite 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
13 Mar 2024	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE BBB- Stable (Assigned)

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 Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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