

February 3, 2023^(Revised)

Satya MicroCapital Ltd.: Ratings reaffirmed/[ICRA]BBB (Positive) assigned for enhanced amount

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank facilities (LT – Fund based)	750.00	925.00	[ICRA]BBB (Positive); reaffirmed and assigned for enhanced amount
NCD programme	421.50	421.50	[ICRA]BBB (Positive); reaffirmed
Tier II bonds programme	25.00	25.00	[ICRA]BBB (Positive); reaffirmed
Subordinated debt programme	80.00	80.00	[ICRA]BBB (Positive); reaffirmed
Market linked debenture (MLD)	20.00	20.00	PP-MLD [ICRA]BBB (Positive); reaffirmed
Total	1,296.50	1,471.50	

*Instrument details are provided in Annexure I

Rationale

The ratings continue to factor in the diversified experience of Satya MicroCapital Ltd.'s (SML) board and senior management team across the microlending space and the banking, financial services, and insurance (BFSI) segment. This, coupled with regular equity infusions by its shareholders, has helped the company grow its assets under management (AUM), while maintaining an adequate capitalisation profile. Further, the ratings factor in the reduction in the gross non-performing assets (GNPAs) to 1.1% as on December 31, 2022 from 5.6% as on September 30, 2022 on account of the sale of the subdued portfolio to an asset reconstruction company (ARC). Nevertheless, recovery from security receipts (SRs; Rs. 130 crore as on December 31, 2022, i.e., around 5% of on-book portfolio) and the ability to arrest further slippages would remain monitorables.

The ratings also factor in the company's diversified borrowing profile, comprising loans from banks {including loans from small finance banks (SFBs)}, non-banking financial companies (NBFCs)/financial institutions (FIs), non-convertible debentures (NCDs including subordinated debt) and securitisation {including direct assignment (DA)}. Further, the ratings consider the healthy geographical diversification of SML's AUM with a presence in 22 states/Union Territories (UTs).

The ratings are, however, constrained by SML's weak profitability profile, given the high operating expenses (driven by the high future growth target and elevated employee expenses) and the increase in the credit costs due to slippages and write-offs from the restructured book. Nevertheless, ICRA expects the profitability to improve in Q4 FY2023 and FY2024, driven by the impact of the new book, which is generated at a higher yield, and the expectation of low credit costs. ICRA notes that the removal of the cap on the rate of interest by the Reserve Bank of India (RBI) provides a cushion to microfinance institutions (MFIs), including SML, to improve the spread and hence the profitability. However, the company's ability to improve its operational efficiency and contain its credit costs (including recoveries from SRs) shall remain key for its financial profile.

ICRA notes that SML's capitalisation profile has remained adequate with an on-book gearing of 4.1 times (managed gearing¹ of 5.3 times) as on December 31, 2022 compared to 4.1 times (managed gearing¹ of 5.1 times) as on March 31, 2022. ICRA notes that the management is in the process of raising fresh capital of around Rs. 175 crore, with the same expected to be received in the near term. ICRA expects that SML will continue requiring further capital infusions to support its growth plans

¹ Managed gearing = (on-book debt + off-book portfolio)/ net worth

over the next 2-3 years, while maintaining an adequate managed gearing of less than 5 times. The ratings also consider the risks associated with unsecured lending and the political and operational risks associated with microlending.

The Positive outlook on the [ICRA]BBB rating reflects ICRA's opinion that SML will continue to grow its scale of operations, supported by its demonstrated ability to raise funds (debt and equity) and improve its profitability with the expected increase in the yields going forward.

Key rating drivers and their description

Credit strengths

Experienced board and management team – SML's management team, led by Mr. Vivek Tiwari {promoter, Managing Director (MD), Chief Executive Officer (CEO) and Chief Information Officer (CIO)}, is experienced in the microfinance and retail lending space. The company has a stable information technology (IT) infrastructure with the real-time tracking of field-level data pertaining to the borrowers, districts and branches. This is supported by a strong management information system (MIS) with web-based and mobile-based functionality allowing the integration of the field operations and providing effective business oversight to the senior management. The risk management functions are active in tracking stressed areas and recommending corrective action, if required, and the internal audit function is active in the form of compulsory branch and borrower audit.

The board members are from diverse backgrounds and provide a healthy mix of experience in the BFSI industry. Further, the members of the senior management team have more than two decades of experience in their respective domains.

Steady growth in portfolio and geographically diversified operations – SML's AUM grew at a steady pace of ~25% in 9M FY2023 to Rs. 3,419 crore² as on December 31, 2022 from Rs. 2,884 crore as on March 31, 2022, compared to a steep growth rate of ~95% in FY2022. The growth in 9M FY2023 was relatively slower as the company took some time to upgrade its systems and train its staff to meet the various operational requirements under the revised regulations, including household-level income and debt obligation assessment in Q1 FY2023. Moreover, it sold ~Rs. 211 crore of its portfolio to an ARC in Q3 FY2023. ICRA expects disbursements to pick up in Q4 FY2023 and overall growth for FY2023 to increase.

SML's operations are well diversified with a presence across 267 districts in 22 states/UTs as on December 31, 2022. Uttar Pradesh (UP) accounted for the largest share of the AUM at ~23% as on December 31, 2022, followed by Bihar (17%), Punjab (8%), Haryana (7%), and Rajasthan (5%). The balance 40% is accounted for by the 17 other states/UTs.

Strong net worth and adequate leverage, supported by timely capital infusions – SML reported a net worth of ~Rs. 640 crore as on December 31, 2022 compared to ~Rs. 552 crore as on March 31, 2022. This was supported by a capital infusion of ~Rs. 74 crore from Gojo & Co., Inc (Gojo) and Mr. Vivek Tiwari during the year. SML's capital adequacy ratio (CAR) stood at 22.0% as on December 31, 2022 compared to 23.0% as on March 31, 2022 (34.6% as on March 31, 2021). Its on-book gearing was 4.1 times (managed gearing of 5.3 times) as on December 31, 2022 against 4.1 times (managed gearing of 5.1 times) as on March 31, 2022. ICRA notes that SML's managed gearing is higher than ICRA's positive trigger of managed gearing below 5 times. Nonetheless, ICRA notes that the management is in the process of raising fresh capital of around Rs. 175 crore, which is expected in the near term. ICRA expects that SML will continue requiring further capital infusions to support its growth plans over the next 2-3 years, while maintaining an adequate managed gearing of less than 5 times.

Well-diversified funding profile – SML's funding mix is diversified with the company having relationships with various lenders including banks (public sector/private/SFBs). Funding from banks (including SFBs) in the form of term loans and subordinated debt accounted for ~34% of the borrowing mix as on December 31, 2022 while loans from NBFCs/FIs accounted for ~13%, NCDs (including market linked debentures, subordinated debt and Tier II bonds) was ~25%, securitisation (pass-through certificates; PTCs from Banks) was ~4% and off-book (which includes DA majorly from Banks and BC) comprised ~24% of its borrowing profile as on December 31, 2022.

² AUM valued as per IGAAP

Credit challenges

Ability to maintain asset quality and recovery from SRs remain monitorables – SML sold around Rs. 211 crore of its subdued portfolio (includes restructured book, portfolio in Assam, PAR 60 NPA book) to an ARC in Q3 FY2023, for Rs. 150 crore. As a result, SML witnessed additional costs/expenses in the form of derecognition of assets as well as some reversal of interest income during the quarter, which impacted its quarterly profitability. However, this led to an improvement in SML's asset quality indicators in Q3 FY2023 as it reported GNPA's of 1.1% as on December 31, 2022 against 5.6% in September 2022. SRs of ~Rs. 130 crore (around 5% of loan book) remain on its book and recoveries from the same shall remain monitorable.

SML's stressed book (GNPA and SRs) with year-to-date (YTD) write-offs stood at 10.1% on a 1-year lagged loan book. Its solvency has also weakened as (Net NPA + Net SRs)/Net worth stood at 22.5% as on December 31, 2022 against 10.6% as on March 31, 2022 (16.8% in September 2022). SML's ability to improve its asset quality shall remain a key monitorable. Any further slippages or significantly lower-than-expected recoveries from the current GNPA's/SRs could adversely impact the company's credit profile.

Weak profitability due to higher operating cost and credit cost – SML reported a net profit of Rs. 14.0 crore in 9M FY2023, translating into a return on average managed assets (RoMA) of 0.5% and a return on average net worth (RoNW) of 3.1% vis-à-vis Rs. 32.5 crore, 1.2% and 6.8%, respectively, in FY2022. Though the company witnessed an improvement in the spread in 9M FY2023, leading to a better net interest margin (NIM), its overall profitability declined on account of the higher credit costs of 1.6% (0.6% in FY2022) and operating expenses of 6.8% (6.4% for FY2022) with respect to the average managed assets (AMA). The operating expenses are expected to remain high, given the management's growth targets.

ICRA notes that SML witnessed a reversal of interest income in Q3 FY2023, which reduced its overall yield for the quarter. Nonetheless, with the increase in its lending rates, the blended yield is expected to improve Q4 FY2023 onwards. Further, with the expected improvement in the yield and NIM, profitability is expected to increase going forward.

Ability to manage political, communal, and other risks, given the marginal borrower profile – The microfinance industry is prone to socio-political and operational risks, which could negatively impact its operations and thus its financial position. However, SML's geographically diversified portfolio mitigates these risks to some extent as these issues are largely region specific, so far. The company's ability to onboard borrowers with a good credit history, recruit and retain employees and maintain/enhance the geographical diversity of its portfolio would be relevant for managing high growth rates.

The ratings factor in the risks associated with the marginal borrower profile, unsecured lending, increased risks from multiple lending and overleveraging, business and political risks, along with the challenges associated with a high pace of growth and attrition. While access to credit bureaus and the regulatory ceiling on borrower indebtedness have reduced concerns on overleveraging and multiple lending, issues related to the policy of MFIs regarding the inclusion of entities for calculating borrower leverage, multiple identity proof as well as gaps in the information available with the bureaus remain.

Liquidity position: Adequate

As on December 31, 2022, SML had an unencumbered cash and liquid balance of ~Rs. 204 crore and unavailed sanctions of Rs. 572 crore to meet its debt obligations (including interest) of ~Rs. 1,227 crore over the next 12 months, along with collections (including interest) due of ~Rs. 1,597 crore over the same time frame. In terms of the collection efficiency (CE), the adjusted CE crossed 98% in December 2022 and the current CE exceeded 96% (against 99%+ during pre-Covid-19 pandemic times). SML's ability to improve its CE further and maintain its refinancing ability shall remain key for its growth target and liquidity profile.

Rating sensitivities

Positive factors – ICRA could upgrade SML's ratings if it is able to improve its profitability (RoMA > 2.5%) while maintaining the asset quality and keeping the managed gearing below 5.0 times on a sustainable basis.

Negative factors – Pressure on SML’s ratings or outlook could arise if its managed gearing increases to more than 6.0 times on a sustained basis. Pressure could also be seen in case of a steady weakening in the liquidity profile or a significant deterioration in the asset quality, impacting its profitability.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA’s methodology for non-banking finance companies
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Satya MicroCapital Ltd. (formerly known as TFC Finvest Limited) is a Delhi-based NBFC, which was incorporated in 1995. It started its microfinance operations in November 2016 by adopting the joint liability group (JLG) model with fortnightly and monthly collection cycles. The company primarily offers JLG loans with ticket sizes in the median range of Rs. 25,000-75,000, and individual microloans with ticket sizes in the range of Rs. 45,000-80,000 at interest rates of 21-26% (currently 25% on MFI loans), along with a processing fee of 1.5% for JLG loans and 3% for individual loans. SML mainly focusses on lending to women (husbands/sons above 18 years of age act as nominees) aiming to start a new business or enhance an existing business. As on December 31, 2022, the operations were spread geographically in 267 districts across 22 states/UTs.

In FY2022, the company reported a profit after tax (PAT) of Rs. 32.5 crore (Rs. 10.2 crore in FY2021) on AUM of Rs. 2,884 crore as on March 31, 2022 (Rs. 1,476 crore as on March 31, 2021). In 9M FY2023, SML reported a net profit of Rs. 14.0 crore on an AUM of Rs. 3,419 crore as on December 31, 2022.

Key financial indicators (audited)

Satya MicroCapital Ltd.	FY2020	FY2021	FY2022	9M FY2023*
Accounting as per	Ind AS	Ind AS	Ind AS	Ind AS
Net interest income	81.4	116.7	162.2	185.2
Profit after tax	7.4	10.2	32.5	14.0
Net worth	171.8	404.4	552.3	640.6
Gross AUM (IGAAP valuation)	1,008	1,476	2,884	3,419
Return on average managed assets	0.7%	0.7%	1.2%	0.5%
Return on average net worth [^]	5.8%	3.5%	6.8%	3.1%
On-book gearing	5.4x	2.8x	4.1x	4.1x
Managed gearing	5.9x	3.4x	5.1x	5.3x
Gross NPA	1.6%	1.5%	3.3%	1.1%
Net NPA	0.6%	0.6%	2.5%	0.5%
Solvency (Net stage 3/Net worth)	3.0%	2.0%	10.6%	2.1%
CRAR	25.5%	34.6%	23.0%	21.9%

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; * 9M FY2023 financials are limited review financials

Managed gearing = (on-book debt + off-book portfolio)/Net worth

[^] Net worth includes compulsorily convertible preference shares (CCPS)

Status of non-cooperation with previous CRA: Not applicable**Any other information:**

SML faces prepayment risk, given the possibility of debt acceleration upon the breach of covenants, including financial, operating and rating-linked covenants. Upon failure to meet the covenants, if the company is unable to get waivers from the lenders/investors or the lenders/investors do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the ratings would face pressure.

Rating history for past three years

Instru ment	Type	Amount Rated (Rs. crore)	Amount Outstand ing as on Dec 31, 2022 (Rs. crore)	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years																					
				Date & Rating in FY2023					Date & Rating in FY2022										Date & Rating in FY2021					Date & Rating in FY2020						
Feb-3- 2023	Nov-2- 2022	Jul-14- 2022	May-17- 2022	Apr-19- 2022	Mar-28- 2022	Mar-24- 2022	Mar-7- 2022	Jan-25- 2022	Dec-09- 2021	Nov-22- 2021	Oct-20- 2021	Jun-18- 2021	Jun-11- 2021	Apr-22- 2021	Mar-23- 2021	Dec-21- 2020	Jul-21- 2020	May-11- 2020	Apr-14- 2020	Mar-23- 2020	Sep-18- 2019	Aug-22- 2019	Jul-9- 2019	May-3- 2019	Apr-1- 2019					
NCD progra mme	Long Term	40	40	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA]BB BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)
CP progra mme	Short Term	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA]A3 +; withdraw n	[ICRA] A3+	[ICRA] A3+	[ICRA] A3+	[ICRA] A3+	[ICRA] A3; assigned (enhancem ent in amount)	[ICRA] A3	[ICRA] A3	[ICRA] A3	[ICRA] A3	[ICRA] A3	[ICRA] A3	[ICRA] A3	[ICRA] A3	[ICRA] A3; assigned (enhance ment in amount)	[ICRA] A3
NCD progra mme	Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA]BBB- (Stable); withdrawn	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA] BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)
Term loan	Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Provisional [ICRA]BBB+ (CE)(Stable); withdrawn	Provisional [ICRA]BBB (Stable); assigned	-	-	-	-	-	-	-	-
NCD progra mme	Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA]BB B (Stable); withdraw n	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA] BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)
NCD progra mme	Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA]BB B (Stable); withdraw n	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA] BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)
Bank faciliti es Term loan^	Long Term	-	-	-	-	-	-	-	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA] BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)
Bank faciliti es CC	Long Term	-	-	-	-	-	-	-	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA] BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)
Bank faciliti es others	Long Term	925	903.56	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B-(Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)	[ICRA] BBB- (Stabl e)	[ICRA]BBB (Stable)	[ICRA]BB B-(Stable)	[ICRA]BB B-(Stable)

Instru ment	Type	Amoun t Rated (Rs. crore)	Amount Outstand ing as on Dec 31, 2022 (Rs. crore)	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years																							
				Date & Rating in FY2023					Date & Rating in FY2022										Date & Rating in FY2021					Date & Rating in FY2020								
Feb-3- 2023	Nov-2- 2022	Jul-14- 2022	May-17- 2022	Apr-19- 2022	Mar-28- 2022	Mar-24- 2022	Mar- 7- 2022	Jan-25- 2022	Dec-09- 2021	Nov- 22- 2021	Oct-20- 2021	Jun-18- 2021	Jun- 11- 2021	Apr-22- 2021	Mar-23- 2021	Dec-21- 2020	Jul-21- 2020	May-11- 2020	Apr-14- 2020	Mar-23- 2020	Sep-18- 2019	Aug-22- 2019	Jul-9- 2019	May-3- 2019	Apr-1- 2019							
Marke t linked debent ures (MLD) progra mme	Long Term	-	-			PP-MLD [ICRA]BBB (Positive); withdrawn	PP-MLD [ICRA]BB BB (Stable)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BB B (Stable)	PP- MLD [ICRA] BBB (Stabl e)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BBB (Stable)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BBB (Stable)	PP- MLD [ICRA] BBB (Stabl)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BBB (Stable)	PP-MLD [ICRA]BBB- Stable)	PP-MLD [ICRA]BBB B-Stable)	PP-MLD [ICRA]BBB- Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	PP-MLD [ICRA]BBB -Stable)	
Sub-debt progra mme	Long Term	20	20	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BB B- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stabl)	[ICRA]BBB - (Stable)	[ICRA]BB B- (Stable)
Tier II bonds progra mme	Long Term	25	25	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BB B- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stabl)	-	-	-	
NCD progra mme	Long Term	28.5	28.5	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BB B- (Stable)	[ICRA]BB B- (Stable)	-	-	-		
NCD progra mme	Long Term	50.5	^	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BB B- (Stable)	-	-	-	-		
NCD progra mme	Long Term	70	70	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB B- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Stable)	-	-	-	-	-	-		
NCD progra mme	Long Term	2.50	2.50	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	-	-	-	-	-	-	-	-	-	-	-	-	
NCD progra mme	Long Term	25	25	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stabl)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)													
MLD progra mme	Long Term	20	20	PP-MLD [ICRA]BBB (Positive)	PP-MLD [ICRA]BBB (Positive)	PP-MLD [ICRA]BBB (Positive)	PP-MLD [ICRA]BB BB (Stable)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BB B (Stable)	PP- MLD [ICRA] BBB (Stabl e)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BBB (Stable)	PP- MLD [ICRA] BBB (Stabl e)	PP-MLD [ICRA]BB B (Stable)	PP-MLD [ICRA]BBB (Stable)	PP- MLD [ICRA] BBB (Stabl)																

Instru ment	Type	Amount Rated (Rs. crore)	Amount Outstand ing as on Dec 31, 2022 (Rs. crore)	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years																			
				Date & Rating in FY2023					Date & Rating in FY2022										Date & Rating in FY2021					Date & Rating in FY2020				
				Feb-3- 2023	Nov-2- 2022	Jul-14- 2022	May-17- 2022	Apr-19- 2022	Mar-28- 2022	Mar-24- 2022	Mar-7- 2022	Jan-25- 2022	Dec-09- 2021	Nov-22- 2021	Oct-20- 2021	Jun-18- 2021	Jun-11- 2021	Apr-22- 2021	Mar-23- 2021	Dec-21- 2020	Jul-21- 2020	May-11- 2020	Apr-14- 2020	Mar-23- 2020	Sep-18- 2019	Aug-22- 2019	Jul-9- 2019	May-3- 2019
NCD progra mme	Long Term	54.30	54.30	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)															
Sub- debt progra mme	Long Term	30	30	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)															
NCD progra mme	Long Term	42	42	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB BBB (Stabl e)	[ICRA]BB B (Stable)	[ICRA]BBB (Stable)																
Sub- debt progra mme	Long Term	30	30	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)	[ICRA]BBB BBB (Stabl e)																		
NCD progra mme	Long Term	45.20	45.00	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)																			
NCD progra mme	Long Term	26.00	26.00	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)	[ICRA]BB B (Stable)	[ICRA]BB B (Stable)																			
NCD progra mme	Long Term	37.50	37.50	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BBB (Positive)	[ICRA]BB BB (Stable)																					

^ Instrument has redeemed on Sep 30, 2022

Complexity level of the rated instruments

Instrument	Complexity Indicator
Bank lines	Simple
NCD programme	Simple
Tier II bonds programme	Very Simple
Subordinated debt programme	Very Simple
LT-market linked debt	Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE982X07135	MLD programme	Jun-14-2021	SENSEX Linked	Sep-30-2024	20.00	PP-MLD [ICRA]BBB (Positive)
INE982X07150	NCD programme	Jun-30-2021	11.6778%	Jun -30-2027	22.10	[ICRA]BBB (Positive)
INE982X07168	NCD programme	Jul-02-2021	11.7229%	Jul- 02-2027	16.10	[ICRA]BBB (Positive)
INE982X07143	NCD programme	Jul-05-2021	11.7229%	May-05-2026	16.10	[ICRA]BBB (Positive)
INE982X07218	NCD programme	Jan-14-2022	11.76%	Jan-14-2026	42.00	[ICRA]BBB (Positive)
INE982X07267	NCD programme	Sep-11-2018	12.70%	Dec-31-2026	40.00	[ICRA]BBB (Positive)
INE982X08018	Sub-debt programme	Mar-29-2019	15.75%	May-30-2025	20.00	[ICRA]BBB (Positive)
INE982X08059	Sub-debt programme	Oct-22-2021	14.75%	May-21-2027	30.00	[ICRA]BBB (Positive)
INE982X08067	Sub-debt programme	Mar-14-2022	15.15%	Mar-15-2027	30.00	[ICRA]BBB (Positive)
INE982X08034	Tier II bonds programme	Jul-08-2019	14.27%	Jul-08-2026	10.00	[ICRA]BBB (Positive)
INE982X08042	Tier II Bonds programme	Aug-01-2019	14.27%	Jul-08-2026	15.00	[ICRA]BBB (Positive)
INE982X07184	NCD programme	Aug-23-2019	12.65%	Nov-22-2027	28.50	[ICRA]BBB (Positive)
INE982X07077^	NCD programme	Sep-18-2019	13.60%	Sep-30-2022	49.96^	[ICRA]BBB (Positive)
INE982X07093	NCD programme	Jul-24-2020	11.723%	Jul-24-2024	34.50	[ICRA]BBB (Positive)
INE982X07234	NCD programme	Mar-30-2022	11.7702%	Mar-30-2026	45.00	[ICRA]BBB (Positive)
INE982X07101	NCD programme	Jul-24-2020	11.723%	Jul-24-2026	38.00	[ICRA]BBB (Positive)
INE982X07119	NCD programme	Dec-18-2020	13.75%	Dec-18-2023	25.00	[ICRA]BBB (Positive)
INE982X07283	NCD programme	May-31-2022	11.7702%	May-31-2026	37.50	[ICRA]BBB (Positive)
INE982X07226	NCD programme	Mar-30-2022	11.76%	Dec-30-2024	26.00	[ICRA]BBB (Positive)
Unallocated	NCD programme				0.74	[ICRA]BBB (Positive)
	Bank facilities	Nov 2020 to Aug 2022	10.50% to 13.25%	Nov 2022 to Apr 2025	925.00	[ICRA]BBB (Positive)

Source: Company; ^ Instrument has redeemed on Sep 30, 2022

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

Corrigendum

Below-mentioned change has been made because of an inadvertent error.

Previous statement:

Well-diversified funding profile – SML’s funding mix is diversified with the company having relationships with various lenders including banks (public sector/private/SFBs). Banks (including SFBs) accounted for nearly 28% of the borrowing mix as on December 31, 2022 while NBFCs/FIs accounted for ~19%. Its funding is also sourced through diversified arrangements, including NCDs (25%) and the securitisation route (including DA; 28%).

Revised statement:

Well-diversified funding profile – SML’s funding mix is diversified with the company having relationships with various lenders including banks (public sector/private/SFBs). Funding from banks (including SFBs) in the form of term loans and subordinated debt accounted for ~34% of the borrowing mix as on December 31, 2022 while loans from NBFCs/FIs accounted for ~13%, NCDs (including market linked debentures, subordinated debt and Tier II bonds) was ~25%, securitisation (pass-through certificates; PTCs from Banks) was ~4% and off-book (which includes DA majorly from Banks and BC) comprised ~24% of its borrowing profile as on December 31, 2022.

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