

June 13, 2025

SMFG India Credit Company Limited: Ratings reaffirmed

Summary of rating action

Instrument	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based bank lines	25,000.0	25,000	[ICRA]AAA (Stable); reaffirmed
Principal protected market linked debentures	52.5	0.0	PP-MLD[ICRA]AAA (Stable); reaffirmed and withdrawn
Principal protected market linked debentures	103.0	103.0	PP-MLD[ICRA]AAA (Stable); reaffirmed
Non-convertible debenture programme	4,434.0	4,434.0	[ICRA]AAA (Stable); reaffirmed
Non-convertible debenture programme	2,260.0	0.0	[ICRA]AAA (Stable); reaffirmed and withdrawn
Subordinated debt programme	1,100.0	1,100.0	[ICRA]AAA (Stable); reaffirmed
Subordinated debt programme	50.0	0.0	[ICRA]AAA (Stable); reaffirmed and withdrawn
Issuer rating	-	-	[ICRA]AAA (Stable); reaffirmed
Commercial paper programme	4,500.0	4,500.0	[ICRA]A1+; reaffirmed
Short-term debt programme	1,000.0	1,000.0	[ICRA]A1+; reaffirmed
Retail non-convertible debentures	2,000.0	2,000.0	[ICRA]AAA (Stable); reaffirmed
Total	40,499.5	38,137.0	

**Instrument details are provided in Annexure I*

Rationale

To arrive at the ratings, ICRA has considered the consolidated business and financial profile of SMFG India Credit Company Limited (SMICC) and its wholly-owned subsidiary, SMFG India Home Finance Company Limited (SMHFC), collectively referred to as the Group, as these entities have significant operational and management linkages and operate under the common SMFG brand.

The ratings continue to factor in the Group's diverse product mix, high share of the retail loan book, strong liquidity position, diversified funding profile and financial flexibility as it is a part of the SMFG Group. The ratings also consider the equity infusion of Rs. 4,300 crore in FY2025, which has improved the capitalisation profile (consolidated managed gearing of 5.0 times as on March 31, 2025). The same has been supported by internal accruals as well. ICRA believes that maintaining a prudent capitalisation level is crucial for mitigating delinquencies and other credit risks associated with the lending business. ICRA expects Sumitomo Mitsui Financial Group, Inc (SMFG; rated A1/Stable by Moody's) to continue providing support, if necessary, considering the Group's growth plans.

ICRA take notes of the improvement in reported asset quality indicators (consolidated gross stage 3 (GS3) and net stage 3 (NS3) of 1.9% and 1.0%, respectively, as on March 31, 2025), supported by write-offs. However, the asset quality remains vulnerable due to the relatively large proportion of unsecured loans in the managed portfolio (~51% as on March 31, 2025). The Group's ability to improve the cost-to-income ratio, manage recoveries, and prevent fresh slippages, thereby controlling credit costs, will have a bearing on its overall earnings profile (3-year average return on managed assets (RoMA) of 1.4%).

The ratings continue to draw significant strength from the parentage, with SMFG holding a 100% stake in SMICC. SMFG has a track record of providing need-based equity/debt capital support and representation on the board of directors.

The Stable outlook reflects ICRA's expectation that the Group will remain strategically important to the parent with support forthcoming as and when required. It also reflects ICRA's expectation that the company will continue to have adequate capital buffers and report good asset quality while maintaining a diverse product and funding mix as well as a strong liquidity profile.

ICRA has withdrawn the rating assigned to the Rs. 52.5-crore principal protected market linked debenture programme, Rs. 2,260-crore non-convertible debenture programme and Rs. 50-crore subordinated debt programme with no amount outstanding against these instruments. The withdrawal is in accordance with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Strong parentage and strategic importance to SMFG support financial flexibility – SMICC is fully held by SMFG as on March 31, 2025 (SMFG had a 74.9% stake since November 2021 and acquired the balance in March 2024). The ratings consider strong support from SMFG, one of the largest diversified financial groups in Japan. Sumitomo Mitsui Banking Corporation (SMBC), one of the core units of SMFG, is among the largest banks in Japan with a presence in India, though the same is primarily restricted to wholesale banking. SMFG is expected to expand its presence in the domestic retail segment through SMICC. SMFG has a track record of providing need-based equity/debt capital support (latest equity capital infusion of Rs. 4,300 crore concluded in FY2025) and managerial representation on the board of directors. ICRA expects it to continue providing financial support to help SMICC maintain comfortable capitalisation and liquidity. The Group maintains a diversified lender base with low reliance on short-term funding and adequate on-balance sheet liquidity.

The Group's funding mix is fairly diversified across various sources such as bank loans (55% of borrowings as on March 31, 2025), capital market borrowings (27%), overseas borrowings (15%) and others (2%). The Group's financial flexibility is further supported by SMFG's vast network in domestic and international markets for raising debt funds, as reflected in the healthy share of overseas borrowings.

Healthy capitalisation profile – The Group's capitalisation levels have strengthened, following the equity infusion of Rs. 4,300 crore, along with internal accruals, which have supported the current scale of operations. As on March 31, 2025, the consolidated assets under management (AUM) grew by ~25% to Rs. 56,989 crore from Rs. 45,441 crore as on March 31, 2024, driven by growth in the urban and digital finance and housing segments. Consequently, the managed gearing improved to 5.0 times on March 31, 2025 from 7.1 times on March 31, 2024. The gearing is expected to increase from the current level with growth in the book as per business plans.

On a standalone basis, SMICC reported a capital-to-risk weighted assets ratio (CRAR) of 22.4% (Tier I ratio of 19.5%) compared to the regulatory requirement of 15% (Tier I ratio of 10%). ICRA expects capital support from the parent to be forthcoming, as and when needed, to enable it to maintain an adequate capitalisation profile.

Credit challenges

Pressure on earnings profile due to modest, albeit improving, asset quality – A significant portion of SMICC's portfolio comprises unsecured loans (51% as of March 2025), which makes the asset quality vulnerable. Nonetheless, the Group's consolidated asset quality indicators improved over the past year with GS3 and NS3 of 1.9% and 1.0%, respectively, as on March 31, 2025 vis-à-vis 2.5% and 1.3%, respectively, as on March 31, 2024, supported by book growth, recoveries and write-offs in the unsecured segments. Further, the solvency indicator (net stage 3/net worth) improved to 4.7% as on March 31, 2025 from 8.6% as on March 31, 2024 due to the augmentation of the net worth. ICRA notes that SMICC also has a 100% write-off policy for its unsecured loans at 120 days past due (dpd). It incurred net write-offs of Rs. 1,981 crore in FY2025 compared to Rs. 1,180 crore in FY2024. The Group's ability to arrest fresh slippages while maintaining business volumes would have a bearing on its overall financial profile and would be a key monitorable.

The Group's net interest margin (NIM) improved due to the more-than-commensurate increase in yields vis-à-vis the rise in the cost of funds. At the same time, sizeable write-offs resulted in credit costs of 3.0% of average managed assets (AMA) in FY2025 compared with the 3-year average of 2.6% during FY2022-FY2024. The elevated level of operating expenses of 6.90% in FY2025 compared with 6.0% in FY2024 resulted in a decline in the RoMA to 0.8% in FY2025 from 1.4% in FY2024 and 2.0% in FY2023. Going forward, the Group's ability to grow the loan book while improving the profitability profile through controlled slippages and operating expenses will be a key rating monitorable.

Liquidity position: Strong

SMICC's liquidity profile remains strong at the consolidated level. The Group's cash flow from short-term assets augurs well for its liquidity profile. As on March 31, 2025, total debt obligations (including interest) over the next six months stood at ~Rs. 10,139 crore against which the expected inflow from advances stood at ~Rs. 11,400 crore. Additionally, the liquidity profile is supported by cash and liquid investments of Rs. 6,996 crore and unutilised bank lines of ~Rs. 4,125 crore as on March 31, 2025. The Group enjoys healthy financial flexibility for mobilising funds through diverse sources on the back of its strong parentage.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The ratings could be downgraded on a material change in the expected level of support or a significant deterioration in the credit risk profile of SMFG. The ratings could also face pressure on a major deterioration in the asset quality or on a substantial increase in its managed gearing levels on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's credit rating methodology for non-banking finance companies Policy on withdrawal of credit ratings
Parent/Group support	Parent/Investor: Sumitomo Mitsui Financial Group, Inc ICRA factors in the shared brand name and support that the Group will receive from SMFG as it acts as its retail entry in India. The Group enjoys strong financial and operational support from SMFG, which, in the past, has included access to capital, debt support and supervision.
Consolidation/Standalone	Consolidation; details are mentioned in Annexure II

About the company

SMFG India Credit Company Limited (SMICC) commenced operations in January 2006, catering primarily to self-employed borrowers. It is wholly owned by Sumitomo Mitsui Financial Group, Inc (SMFG). SMICC's secured lending portfolio consists of mortgage loans to retail customers and small and medium enterprises (SMEs), commercial vehicle (CV) loans and secured rural loans such as two-wheeler loans, CV and mortgage loans. The unsecured portfolio comprises personal loans to salaried and self-employed individuals and group and individual loans in the rural space.

As on March 31, 2025, the company was fully held by SMFG. SMFG had acquired a 74.9% stake in November 2021 and the balance from Angelica Investments Pte. Ltd. in March 2024.

SMFG is the holding company of one of the largest global banking and financial services groups, offering a diverse range of financial services, including commercial banking, leasing, securities and consumer finance. Its total assets stood at ~Rs. 162 trillion on March 31, 2025 with a net profit of Rs. 624 billion in FY2025. SMFG has a legacy of four centuries in Japan.

Key financial indicators (audited)

SMFG India Credit Company Limited (consolidated)	FY2023	FY2024	FY2025
Total income	5,714	8,083	10,148
Profit after tax	710	670	442
Total assets	40,845	48,411	62,204
Return on average managed assets	2.0%	1.4%	0.8%
Managed gearing (times)	6.8	7.1	5.0
Gross stage 3	3.2%	2.5%	1.9%
CRAR*	18.8%	17.3%	22.4%

Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; *CRAR on standalone basis

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	June 13, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	25,000.00	[ICRA]AAA (Stable)	13-JUN-2024	[ICRA]AAA (Stable)	13-JUN-2023	[ICRA]AAA (Stable)	16-DEC-2022	[ICRA]AAA (Stable)
				06-AUG-2024	[ICRA]AAA (Stable)	-	-	-	-
Commercial paper	Short term	4,500.00	[ICRA]A1+	13-JUN-2024	[ICRA]A1+	13-JUN-2023	[ICRA]A1+	16-DEC-2022	[ICRA]A1+
				06-AUG-2024	[ICRA]A1+	-	-	-	-
Short-term debt programme	Short term	1,000.00	[ICRA]A1+	13-JUN-2024	[ICRA]A1+	13-JUN-2023	[ICRA]A1+	16-DEC-2022	[ICRA]A1+
				06-AUG-2024	[ICRA]A1+	-	-	-	-
Principal protected market linked debentures	Long term	103.00	PP-MLD[ICRA]AAA (Stable)	13-JUN-2024	PP-MLD[ICRA]AAA (Stable)	13-JUN-2023	PP-MLD[ICRA]AAA (Stable)	16-DEC-2022	PP-MLD[ICRA]AAA (Stable)
				06-AUG-2024	PP-MLD[ICRA]AAA (Stable)	-	-	-	-
Non-convertible debentures programme	Long term	4,434.00	[ICRA]AAA (Stable)	13-JUN-2024	[ICRA]AAA (Stable)	13-JUN-2023	[ICRA]AAA (Stable)	16-DEC-2022	[ICRA]AAA (Stable)
				06-AUG-2024	[ICRA]AAA (Stable)	-	-	-	-
Retail non-convertible debentures	Long term	2,000.00	[ICRA]AAA (Stable)	13-JUN-2024	[ICRA]AAA (Stable)	13-JUN-2023	[ICRA]AAA (Stable)	16-DEC-2022	[ICRA]AAA (Stable)
				06-AUG-2024	[ICRA]AAA (Stable)	-	-	-	-
Short-term debt programme	Long term	1,100.00	[ICRA]AAA (Stable)	13-JUN-2024	[ICRA]AAA (Stable)	13-JUN-2023	[ICRA]AAA (Stable)	16-DEC-2022	[ICRA]AAA (Stable)
				06-AUG-2024	[ICRA]AAA (Stable)	-	-	-	-
Issuer rating	Long term	-	[ICRA]AAA (Stable)	13-JUN-2024	[ICRA]AAA (Stable)	13-JUN-2023	[ICRA]AAA (Stable)	16-DEC-2022	[ICRA]AAA (Stable)
				06-AUG-2024	[ICRA]AAA (Stable)	-	-	-	-

Source: ICRA Research

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not applicable
Long-term fund-based bank Lines	Simple
Non-convertible debentures	Simple
Commercial paper programme	Very Simple
Short-term debt programme	Simple
Subordinated debt programme	Simple
Retail non-convertible debentures	Simple
Principal protected market linked debentures	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 as on May 31, 2025

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE535H07BQ3	Non-convertible debenture	21-Jul-2022	Repo + 2.0%	21-Jul-2025	250	[ICRA]AAA (Stable)
INE535H07BR1	Non-convertible debenture	28-Jul-2022	7.90%	28-Jul-2025	500	[ICRA]AAA (Stable)
INE535H07BS9	Non-convertible debenture	15-Nov-2022	8.30%	15-Nov-2032	75	[ICRA]AAA (Stable)
INE535H07BS9	Non-convertible debenture	6-Mar-2023	8.30%	15-Nov-2032	50	[ICRA]AAA (Stable)
INE535H07CC1	Non-convertible debenture	29-Jan-2024	8.31%	29-Jul-2025	200	[ICRA]AAA (Stable)
INE535H07CG2	Non-convertible debenture	02-May-2024	8.30%	15-Sep-2025	500	[ICRA]AAA (Stable)
INE535H07CH0	Non-convertible debenture	03-Jun-2024	8.28%	12-Mar-2027	525	[ICRA]AAA (Stable)
INE535H07CJ6	Non-convertible debenture	05-Aug-2024	8.30%	30-Jun-27	875	[ICRA]AAA (Stable)
INE535H07CK4	Non-convertible debenture	05-Aug-2024	8.28%	5-Aug-26	825	[ICRA]AAA (Stable)
INE535H07CL2	Non-convertible debenture	24-Sep-2024	8.15%	24-Sep-27	100	[ICRA]AAA (Stable)
INE535H07CM0	Non-convertible debenture	24-Sep-2024	8.15%	24-Sep-26	150	[ICRA]AAA (Stable)
NA	Non-convertible debenture*	-	-	-	384	[ICRA]AAA (Stable)
INE535H08637	Subordinated debt	13-Oct-2015	9.50%	13-Oct-2025	100	[ICRA]AAA (Stable)
INE535H08751	Subordinated debt	25-Jun-2021	7.70%	25-Jun-2031	150	[ICRA]AAA (Stable)
INE535H08769	Subordinated debt	12-Aug-2021	7.60%	12-Aug-2031	100	[ICRA]AAA (Stable)
INE535H08777	Subordinated debt	1-Oct-2021	7.60%	1-Oct-2031	50	[ICRA]AAA (Stable)
INE535H08793	Subordinated debt	23-Dec-2022	8.40%	23-Dec-2032	50	[ICRA]AAA (Stable)
INE535H08793	Subordinated debt	29-Mar-2023	8.40%	23-Dec-2032	100	[ICRA]AAA (Stable)
NA	Subordinated debt*	-	-	-	550	[ICRA]AAA (Stable)
NA	Long-term bank lines	2018-2019	-	2028-2029	17,583.22	[ICRA]AAA (Stable)
NA	Long-term bank lines*	-	-	-	7,416.78	[ICRA]AAA (Stable)
NA	Issuer Rating	NA	NA	NA	NA	[ICRA]AAA (Stable)
NA	Retail non-convertible debenture programme*	-	-	-	2,000	[ICRA]AAA (Stable)
NA	Short-term debt programme*	-	-	7-365 days	1,000	[ICRA]A1+
INE535H07BT7	Principal Protected Market Linked Non-convertible Debentures	16-Dec-2022	G-Sec linked	16-Dec-2025	103	PP-MLD[ICRA]AAA (Stable)
INE535H14IZ5	Commercial paper programme	17-Sep-24	NA	17-Sep-25	200	[ICRA]A1+
INE535H14JB4	Commercial paper programme	17-Oct-24	NA	17-Oct-25	55	[ICRA]A1+
INE535H14JD0	Commercial paper programme	07-Feb-25	NA	6-Feb-26	300	[ICRA]A1+
INE535H14JE8	Commercial paper programme	25-Mar-25	NA	19-Jun-25	200	[ICRA]A1+
INE535H14JF5	Commercial paper programme	04-Apr-25	NA	27-Mar-26	500	[ICRA]A1+
INE535H14JG3	Commercial paper programme	15-Apr-25	NA	30-Mar-26	250	[ICRA]A1+
INE535H14JH1	Commercial paper programme	16-May-25	NA	04-Sep-25	40	[ICRA]A1+
INE535H14JI9	Commercial paper programme	20-May-25	NA	19-Aug-25	100	[ICRA]A1+
INE535H14JJ7	Commercial paper programme	23-May-25	NA	22-Aug-25	200	[ICRA]A1+
INE535H14JK5	Commercial paper programme	27-May-25	NA	27-May-26	250	[ICRA]A1+
INE535H14JL3	Commercial paper programme	30-May-25	NA	29-May-26	300	[ICRA]A1+
NA	Commercial paper programme*	-	-	7-365 days	2,105	[ICRA]A1+
INE535H07BM2	Non-convertible debenture	28-Mar-2022	6.80%	28-Mar-2025	300	[ICRA]AAA (Stable); withdrawn

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE535H07BN0	Non-convertible debenture	02-May-2022	7.30%	02-May-2025	350	[ICRA]AAA (Stable); withdrawn
INE535H07BM2	Non-convertible debenture	22-Nov-2022	6.80%	28-Mar-2025	250	[ICRA]AAA (Stable); withdrawn
INE535H07BY7	Non-convertible debenture	24-Mar-2023	8.54%	24-Mar-2025	400	[ICRA]AAA (Stable); withdrawn
INE535H07BZ4	Non-convertible debenture	24-Mar-2023	8.54%	24-Feb-2025	300	[ICRA]AAA (Stable); withdrawn
INE535H07BX9	Non-convertible debenture	24-Mar-2023	8.54%	19-Feb-2025	300	[ICRA]AAA (Stable); withdrawn
INE535H07CD9	Non-convertible debenture	29-Jan-2024	8.30%	28-Feb-2025	360	[ICRA]AAA (Stable); withdrawn
INE535H08587	Subordinated debt	26-Dec-2014	9.60%	26-Dec-2024	50	[ICRA]AAA (Stable); withdrawn
INE535H07BV3	Principal protected market linked non-convertible debentures	25-Jan-2023	10-yr IGB price 7 point 26	24-Jan-2025	52.5	PP-MLD[ICRA]AAA (Stable); withdrawn

Source: Company; *Unutilised

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

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
SMFG India Credit Company Limited	Holding company	Full consolidation
SMFG India Home Finance Company Limited	100%	Full consolidation

Source: Company

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Sandeep Sharma
+91 22 6114 3419
sandeep.sharma@icraindia.com

Ajay Bathija
+91 22 6114 3448
ajay.bathija@icraindia.com

Atharva Pednekar
+91 22 6114 3438
atharva.pednekar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



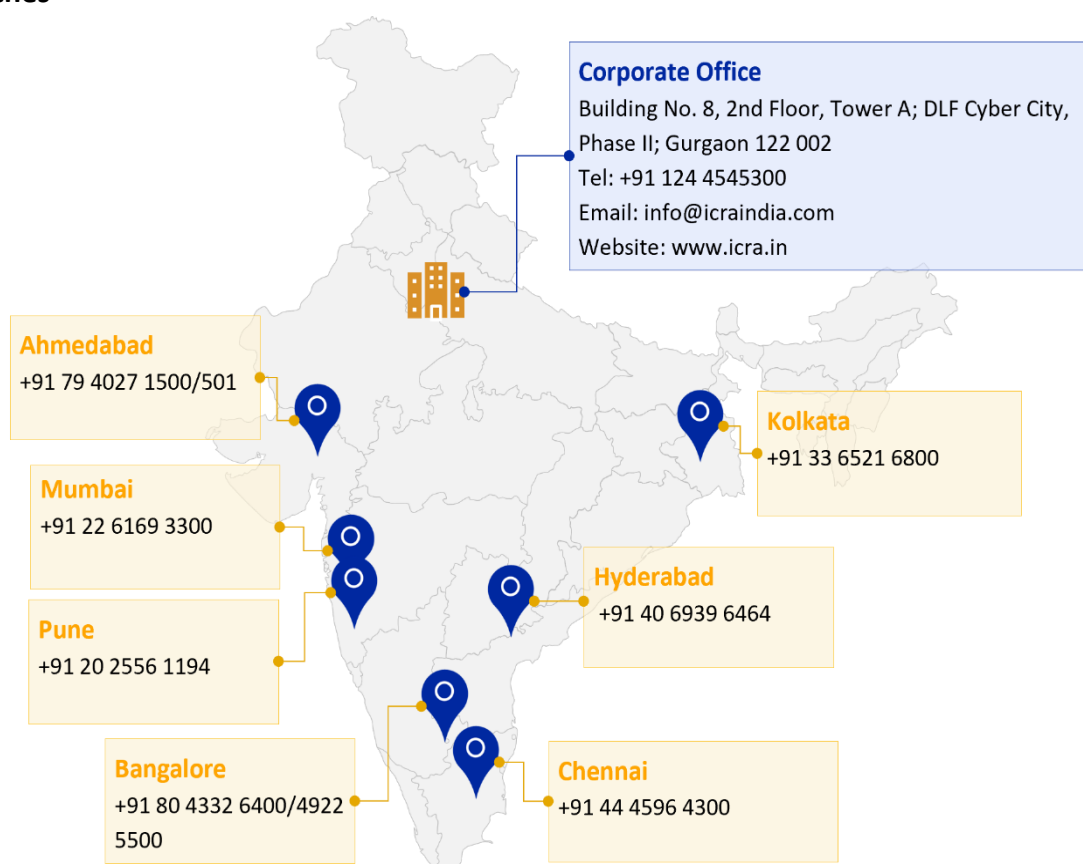
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.