

November 27, 2025

## SMFG India Credit Company Limited: Ratings reaffirmed; assigned for enhanced amount and withdrawn for matured instruments

### Summary of rating action

Instrument	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures programme	2,984.0	2,984.0	[ICRA]AAA (Stable); reaffirmed
Non-convertible debentures programme	1,450.0	0.0	[ICRA]AAA (Stable); reaffirmed and withdrawn
Non-convertible debentures programme	0.0	10,000.0	[ICRA]AAA (Stable); assigned
Subordinate debt programme	1,000.0	1,000.0	[ICRA]AAA (Stable); reaffirmed
Subordinate debt programme	100.0	0.0	[ICRA]AAA (Stable); reaffirmed and withdrawn
Subordinate debt programme	0.0	200.0	[ICRA]AAA (Stable); assigned
Principal protected market linked	103.0	103.0	PP-MLD [ICRA]AAA (Stable); reaffirmed
Long-term fund based bank lines	25,000.0	40,000.0	[ICRA]AAA (Stable); reaffirmed and assigned for enhanced amount
Issuer Rating	NA	NA	[ICRA]AAA (Stable); reaffirmed
Commercial paper programme	4,500.0	12,000.0	[ICRA]A1+; reaffirmed and assigned for enhanced amount
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
<b>Total</b>	<b>38,137.0</b>	<b>69,287.0</b>	

\*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 SMICC Group, as these entities have significant operational and management linkages and operate under the common SMFG brand. The ratings continue to draw significant strength from the parentage, with Sumitomo Mitsui Financial Group, Inc (SMFG Group; rated A1 /Stable by Moody's) holding a 100% stake in SMICC. SMFG Group has a track record of providing need-based equity/debt capital support and representation on the board of directors. ICRA expects SMFG Group to continue providing support, if necessary, considering the SMICC Group's growth plans.

The ratings continue to factor in the SMICC 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 notes the moderation in the reported asset quality indicators, with the standalone gross stage 3 (GS3) and net stage 3 (NS3) at 2.4% and 1.2%, respectively, as on September 30, 2025, compared to 1.9% and 1.0%, respectively, as on March 31, 2025 (consolidated gross Stage 3 (GS3) and net Stage 3 (NS3) at 2.2% and 1.3%, respectively, as on March 31, 2025). However, asset quality remains vulnerable due to the relatively large proportion of unsecured loans in the managed portfolio (approximately 51% as on March 31, 2025). ICRA notes that SMICC also has a 100% write-off policy for its unsecured loans at 120 days past due (dpd). The SMICC Group incurred net write-offs of Rs. 1,981 crore in FY2025 compared to Rs. 1,180 crore in

FY2024. Its 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 Stable outlook reflects ICRA's expectation that the SMICC 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. 1,450.0-crore non-convertible debenture programme and Rs. 100.0-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** – SMFG holds a 100% stake in SMICC as of March 31, 2025. The ratings factor in the strong support from SMFG, one of the largest diversified financial groups in Japan. Sumitomo Mitsui Banking Corporation (SMBC), one of the largest banks in Japan with a presence in India, operates branches in India as well, focusing on the wholesale segment. SMFG is expected to expand its presence in the domestic retail segment through SMICC. SMFG has a track record of providing need-based equity and debt capital support (the latest equity infusion of Rs. 4,300 crore was concluded in FY2025) and managerial representation on the board of directors. ICRA expects it to continue providing financial support to help the SMICC Group maintain comfortable capitalisation and liquidity.

The SMICC Group maintains a diversified lender base with adequate on-balance sheet liquidity. The funding mix is fairly diversified across various sources such as bank loans (52% of borrowings as on September 30, 2025), capital market borrowings (21%), overseas borrowings (21%), commercial paper (5%) and others (1%). The SMICC 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.

**Adequate capitalisation profile; maintaining capital buffers in view of growth plans is key** – The SMICC 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 the growth in the urban and digital finance and housing segments. The managed gearing stood at 5.0 times as on March 31, 2025. However, the gearing is expected to increase with the growth in the book as per business plans.

On a standalone basis, SMICC reported a capital-to-risk weighted assets ratio (CRAR) of 19.6% (Tier I ratio of 17.0%) compared to the regulatory requirement of 15% (Tier I ratio of 10%) as on September 30, 2025. 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

**Asset quality challenges exert pressure on earnings profile** – A significant portion of SMICC's portfolio comprises unsecured loans (51% as of March 2025), making the asset quality vulnerable. The SMICC Group's consolidated asset quality indicators improved in FY2025 with GS3 and NS3 at 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. ICRA notes that SMICC also has a 100% write-off policy for its unsecured loans at 120 dpd. It incurred net write-offs of Rs. 1,981 crore in FY2025 compared to Rs. 1,180 crore in FY2024. The asset quality has witnessed some weakening on standalone basis for SMICC in H1 FY2026 with the GS3 and NS3 at 2.4% and 1.2%, respectively, as on September 30, 2025 from 1.9% and 1.0%, respectively, as on March 31, 2025. While the solvency indicator (net stage 3/net

worth) was comfortable at 4.7% as on March 31, 2025 for SMICC Group, some moderation is expected due to the deterioration in the asset quality in H1 FY2026. The SMICC 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 SMICC Group’s net interest margin (NIM) improved, driven by the more-than-proportionate increase in yields relative to the rise in the cost of funds. However, sizeable write-offs resulted in credit costs of 3.0% of average managed assets (AMA) in FY2025, compared with 2.8% in FY2024. The 3-year average during FY2022–FY2024 stood at 2.6%. Additionally, operating expenses rose to 6.90% in FY2025 from 6.0% in FY2024, primarily due to higher collection expenses, leading to a decline in RoMA to 0.8% in FY2025 from 1.4% in FY2024 and 2.0% in FY2023. On a standalone basis, SMICC and SMHFC reported a PAT of Rs. 8 crore and Rs. 52 crore, respectively, in H1 FY2026, compared with Rs. 344 crore and Rs. 120 crore, respectively, in FY2025. The moderation in profitability in H1 FY2026 was primarily due to higher credit costs and elevated operating expenses. Going forward, the SMICC Group’s ability to grow its loan book while improving its profitability profile through controlled slippages and disciplined expense management will remain a key rating monitorable.

### Liquidity position: Strong

SMICC’s liquidity profile remains strong at the consolidated level. The SMICC Group’s cash flow from short-term assets augurs well for its liquidity profile. As on September 30, 2025, total debt obligations (including interest) over the next six months stood at ~Rs. 10,807 crore against which expected inflows from advances stood at ~Rs. 11,400 crore. Additionally, liquidity profile is supported by cash and liquid investments of ~Rs. 7,056 crore and unutilised bank lines of ~Rs. 5,163 crore as on September 30, 2025. The SMICC 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	<a href="#">ICRA’s credit rating methodology for non-banking finance companies</a> <a href="#">Policy on withdrawal of credit ratings</a>
Parent/Group support	Parent/Investor: Sumitomo Mitsui Financial Group, Inc ICRA factors in the shared brand name and support that the SMICC Group will receive from SMFG as it acts as its retail entry in India. The SMICC 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)	November 27, 2025	Date	Rating	FY2025		FY2024		FY2023	
						Date	Rating	Date	Rating	Date	Rating
<b>Long-term others – Fund based</b>	Long term	40,000.00	[ICRA]AAA (Stable)	13-JUN-2025	[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)	-	-	-	-
<b>Commercial paper</b>	Short term	12,000.00	[ICRA]A1+	13-JUN-2025	[ICRA]A1+	13-JUN-2024	[ICRA]A1+	13-JUN-2023	[ICRA]A1+	16-DEC-2022	[ICRA]A1+
						06-AUG-2024	[ICRA]A1+	-	-	-	-
<b>Short-term debt programme</b>	Short term	1,000.00	[ICRA]A1+	13-JUN-2025	[ICRA]A1+	13-JUN-2024	[ICRA]A1+	13-JUN-2023	[ICRA]A1+	16-DEC-2022	[ICRA]A1+
						06-AUG-2024	[ICRA]A1+	-	-	-	-
<b>Principal protected market linked debentures</b>	Long term	103.00	PP-MLD[ICRA]AAA (Stable)	13-JUN-2025	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)	-	-	-	-
<b>Non-convertible debentures programme</b>	Long term	12,984.00	[ICRA]AAA (Stable)	13-JUN-2025	[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)	-	-	-	-
<b>Retail non-convertible debentures</b>	Long term	2,000.00	[ICRA]AAA (Stable)	13-JUN-2025	[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)	-	-	-	-
<b>Subordinate debt programme</b>	Long term	1,200.00	[ICRA]AAA (Stable)	13-JUN-2025	[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)	-	-	-	-
<b>Issuer rating</b>	Long term	-	[ICRA]AAA (Stable)	13-JUN-2025	[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 October 31, 2025**

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
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)
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-2027	875	[ICRA]AAA (Stable)
INE535H07CK4	Non-convertible debenture	05-Aug-2024	8.28%	5-Aug-2026	825	[ICRA]AAA (Stable)
INE535H07CL2	Non-convertible debenture	24-Sep-2024	8.15%	24-Sep-2027	100	[ICRA]AAA (Stable)
INE535H07CM0	Non-convertible debenture	24-Sep-2024	8.15%	24-Sep-2026	150	[ICRA]AAA (Stable)
NA	Non-convertible debenture*	-	-	-	10,384	[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*	-	-	-	750	[ICRA]AAA (Stable)
NA	Long-term bank lines	2018-2019	-	2028-2029	20,854.78	[ICRA]AAA (Stable)
NA	Long-term bank lines*	-	-	-	19,145.22	[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)
INE535H14JD0	Commercial paper programme	07-Feb-2025	NA	6-Feb-2026	300	[ICRA]A1+
INE535H14JF5	Commercial paper programme	04-Apr-2025	NA	27-Mar-2026	500	[ICRA]A1+
INE535H14JG3	Commercial paper programme	15-Apr-2025	NA	30-Mar-2026	250	[ICRA]A1+
INE535H14JK5	Commercial paper programme	27-May-2025	NA	27-May-2026	250	[ICRA]A1+
INE535H14JL3	Commercial paper programme	30-May-2025	NA	29-May-2026	300	[ICRA]A1+
INE535H14JO7	Commercial paper programme	04-Jul-2025	NA	29-Jan-2026	150	[ICRA]A1+
INE535H14JN9	Commercial paper programme	04-Jul-2025	NA	09-Jun-2026	350	[ICRA]A1+
INE535H14JP4	Commercial paper programme	07-Jul-2025	NA	06-Jul-2026	25	[ICRA]A1+
INE535H14JQ2	Commercial paper programme	19-Sep-2025	NA	19-Dec-2025	150	[ICRA]A1+
INE535H14JS8	Commercial paper programme	01-Oct-2025	NA	28-Sep-2026	400	[ICRA]A1+
INE535H14JR0	Commercial paper programme	01-Oct-2025	NA	25-Sep-2026	300	[ICRA]A1+
NA	Commercial paper programme*	-	-	7-365 days	9,025	[ICRA]A1+
INE535H07BQ3	Non-convertible debenture	21-Jul-2022	Repo + 2.0%	21-Jul-2025	250	[ICRA]AAA (Stable); withdrawn
INE535H07BR1	Non-convertible debenture	28-Jul-2022	7.90%	28-Jul-2025	500	[ICRA]AAA (Stable); withdrawn
INE535H07CC1	Non-convertible debenture	29-Jan-2024	8.31%	29-Jul-2025	200	[ICRA]AAA (Stable); withdrawn
INE535H07CG2	Non-convertible debenture	02-May-2024	8.30%	15-Sep-2025	500	[ICRA]AAA (Stable); withdrawn

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE535H08637	Subordinated debt	13-Oct-2015	9.50%	13-Oct-2025	100	[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

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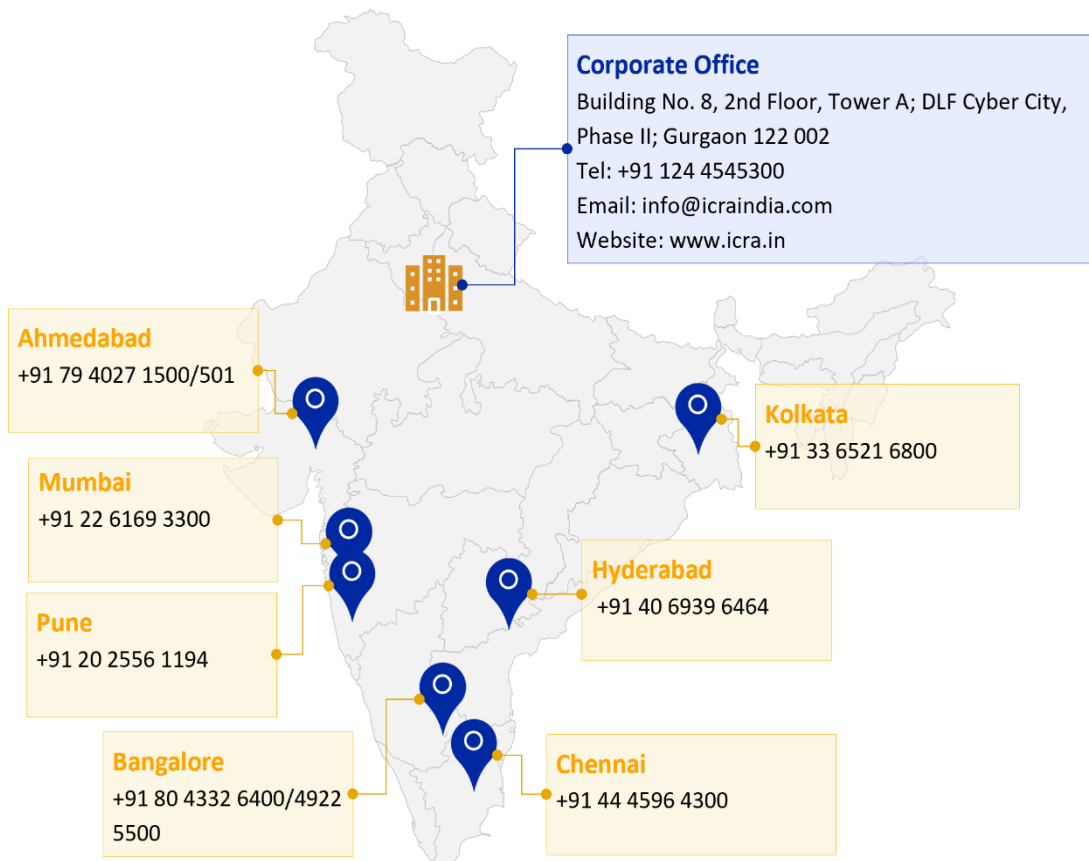


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