

Rating Rationale

September 25, 2023 | Mumbai

SK Finance Limited

Rating outlook revised to 'Positive'; Rating Reaffirmed; CP Withdrawn

Rating Action

Rs.175 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.50 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.100 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.175 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.50 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.99.9 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.68.5 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.75 Crore Non Convertible Debentures	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Non Convertible Debentures Aggregating Rs.25 Crore (Reduced from Rs.491 Crore)	CRISIL A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.150 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed)
Rs.53.9 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A+/Stable (Withdrawn)
Rs.41.1 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD A+/Positive (Outlook Revised from 'Stable'; Rating Reaffirmed and Withdrawn)
Rs.50 Crore Commercial Paper	CRISIL A1+ (Withdrawn)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has revised its outlook on the long debt programmes of SK Finance Limited (SK) to **'Positive'** from **'Stable'** while reaffirming the rating at **'CRISIL A+/CRISIL PPMLD A+'**.

CRISIL Ratings has also **withdrawn** its rating on Rs.331 crore of non-convertible debentures, Rs 95 crore of long-term principal protected market linked debentures and Rs 50 crore commercial paper at the company's request and on receipt of requisite documentation. This is in line with CRISIL Ratings' policy on withdrawal of ratings.

The revision in outlook is driven by expectation of strong scale up in business along with sustenance of healthy profitability, asset quality, as well as strengthening capitalisation metrics.

The loan book of the company has shown healthy growth momentum, growing at a 5-year compounded annual growth rate (CAGR) of 42% till fiscal 2023 with AUM reaching Rs 7,378 crore as on March 31, 2023. During the first quarter of fiscal 2024 as well, the AUM grew at an annualised rate of 30.3% reaching around Rs 7,937 crores as on June 30, 2023. This growth was accompanied by comfortable asset quality metrics - collection efficiency ratio^[1] remains range bound at 95%-100% till June 2023. This consequently resulted in resilient and controlled asset quality metrics in terms of 90+ dpd which stood at 1.95% as on June 30, 2023, as against 1.6% as on March 31, 2023, and 2.3% as on March 31, 2022. The

ability of the company to maintain its asset quality along with the scale up in the portfolio will continue to be a key rating sensitivity factor.

With controlled asset quality metrics, SK has been able to control its credit costs which has supported the earnings profile. The company had made higher provisioning during fiscal 2020 and fiscal 2021 to combat any stress on the book arising from the pandemic and hence the credit costs remained elevated at around 2.9% in fiscal 2020 and 2.3% in fiscal 2021. During fiscal 2022, the company wrote back its provisions worth around Rs 32.1 crore (0.7% of AUM as on March 31, 2022) and hence reported a credit cost of only 0.3% during the fiscal. The credit costs returned to the pre-pandemic levels in fiscal 2023, with SK reporting credit cost of 1.2% in fiscal 2023. During the first quarter of fiscal 2024, the credit costs stood at 1.5% (annualized). Subsequently the company reported a return on managed assets of 2.5% (annualized) during the first quarter of fiscal 2024 as against a RoMA of 2.8% during fiscal 2023.

Moreover, SK's capitalization metrics have been supported by the regular and timely equity raising with company raising around Rs 1144.3 crore since inception. This is also supported by healthy internal accruals generated with return on managed assets being in the range of 2%-3% in the last 4 years. Consequently, the net-worth of the company stood at Rs 1,901 crores with adjusted gearing of 4.3 times as on June 30, 2023. SK's capital base is expected to be further bolstered by the primary equity raise of Rs 899.5 crore from both existing and new investors, of which Rs 663.6 crore has already been received and the remaining is expected to be received shortly, post receipt of regulatory approvals. Gearing too is expected to improve with the capital infusion and is expected to remain within 4 times over the medium term.

The rating also takes note of the company's strong experience of promoter and management team in vehicle finance segment and its ability to consistently maintain diversified borrowings portfolio and raise funds at competitive rates. It raised a total of Rs 5,896.7 crore in fiscal 2023 and another Rs 1,505 crore in first quarter of fiscal 2024 with the incremental fund raising being at around 8-9.5%. These strengths are partially offset by the company's scale vis-à-vis the larger financial sector.

^[1] Calculated as Total collections including overdue but excluding prepayments divided by current billing

Analytical Approach

CRISIL Ratings has evaluated the standalone business and financial risk profile of SK Finance Limited for arriving at the ratings.

Key Rating Drivers & Detailed Description

Strengths:

Comfortable earnings profile with the company being profitable since inception

Given the segment of operations, the net Interest Margins (on total income basis) tends to be high and have remained over 10% during the last 3 years driven by the high yields on the portfolio given the inherent borrower profile and improving cost of funds.

With controlled asset quality metrics, SK has been able to control its credit costs which has supported the earnings profile. The company had made higher provisioning during fiscal 2020 and fiscal 2021 to combat any stress on the book arising from the pandemic and hence the credit costs remained elevated at around 2.9% in fiscal 2020 and 2.3% in fiscal 2021. During fiscal 2022, the company wrote back its provisions worth around Rs 32.1 crore (0.7% of AUM as on March 31, 2022) and hence reported a credit cost of only 0.3% during the fiscal. The credit costs returned to the pre-pandemic levels in fiscal 2023, with SK reporting credit cost of 1.2% in fiscal 2023. During the first quarter of fiscal 2024, the credit costs stood at 1.5% (annualized).

Further, with newer branches achieving scale and with technological changes made in last 2.5 years, the company has been able to bring down its sourcing/collection costs, leading to operational efficiencies and improvement in the operating costs.

Consequently, return on managed assets (RoMA) also remained comfortable and stood at 2.5% for the first quarter ending June 30, 2023, as against 2.8% in fiscal 2023, 2.7% in fiscal 2022 and 2.3% in fiscal 2021. CRISIL Ratings also notes that the company has been able to sustain its profitability metrics with RoMA range bound between 2%-3% in the last four fiscals.

Strengthening capitalization

Company's capitalization has been continuously strengthening with networth increasing by ~3.5 times over last 3 years to Rs 1901 crore as on June 30, 2023, from Rs 555 crore as on March 31, 2019. Capitalization metrics have been supported by the regular capital infusions in the past with SK Finance having raised Rs 1144.3 crores since inception. SK's capital base is expected to be further bolstered by the primary equity raise of Rs 899.5 crore from both existing and new investors, of which Rs 663.6 crore has already been received and the remaining is expected to be received shortly, post receipt of regulatory approvals.

Besides, overall capital adequacy ratios also remained comfortable at 25.5% as on June 30, 2023 (26.1% as on March 31, 2023). The adjusted gearing too was comfortable at 4.3 times (on-book gearing at 4.0 times) as on June 30, 2023 (4.1 times and 3.8 times respectively as on March 31, 2023).

This additional equity infusion is expected to further improve the gearing levels and support the company's growth trajectory in the medium term. Further, the capitalisation metrics benefit from the healthy internal accruals of the company.

Strong experience of promoter and management team in vehicle finance segment

SK Finance has a vintage of over 28 years in the used vehicle finance segment and has built in-depth knowledge of its target segment. It started off as a direct selling agent in 1994 for entities such as Anagram, Escorts, SRF finance, Kotak Mahindra Prime etc. for two & three wheeler and commercial vehicle (CV) financing. Since 2005, the company transitioned to an assignment-based player for AU Financiers, ICICI Bank, Shriram Transport Finance Company Ltd. and HDFC Bank. The promoter has also built a strong management team with rich experience in similar lines of business. As a team, they have also been strengthening and digitizing the systems and processes of the company, which will support the planned scale-up. The long track record of the company and the on-ground experience of the promoter should stand SK Finance in good stead as it scales up and diversifies its portfolio, both geographically and at the product level.

Diversified resource profile with improving cost of borrowings

SK Finance has a diversified borrowings portfolio, with a large lender base and declining incremental cost of funds, as on June 30, 2023, consisting of loans from banks (44%), non-convertible debentures (NCDs, 22%), loans from financial institutions (8%), securitization (24%) and external commercial borrowings (ECBs, 2%). Over the years, SK Finance has also been able to diversify its lender profile, by bringing in more banks under its resource mix, which also led to increase in the share of loans from banks from 14.5% in March 2019 to 44% in June 2023. The company has also been able to bring its incremental cost of fund significantly down to ~9.0% in Q1FY24 from 11.99% as on Q1FY20.

Weakness:

Scale up whilst improving the geographical concentration and maintaining the asset quality metrics

The company's scale of operations remained modest vis-à-vis the larger financial sector. However, growth has been healthy with portfolio growing at a 5-year compounded annual growth rate (CAGR) of 42% till fiscal 2023 with AUM reaching Rs 7378 crore as on March 31, 2023. During the first quarter of fiscal 2024 as well, the AUM grew at an annualised rate of 30.3% reaching around Rs 7937 crores as on June 30, 2023.

Portfolio comprised commercial vehicle (46%), tractor (14%), Car (18%), MSME (18%) and two-wheeler (4%) as on June 30, 2023. In the last few years, the company has diversified its geographical composition and currently has a presence in 11 states such as Rajasthan, Gujarat, Madhya Pradesh, Maharashtra, Haryana, Punjab, Chhattisgarh, New Delhi, Uttarakhand, Himachal Pradesh and Uttar Pradesh. However, Rajasthan, Madhya Pradesh and Gujarat continued to dominate the majority of the portfolio with share of 55%, 13.7% and 11.5%, respectively as of June 30, 2023, which too has improved from 73%, 5.7% and 16%, respectively, as of March 31, 2019.

The focus for SK Finance has been on used vehicle financing (greater than 60% of the portfolio over the past three fiscals). This, coupled with the target segment of rural and semi-urban customers, leads to asset quality remaining susceptible to slippages. Nevertheless, the company has put in place adequate underwriting practices and risk management practices which are separate for both of its segments i.e. Vehicle and MSME Finance. In case of vehicle finance, there are three layers of credit assessment which includes assessment at field, branch and headquarters level whereas in case of MSME finance, credit assessment is looked at from 3 different ways i.e. asset related, customer related and business related. The company has further strengthened its underwriting and risk management practices post Covid-19.

Because of stringent credit assessment procedures, the company has demonstrated its ability to manage asset quality metrics as 90 days past due (dpd) percentage of the company has hovered from 1.5% to 4% over past 3 fiscals.

The collection efficiencies^[1] for the company, remained between 95%-100% during fiscal 2023 as well as during first quarter of fiscal 2024. Consequently the 90+ dpd also remained comfortable at 2.0% as on June 30, 2023, as against 1.6% as on March 31, 2023. Additionally, the restructured assets done during the pandemic also remained low at 0.3% as on March 31, 2023.

Nevertheless, given the higher geographical concentration in Rajasthan, Madhya Pradesh and Gujarat currently, as the company scale up its operations in the newer geographies, its ability to manage asset quality metrics while scaling up needs to be demonstrated and will remain a key monitorable.

^[1] Calculated as Total collections including overdue but excluding prepayments divided by current billing

Liquidity: Strong

SK Finance has an adequate ALM profile as on June 30, 2023, with no cumulative negative mismatches in the up to one year buckets (excluding unutilized bank lines) indicating that business inflows also support repayments. As on June 30, 2023, the company had cash and cash equivalents of Rs 1,796 crore of cash and liquid investments and unutilized CC/WCDL lines of Rs 93.4 crore as on same date against total repayments (including interest and DA/PTC payouts and salary/opex) of Rs 1049 crore for the next three months till September 2023. As a policy, the company plans to maintain a liquidity cover of 3 months (excluding collections/prepayments) at all times.

Outlook: Positive

CRISIL Ratings believes that SK Finance will continue to scale up its operations while maintaining healthy capitalization, asset quality and profitability metrics going ahead. Moreover, company will continue to benefit from its experienced promoters and management team.

Rating Sensitivity Factors

Upward Factors:

- Significant scale up in the portfolio with sustenance of healthy asset quality metrics, earnings profile as well as profitability
- Capitalisation metrics continuing to remain comfortable, with gearing remaining under 4 times.

Downward Factors:

- Any adverse movement in asset quality with 90+dpd increasing beyond 5% and earnings profile of the company getting impacted.
- Stress in capitalisation metrics with significant jump in gearing while scaling up the portfolio.

About the Company

SK Finance Limited (Erstwhile ESS KAY Fincorp Ltd), incorporated in 1994 by Mr Rajendra Kumar Setia and his family members. The company is engaged in the business of providing financing for income generation activity (CV and MSME lending against self-occupied property), the company also extends loans for purchase of two-wheelers, tractors, and cars.

SK Finance has a legacy of over 28 years in used vehicle finance segment and has, over a period of time, evolved from being a direct selling agent to originate to sell model to a full-fledged NBFC. The company had an AUM of Rs 7,937 crore as on June 30, 2023.

The company reported a profit after tax (PAT) of Rs 61 crore on total income of Rs 403 crore for the quarter ending June 30, 2023, as against PAT of Rs 223 crore on total income of Rs 1314 crore in fiscal 2023.

Key Financial Indicators

As on / for the year ended	Unit	Mar-23	Mar-22	Mar-21	Mar-20*
Total assets	Rs crore	9,056	6239	4302	3526
Total income	Rs crore	1,314	821	691	582
Profit after tax	Rs crore	223	143	91	79
90+ days past due (dpd)	%	1.6	2.3	3.5	3.3
Overall capital adequacy ratio	%	26.1	30.42	27.7	31.7
Adjusted gearing	Times	4.1	2.9	3.4	2.9
On-book gearing	Times	3.8	2.8	3.3	2.7
Return on managed assets^	%	2.8	2.6	2.3	2.6

^based on year end averages

*IND-AS

As on / for the quarter ended	Unit	Jun-23	Jun-22
Total assets	Rs crore	9,669	6919
Total income	Rs crore	403	274
Profit after tax	Rs crore	61	38
90+ days past due (dpd)	%	2.0	2.6
Overall capital adequacy ratio	%	25.5	30.03
Adjusted gearing	Times	4.3	3.2
On-book gearing	Times	4.0	3.1
Return on managed assets^	%	2.5	2.3

^based on year end averages

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Complexity levels	Rating Outstanding with Outlook
INE124N07614	Long term Principal Protected Market Linked Debentures	22-Sep-22	Linked to G Sec	22-Nov-24	150	Highly complex	CRISIL PPMLD A+/Positive
NA	Non-Convertible Debenture^	NA	NA	NA	5	Simple	CRISIL A+/Positive
INE124N07648	Non-Convertible Debenture	27-Jan-2023	9.25%	27-Jan-2025	175	Simple	CRISIL A+/Positive
INE124N07655	Non-Convertible Debenture	02-Feb-2023	9.15%	02-Feb-2025	50	Simple	CRISIL A+/Positive

INE124N07556	Non-Convertible Debenture	31-Mar-21	10.00%	02-Apr-24	100	Simple	CRISIL A+/Positive
INE124N07531	Non-Convertible Debenture	25-Feb-21	10.12%	25-Nov-23	43.5	Simple	CRISIL A+/Positive
INE124N07473	Non-Convertible Debenture	29-Sep-20	11.40%	29-Sep-26	70	Complex	CRISIL A+/Positive
NA	Non-convertible debentures [^]	NA	NA	NA	0.9	Simple	CRISIL A+/Positive
INE124N07572	Non-convertible debenture	29-Apr-22	3M TBILL LINKED	29-Apr-25	99	Simple	CRISIL A+/Positive
INE124N07606	Non-convertible debentures	08-Aug-22	RBI REPO RATE linked	08-Aug-24	175	Simple	CRISIL A+/Positive
INE124N07622	Non-convertible debentures	16-Nov-22	9.1%	16-Nov-24	100	Simple	CRISIL A+/Positive

[^]Yet to be issued**Annexure - Details of Rating Withdrawn**

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Complexity levels	Rating Outstanding with Outlook
NA	Long term Principal Protected Market Linked Debentures#	NA	NA	NA	40	Highly complex	Withdrawn
NA	Long term Principal Protected Market Linked Debentures#	NA	NA	NA	1.1	Highly complex	Withdrawn
INE124N07481	Long term Principal Protected Market Linked Debentures	28-Oct-20	Linked to reference index (G Sec Linked)	30-Jan-23	53.9	Highly complex	Withdrawn
INE124N07408	Non-Convertible Debenture	16-Jun-20	11.00%	16-Jun-23	50	Simple	Withdrawn
INE124N07358	Non-Convertible Debenture	23-Dec-19	12.05%	23-Dec-25*	86	Simple	Withdrawn
INE124N07382	Non-Convertible Debenture	08-Jun-20	11.25%	08-Jun-23	10	Simple	Withdrawn
INE124N07416	Non-Convertible Debenture	18-Jun-20	11.00%	18-Jun-23	25	Complex	Withdrawn
INE124N07424	Non-Convertible Debenture	22-Jun-20	11.00%	22-Jun-23	25	Simple	Withdrawn
INE124N07440	Non-Convertible Debenture	02-Jul-20	11.00%	02-Jul-23	10	Simple	Withdrawn
INE124N07457	Non-Convertible Debenture	13-Jul-20	10.90%	21-Apr-23	75	Simple	Withdrawn
INE124N07580	Non-convertible debentures	11-May-22	9.00%	11-May-25@	50	Simple	Withdrawn
NA	Commercial Paper	NA	NA	7 to 365 days	50	Simple	Withdrawn

#Not yet issued

*call option exercised on December 23, 2022

@voluntary redemption on December 23, 2022

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT		--		--	04-11-22	CRISIL A+/Stable	22-03-21	CRISIL A/Stable	05-11-20	CRISIL A/Stable	CRISIL A/Stable
			--		--	16-09-22	CRISIL A+/Stable	19-02-21	CRISIL A/Stable	22-10-20	CRISIL A/Stable	--
			--		--	29-07-22	CRISIL A+/Stable		--	18-08-20	CRISIL A/Stable	--
			--		--	06-05-22	CRISIL A+/Stable		--	10-07-20	CRISIL A/Stable	--
			--		--	26-04-22	CRISIL A+/Stable		--	24-06-20	CRISIL A/Stable	--
			--		--	06-04-22	CRISIL A+/Stable		--	17-06-20	CRISIL A/Stable	--
			--		--	09-02-22	CRISIL A+/Stable		--	11-06-20	CRISIL A/Stable	--
			--		--		--		--	08-01-20	CRISIL A/Stable	--
Commercial Paper	ST	50.0	Withdrawn	07-02-23	CRISIL A1+	04-11-22	CRISIL A1+		--		--	--
			--	18-01-23	CRISIL A1+	16-09-22	CRISIL A1+		--		--	--
			--		--	29-07-22	CRISIL A1+		--		--	--
			--		--	06-05-22	CRISIL A1+		--		--	--
			--		--	26-04-22	CRISIL A1+		--		--	--
			--		--	06-04-22	CRISIL A1+		--		--	--
Non Convertible Debentures	LT	818.4	CRISIL A+/Positive	07-02-23	CRISIL A+/Stable	04-11-22	CRISIL A+/Stable	22-03-21	CRISIL A/Stable	05-11-20	CRISIL A/Stable	CRISIL A/Stable
			--	18-01-23	CRISIL A+/Stable	16-09-22	CRISIL A+/Stable	19-02-21	CRISIL A/Stable	22-10-20	CRISIL A/Stable	--
			--		--	29-07-22	CRISIL A+/Stable		--	18-08-20	CRISIL A/Stable	--
			--		--	06-05-22	CRISIL A+/Stable		--	10-07-20	CRISIL A/Stable	--
			--		--	26-04-22	CRISIL A+/Stable		--	24-06-20	CRISIL A/Stable	--
			--		--	06-04-22	CRISIL A+/Stable		--	17-06-20	CRISIL A/Stable	--
			--		--	09-02-22	CRISIL A+/Stable		--	11-06-20	CRISIL A/Stable	--
			--		--		--		--	08-01-20	CRISIL A/Stable	--
Long Term Principal Protected Market Linked Debentures	LT	150.0	CRISIL PPMLD A+/Positive	07-02-23	CRISIL PPMLD A+/Stable	04-11-22	CRISIL PPMLD A+ r /Stable	22-03-21	CRISIL PPMLD A r /Stable	05-11-20	CRISIL PPMLD A r /Stable	CRISIL PPMLD A r /Stable
			--	18-01-23	CRISIL PPMLD A+ r /Stable	16-09-22	CRISIL PPMLD A+ r /Stable	19-02-21	CRISIL PPMLD A r /Stable	22-10-20	CRISIL PPMLD A r /Stable	--
			--		--	29-07-22	CRISIL PPMLD A+ r /Stable		--	18-08-20	CRISIL PPMLD A r /Stable	--
			--		--	06-05-22	CRISIL PPMLD A+ r /Stable		--	10-07-20	CRISIL PPMLD A r /Stable	--
			--		--	26-04-22	CRISIL PPMLD A+ r /Stable		--	24-06-20	CRISIL PPMLD A r /Stable	--
			--		--	06-04-22	CRISIL PPMLD A+ r /Stable		--	17-06-20	CRISIL PPMLD A r /Stable	--
			--		--	09-02-22	CRISIL PPMLD A+ r /Stable		--	11-06-20	CRISIL PPMLD A r /Stable	--

			--		--		--		--	08-01-20	CRISIL PPMLD A r /Stable	--
--	--	--	----	--	----	--	----	--	----	----------	-----------------------------------	----

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
CRISILs Criteria for rating short term debt

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com	Ajit Velonie Senior Director CRISIL Ratings Limited B: +91 22 3342 3000 ajit.velonie@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com
Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com	Subhasri Narayanan Director CRISIL Ratings Limited B: +91 22 3342 3000 subhasri.narayanan@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com
Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com	Amith Varghese Kurian Manager CRISIL Ratings Limited B: +91 22 3342 3000 amith.kurian@crisil.com	

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment

and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>