



Press Release

Sai Shakti Mahila Technical and Development Services

September 18, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities- Term Loans	60.14 (Enhanced from Rs.31.04 crore)	IVR BB- /Stable (IVR Double B Minus with Stable Outlook)	IVR B+/Stable (IVR B Plus with Stable Outlook)	Upgraded	Simple
Long Term Facilities- Term Loans	0.00 (Reduced from Rs.16.24 crore)	-	IVR B+/Stable (IVR B Plus with Stable Outlook)	Withdrawn*	Simple
Total	60.14 (INR Sixty crore and fourteen lakhs only)				

**Withdrawal is on account of closure of Term loans from Punjab National Bank and State Bank of India sanctioned to SSMTD and on receipt of no dues Certificate from the respective banks. The client has request for withdrawal of the rating assigned to these facilities. The rating withdrawal is in line with the rating withdrawal policy of Infomerics ratings.*

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its ratings to the bank facilities of Sai shakti Mahila Technical and Development Services (SSMTD) considering the sustained improvement in asset under management (AUM), extensive experience of promoters. However, rating is partially constrained by Unseasoned portfolio, regional concentration of operations and risk associated with MFI Industry.

Infomerics Ratings expects the outlook to remain stable on account of expected growth in asset under management (AUM) coupled with comfortable capitalization levels and stable asset quality.

The withdrawal of ratings is in line with Infomerics policy on withdrawal of ratings.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in scale of operations while maintaining healthy capitalization, asset quality, profitability and liquidity.

Downward Factors

- Substantial decline in scale of operations, asset quality and capitalization levels from the current levels
- Weakening of the profitability profile on account of higher operating overheads and higher credit costs.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Management**

SSMTD has an experienced and qualified board, led by Mr. Narendra Singh Parihar (Director). Mr. Narendra has an extensive experience in microfinance operations. Mr. Narendra Singh Parihar, together with other KMPs with relevant expertise, manages the day-to-day operations.

- **Sustained Improvement in AUM:**

SSMTD's AUM has increased almost 2.5x as compared to during FY24 (period refers to 01st April 2023 to 31st March 2024) to Rs.58.5 crore driven by bank channel partnership and increase in disbursements aided by increase in branches. Infomerics expects AUM to improve further through FY25-FY27 with expected equity infusion and term loan borrowing.

Key Rating Weaknesses

- **Unseasoned portfolio**

SSMTD began its MFI operations in FY21, therefore it only has around three years of operational experience and hence the portfolio is unseasoned with limited track record



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of borrowers. Hence, the GNPA and NNPA of the company remains nil as on 31 March 2024.

- **Regional Concentration of Operations**

SSMTD operates through 16 branches only in one state, Madhya Pradesh, where they are providing services to more than 8,000 clients. One state concentration exposes the SSMTD to higher geographical concentration risk.

- **Inherent risks associated with MFI industry coupled with intense competition**

SSMTD is exposed to stiff competition from other NBFCs and banks. The lending industry focused on small ticket loans is highly fragmented with unorganized lenders also vying for the same set of borrowers.

Also, the company's portfolio remains relatively risky, given the unsecured nature of the same. Unsecured lending to the marginal borrower profile and the political and operational risks associated with microlending may result in high volatility in the asset quality indicators.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Policy on withdrawal of Ratings](#)

Liquidity – Adequate

The company had adequate liquidity in the form of unencumbered cash and liquid balances of Rs.11.73 crore as on March 31, 2024. As the advances comprise relatively shorter-tenure microfinance loans compared to the tenure of the borrowed funds, the asset liability maturity



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profile remains adequate. While Infomerics expects the company to meet its debt obligations in a timely manner, given the cash-in-hand and expected inflow from loan repayments, it would be important for SSMTD to maintain its collection efficiency while ensuring the regular flow of funds to meet its internal growth projections.

About NBFC

Incorporated in 2013, SSMTD is a Non-Banking Financial Company – Microfinance Institution incorporated SSMTD has an aim to provide underprivileged women with economic opportunities to transform the quality of their lives by provide micro-finance lending to Joint Liability Groups (JLG).

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	3.23	8.71
PAT	0.41	1.06
Tangible Net worth	3.44	12.05
Total Asset	16.13	50.79
Ratios		
NIM (%)	9.68	3.54
ROTA (%)	2.85	2.08
Interest Coverage (times)	1.20	1.19
Total CAR (%)	18.96	21.24
Gross NPA [Stage III] (%)	0.00	0.00
Net NPA [Stage III] (%)	0.00	0.00

** Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Not Applicable

Any other information:

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Date (October 19, 2023)	Date	Date
1.	Fund based facilities- Term Loans	Long Term	60.14	IVR BB-/Stable	IVR B+/Stable	-	-
2.	Fund based facilities- Term Loans*	Long Term	0.00	-	IVR B+/Stable	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Term loan	-	-	-	May 2027	60.14	IVR BB-/Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Sai-Shakti-Mahila-18sept-24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.