



## Press Release

### **Stree Nidhi Credit Co-Operative Federation Limited (Andhra Pradesh)**

**March 26, 2025**

#### **Ratings**

<b>Instrument Facility /</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Fund Based - Long Term facilities – Working Capital Facilities	2262.50 (Decreased from 2412.50)	IVR A/ Stable (IVR A with Stable Outlook)	IVR A/ Stable (IVR A with Stable Outlook)	Rating Reaffirmed	Simple
Fund Based - Long Term facilities – Term Loans	514.44 (Decreased from 762.58)	IVR A/ Stable (IVR A with Stable Outlook)	IVR A/ Stable (IVR A with Stable Outlook)	Rating Reaffirmed	Simple
Proposed long term fund-based facilities	723.06 (Decreased from 324.92)	IVR A/ Stable (IVR A with Stable Outlook)	IVR A/ Stable (IVR A with Stable Outlook)	Rating Reaffirmed	Simple
<b>Total</b>		<b>3500.00 (Rupees Three Thousand five hundred Crores only)</b>			

**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 reaffirmed its ratings assigned to the bank facilities of Stree Nidhi Credit Co-operative Federation Limited (Andhra Pradesh) (SNCCFL) as it continues to derive comfort from the support of Government of Andhra Pradesh (GoAP) and the strategic importance of the society to GoAP, professional management, comfortable capitalisation levels and strong systems, policies and process in place. However, these strengths are partially offset by average asset quality and inherent risks associated with the micro finance industry and exposure to socio-political risks.



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The stable outlook reflects the continued benefits derived by SNCCFL from Govt of Andhra Pradesh and expectations of AUM growth over FY25-FY27 on the back of comfortable capitalisation levels.

### Key Rating Sensitivities:

#### Upward Factors

- Substantial and sustained scaling up of its operations, while maintaining healthy profitability, asset quality, comfortable capital position and liquidity.

#### Downward Factors

- Substantial decline in the scale of operations and capitalization of society.
- Adverse movement in the collection efficiency which impacts the asset quality and thereby increasing the credit costs impacting the profitability of the Society.

### List of key rating drivers with detailed description

#### Key Rating Strengths

##### **Ownership of Government of Andhra Pradesh and strategic importance of the society:**

The Society is sponsored and supported by the Andhra Pradesh State Govt. (47.54% holding) and Self-help group members at the grassroot level through developed institutions such as Village organizations (VO), Mandal samakhyas (MS) and Town-Level Federations (TLF). SNCCFL is governed by the State Co-operative Societies Act and is not an RBI-registered NBFC.

SNCCFL has also been identified as a Channelizing Agency for financing livelihood activities under “Unnathi – SCSP / TSP” programme, NRLM and IWMP projects of the State Government in order to have transparency with regard to assisted families, credit flow, tracking the repayment status and to enable multiple doses of assistance out of recycled amount to the members for improving their social and economic status. Hence, the Society is strategically important for the government of Andhra Pradesh in executing its schemes.



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### **Professional management**

Society is guided by the Managing Committee in its operations. The managing committee consists of three top-level officials of the state government, 29 SHG leaders, two special invitees from state government and the managing director of SNCCFL. SHG leaders in the Managing Committee are women district directors whose involvement in running the Federation greatly helps in the communication and enforcement of policies and monitoring the loan activity as a whole. The General Body of SNCCFL consists of the elected presidents of all mandal samakhyas and town level federations who are the shareholders of SNCCFL. The board consists of 33 members. 29 Directors elected from the Community (26 from Rural MS & 3 from Urban TLFs). The federation has three state government nominated directors 1) Secretary Rural Development, 2) Secretary Institutional Finance, 3) Registrar of Cooperatives and a managing director. It has placed 163 staff members (including 27 deputation staff from SERP) in the cadres of DGMs, AGMs, managers and assistant managers to monitor SNCCFL operations in coordination with the staff of DRDAs (District Rural Development Agencies), the SERP (Society for Elimination of Rural Poverty) and the MEPMA: Mission for Elimination of Poverty in Rural Areas.

### **Comfortable Capitalisation:**

The society is governed by "The registrar of Co-operative societies, Andhra Pradesh" and does not have to comply with RBI norms/guidelines. However, given that the society's operations being similar to an NBFC, it follows and adheres to all regulations/norms/guidelines applicable to NBFCs-MFIs. Society is comfortably capitalised with total CRAR of 20.67% as on 31 December 2024 (20.24% for FY24 ((refers to period from April 1st, 2023, to Mar 31, 2024)). Society's tangible net worth stood at Rs. 837.72 crore as on 31 December 2024 (Rs. 754.61 crore – FY24). The increase in tangible Net worth is on account of retention of profits.

### **Strong systems, policies and process in place:**

Over the years, the society has put in place strong credit appraisal, credit monitoring and recovery systems in place. Using technology as a key component the society is able to sanction and disburse loans to the SHG members generally within 48 hrs of application of loan. SNCCFL uses mobile App to apply loans at VO/SLF level and Web application at



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MS/TLF level which helps in faster processing of loan applications over long distances. SNCCFL is also using technical platform for operations with TCS and Sampath Software Solutions. They have recently started a web link for receiving recoveries from beneficiaries through internet Banking facility. Slowly it has become very useful to members. Society has also deployed an app for recovery with support of TCS.

### **Key rating weaknesses**

#### **Average asset quality:**

Society's asset quality has increased to 1.90% in 9MFY25 (1.27% in FY24) mainly due to the stress faced by MFI industry. However, the management has informed that GNPA numbers look inflated for 9MFY25 due to the time lag in reconciliation of collection amount within the society as reconciliation of collections involves multiple steps, as funds pass through members to SHGs (Self-Help Groups) and then to village organizations, mandals and town level federations before reaching the society. This multi-step reconciliation process leads to unadjusted amounts at various stages, resulting in discrepancies in the NPA figures and the management has informed that post reconciliation, the GNPA numbers will be below 1.5% by end of March 2025. Going forward, the society's ability to maintain healthy asset quality amidst growing loan portfolio will be a key rating monitorable.

#### **Inherent risks associated with the micro finance lending industry:**

Society remains exposed to inherent risks in the micro lending industry, including sensitivity to the prompt recovery/collection of loans and external factors such as natural calamities, demonetisation and pandemic as witnessed in the past. Currently, Non-Banking Financial Institutions (NBFIs) /Societies under micro lending in India are facing liquidity and funding challenges, resulting in subdued growth/degrowth and potential liquidity mismatches in the short term.

#### **Exposure to socio-political risks:**

The loan policies and recovery policies of society are formed with the active participation of the managing committee and the state machinery. The society is governed by the state



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cooperative societies act and the state's intervention in the policies of the society remain exposed to regulatory risk. Also, the income group to which society lends to is also vulnerable to any changes in political policies.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Financial Institutions/Non-Banking Finance companies](#)

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

[Criteria of assigning Rating Outlook.](#)

[Complexity level of rated instruments/Facilities](#)

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

### **Liquidity – Adequate**

SNCCFL (AP) is adequately capitalized with total CRAR (%) of 20.67% as on 31 December 2024. As on 31 Dec 2024, SNCCFL (AP) has liquidity of Rs. 1315.33 crore in the form of cash and bank balances, unutilised bank limits and un marked FDs.

### **About the company**

Stree Nidhi Credit Co-operative Federation Limited (Stree Nidhi) is an Apex Credit Co-operative Federation registered under the Andhra Pradesh Co- operatives Societies Act' 1964 and is promoted by the Mandal Samakhyas (MS) and Town Level Federation (TLF) of self-help groups (SHG) in association with the Government of Andhra Pradesh. Stree Nidhi Credit Co-operative Federation Limited is headed by a Managing Committee consisting of representations from MS/TLFs, nominees from Government of AP and a Managing Director.

The SHGs are formed exclusively by women. The SHGs in Andhra Pradesh are federated into Village Organisation (VO) and Slum Level Federation (SLF). These VOs and SLFs are further federated into Mandal Samakhyas (MS) and Town Level Federations (TLF) respectively. The VOs / SLFs and MSs / TLFs are the federated structures of SHGs and also legal entities as they were registered under Andhra Pradesh Mutually Aided Cooperative Societies Act, 1995(APMACS). Stree Nidhi is the federation of the MS/TLFs.





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Financials (Standalone)\*:

Rs in Crores

For the year ended/As on*	31-03-2023	31-03-2024
	(Audited)	(Audited)
Total Income	390.66	435.77
PAT	58.72	93.08
Tangible net worth	746.42	754.21
Total debt	3607.89	3002.44
AUM	3587.30	3716.52
<b>Ratios</b>		
NIM (%)	4.87%	5.13%
Total CRAR (%)	19.17%	20.24%
Gross NPA [Stage III] (%)	1.14%	1.27%
Net NPA [Stage III] (%)	0.00%	0.00%
Overall gearing (x)	4.83	3.98
Interest Coverage (x)	1.34	1.42

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/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 (30 March 2024)	Date(s) & Rating(s) assigned in 2022-23 (25 Jan 2023)	Date(s) & Rating(s) assigned in 2021-22
1.	Long Term Bank Facilities – Working Capital Facilities	Long Term	2262.50	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable	-
2.	Long Term Bank Facilities – Term Loans	Long Term	514.44	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable	-



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3.	Proposed long term fund-based facilities	Long Term	723.06	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable	-

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### About Infomerics:

Infomerics Valuation And Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] 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.

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 visit [www.infomerics.com](http://www.infomerics.com).

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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: Details of facilities:

Name of Facility/Instrument	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned/ Outlook
Working Capital Facilities	-	-	-	Revolving	2262.50	-	IVR A/Stable
Term Loans	-	-	-	Up to 2029	514.44	-	IVR A/Stable
Proposed long term fund-based facilities	-	-	-	-	723.06	-	IVR A/Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-StreeNidhiAP-mar25.pdf>

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

Annexure 4: List of companies considered for consolidated 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](http://www.infomerics.com).