

April 27, 2023

SK Finance Limited (erstwhile Ess Kay Fincorp Limited): Rating withdrawn for MLDs and NCD

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures (NCDs)	30.06	0.00	[ICRA]AA+(CE) (Stable); withdrawn
Principal Protected Market Linked Debentures (PP-MLD)	125.00	0.00	PP-MLD[ICRA]AA+(CE) (Stable); withdrawn
Principal Protected Market Linked Debentures (PP-MLD)	50.90	0.00	PP-MLD[ICRA]AA+(CE) (Stable); withdrawn
Total	205.96	0.00	

Rating Without Explicit Credit Enhancement	[ICRA]A+
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*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement. The letters, PP-MLD, prefixed to a rating symbol stand for principal protected market linked debentures. According to the terms of the rated instrument, the amount invested, i.e. the principal, is protected against erosion while the returns on the investment could vary, being linked to movements in one or more variables such as equity indices, commodity prices, and/or foreign exchange rates. The rating assigned expresses ICRA's current opinion on the credit risk associated with the issuer concerned. The rating does not address the risks associated with variability in returns resulting from adverse movements in the variable(s) concerned

Rationale

The rating assigned to the MLD and NCD programme of SK Finance Limited (SKFL) has been withdrawn as the instruments MLDs and NCD (Trust name: Vivriti Omega Trust II 2020, Northern Arc 2021 CE MLD Hemera and Elements 2021 CE MLD) have matured and no dues are outstanding against the MLDs and NCD. The withdrawal of rating is in accordance with ICRA's policy on withdrawal of credit rating.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The detailed rating rationale of previous rating exercise is available at the following link:

[Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Incorporated in 1994, SKFL is a Jaipur (Rajasthan) headquartered non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). It primarily finances used light commercial vehicles, multi-utility vehicles, cars, tractors and two-wheelers. It also advances small and medium enterprise (SME) loans. SKFL has a network across 10 states, namely Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Punjab, Haryana, Chhattisgarh, Uttarakhand, Himachal Pradesh and Delhi, though

Rajasthan occupies a predominant share of ~58% in the portfolio as on September 30, 2022. As on September 30, 2022, the assets under management (AUM) stood at Rs. 5,960 crore.

The promoter group, viz. Mr. Rajendra Setia and his family members, held 38.7% equity share in the company as on September 30, 2022. Other key equity investors include Northwest Venture Partners, TPG Capital, Evolvence and Baring India with equity shareholding of 24.5%, 19.0%, 5.6% and 4.7%, respectively, as on September 30, 2022.

Key financial indicators (audited)

SKFL	FY2021	FY2022	H1 FY2023
Total Income	683	821	591
Profit after tax	91	143	97
AUM	3,417	4,714	5,960
Gross NPAs	4.1%	2.8%	3.1%
Net NPAs	1.9%	2.0%	2.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations
Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years											
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021							
					Apr 27, 2023	Nov 18, 2022	Jul 29, 2022	Nov 19, 2021	Jul 30, 2021	Mar 18, 2021	Mar 10, 2021	Feb 4, 2021	Feb 1, 2021	Dec 2, 2020	Nov 19, 2020	
1	NCD	30.06	0.00	[ICRA]AA+ (CE); withdrawal	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	Provisional [ICRA]AA+ (CE) (Stable)
2	PP-MLD	125.00	0.00	[ICRA]AA+ (CE); withdrawal	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	Provisional PP-MLD [ICRA]AA+ (CE) (Stable)	-	-	-	-	-
3	PP-MLD	50.90	0.00	[ICRA]AA+ (CE); withdrawal	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	PP-MLD [ICRA]AA+ (CE) (Stable)	Provisional PP-MLD [ICRA]AA+ (CE) (Stable)	-	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Elements 2021 CE MLD	Principal Protected Market Linked Debentures (PP-MLD)	Highly Complex
Northern Arc 2021 CE MLD Hemera	Principal Protected Market Linked Debentures (PP-MLD)	Highly Complex
Vivriti Omega Trust II 2020	Non-convertible Debentures (NCDs)	Highly 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, is available on ICRA's website [Click here](#).

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE124N07507	NCD	Nov 19,2020	9.80%	Nov 19,2024	30.06	[ICRA]AA+(CE) (Stable); withdrawn
INE124N07549	PP-MLD	Mar 09,2021	8.90%*	Mar 09,2026	125.00	PP-MLD[ICRA]AA+(CE) (Stable); withdrawn
INE124N07523	PP-MLD	Jan 28,2021	9.50%*	Jul 28,2024	50.90	PP-MLD[ICRA]AA+(CE) (Stable); withdrawn

* Additionally, step-up interest of 4.0% is applicable from date of issuance in case of trigger event

Source: Company

For details on other ICRA-rated instruments of the company, refer to the rationale [here](#)

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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