Avanse Financial Services Limited

September 21, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long term Bank Facilities	2200 (Rs Two Thousand Two Hundred Crore only)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	445.00 (Rs Four Hundred and Forty-Five Crore only)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
	655.00 (Rs Six Hundred and Fifty-Five Crore only)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
	400.00 (Rs. Four Hundred Crore Only)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
Subordinate Debt	75.00 (Rs Seventy-Five Crore only)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Revised from CARE A; Stable (Single A; Outlook: Stable)
Commercial Paper	150.00 (Rs. One Hundred Fifty Crore Only)	CARE A1+ (A One Plus)	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of the ratings of the long-term bank facilities and instruments of Avanse Financial Services Limited (AFSL) is supported by its adequate capitalisation levels led by equity investments in recent years from private equity shareholder Warburg Pincus LLC and International Finance Corporation (IFC) which hold 80% and 20% of the shareholding respectively. The rating also takes note of the improving liability profile of the company with increased presence in the capital debt market and diversifying into overseas funding options. The rating also factors in AFSL's stable asset quality during FY21 with gross Stage 3 ratio and credit costs at FY20 levels. Care Ratings understands that the discontinued segments of lending to MSME and financial institutions (LFI) are the major contributors to the bad loans and the same has been running down. This discontinued segments account for only 5% of the total AUM as on June 30, 2021. Nevertheless, the rating remains constrained by its muted profitability and possibility of asset side risks considering the low seasoning of its higher tenure loan book and its exposure to school funding which has been impacted by the pandemic. Going forward, AFSL's ability to increase its operational scale while maintaining asset quality and capitalization and improving profitability will remain critical parameters for its rating.

The revision in the rating assigned to the subordinate debt of AFSL is on account of the instrument having similar characteristics in terms of maturity and key covenants in comparison the NCD instruments.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Increased scale as a result of steady growth or substantial support in the form of equity infusion by the shareholders
- Improvement in financial performance with sustained ROTA above 2%
- Improvement in asset quality with GNPA less than 1%

Negative Factors- Factors that could lead to negative rating action/downgrade

- Lack of capital support from shareholders, especially during times of stress
- Any significant deterioration in asset quality and any significant visible signs of stress in loan book on account of COVID-19 outbreak
- Increase in gearing levels beyond 5x
- Change in asset risk profile with increase in the proportion of non-education loan (LFI, MSME, Education Institution Loan and Social Infrastructure Loan) beyond 40%.
- Persistent cumulative deficit observed in the Statutory Liquidity Statement in maturity buckets up to one year
- Non-maintenance of aggregate of sanctioned undrawn limits, cash & cash equivalents, and liquid investments more than outstanding CP (Commercial Papers) limits, at any point in time.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Detailed description of the key rating drivers
Key Rating Strengths
Comfortable Capitalization and Moderate Gearing Levels: The tangible net worth stood at Rs. 920 crore as on March 31, 2021 and at Rs. 932 crore on June 30, 2021. The CAR and Tier-1 CAR stood comfortable at 32.7% and 30.5% respectively on March 31, 2021 and at 29.3% and 27.3% respectively on June 30, 2021 with sufficient cushion available over regulatory requirement. The debt/equity ratio stood at 2.5x as on March 31, 2021 and 2.7x as on June 30, 2021. While this is expected to increase in the medium term to around 3.3x, the management has indicated that the gearing shall not be allowed to go beyond 5x levels on steady state basis. AFSL's shareholders, Warburg Pincus LLC and IFC had collectively infused Rs.300 crore equity into AFSL which had led to an increase in the equity base providing the necessary capital for near-to-medium term growth. Looking ahead, CARE Ratings expects gearing to remain comfortable in line with its growth strategy in the near term.

Comfortable Asset Quality Excluding Discontinued Segments: Gross Stage 3 assets remained stable at 1.6% as on June 30, 2021 (March 31, 2021: 1.6%, March 31, 2020: 1.8%). The net Stage 3 assets however improved to 0.4% as on June 30, 2021 and March 31, 2021 from 1.02% on March 31, 2020 owing to increased PCR (Provision Coverage Ratio) from 46% in FY20 to 75% in FY21 and Q1FY22. The asset quality has been moderately impacted in the last two years owing to some accounts of Micro, Small and Medium Enterprises (MSME) and Lending to Financial Institution (LFI) segment loans slipping into NPA category. Barring these two segments, the Gross Stage 3 assets remained comfortable below 0.6%. The company has already stopped lending in the EIL segment with ticket size above Rs.5 crore and has been actively focusing on the retail segment recently with increase in enrolments to foreign educational universities and priority given to students for considering visa applications.
The company's stressed assets have however increased on account of restructuring primarily done for loans in MSME and EIL segment. Going forward, asset quality is likely to remain at similar levels in the near term and improve gradually in the medium term with run-down of the MSME and LFI loan portfolio, which at present constitute around 5% of the total AUM. Nonetheless, CARE Ratings notes that AFSL has higher overseas exposure with the operating environment for overseas education susceptible to the uncertainty surrounding the pandemic, although the situation has improved from last year. Additionally, the asset quality performance of the school funding segment will remain a key monitorable.

Improving Liability Profile with Diversifying Resource base: While traditional loans from banks continue to dominate the liability profile with 56% share (59% as on March 31, 2019), the share of listed instruments (in form of Non-Convertible Debentures and Subordinated debt) has gradually increased from 20% as on March 31, 2019 to 38% as on June 30, 2021, replacing the share of loans from financial institutions. Furthermore, AFSL raised USD 15 million from World Bank Capital via External Commercial Borrowing (ECB) route, which constitutes 4% of total borrowings on June 30, 2021. Going forward, the ability of the company to diversify its funds further and raise longer tenure borrowings will be closely monitored.

Key Rating Weaknesses
Subdued Profitability: AFSL reported a slight dip in profitability for FY21 with ROTA of 1.1% as compared to 1.5% (before exceptional item) for FY20. However, the ROTA improved to 1.3% in Q1 FY22 (provisional), because of higher disbursements and lower cost of funding, which was partially offset by slight increase in credit cost. While the educational institutions across the world have been adopting hybrid models of imparting education (mix of online and off-campus sessions), the resurgence of newer variants of Covid could potentially slowdown the easing of travel restrictions and impact the enrolments. Accordingly, the economic environment and its impact on the profitability shall remain a key rating monitorable. Going forward, company's ability to raise funds at competitive rates and exhibit improvement in operational efficiency with reduction in operational expenses would be key to improve earnings from current levels.

Limited Seasoning of the Loan Portfolio: The company had commenced business operations in January 2013. The AUM grew at a CAGR of 12.4% over the last 3 years to Rs. 3,103 crore as on March 31, 2021, with an annual average disbursement of Rs. 1,153 crore during last 3 years. Considering AFSL's average loan book tenure of around 10 years, the seasoning of the loan portfolio is limited.

Product and Geographic Concentration Risk: AFSL is primarily present into education loans exposing it to sector concentration risk as any fall in demand for educational loan may severely impact the disbursements and profitability of the company. Also, educational loans have seasonal demand based upon the admission procedures in various institutions. AFSL has discontinued the MSME and Lending to Financial Institution loan segments after change in the shareholding in 2019. Thereafter, the company has been gradually diversifying into the digital segment (financing for e-learning loans) which constitutes around 7% of the AUM as on June 30, 2021. Subsequently, it has partnered directly/indirectly with more than 100 EdTech companies. Geographically, while the proportion of US exposure has reduced to around 50% from 60% of the AUM, it remains a high contributor to the overseas lending book.

Liquidity: Adequate

The company generally maintains liquid balances to cover around 2-3 months of net outflows including disbursements. The free cash & bank balances and liquid investments stood at Rs. 476 crore as on March 31, 2021 and at Rs. 540 crore as on June 30, 2021 (Provisional). As on June 30, 2021, the company had positive cumulative surplus across all maturity-buckets of the Asset Liability Management (ALM) profile. The expected inflows from advances (including prepayment assumptions) for next 1 year is Rs. 839 crore and debt repayments for next 1-year amounts to Rs. 785 crore. Even under Care Ratings' stress scenario, liquidity remained sufficient with cumulative surplus up to one year. Going forward, AFSL's ability to manage and maintain liquidity enough to cover its short-term debt obligations will remain a key monitorable.

Analytical approach: Standalone

Applicable Criteria

CARE's Criteria on assigning Outlook and Credit Watch to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology - Non-Banking Finance Companies (NBFCs)
Financial ratios – Financial Sector
Criteria for Short Term Instruments

About the Company

AFSL was formed in August 1992 and was known as Abhivruddhi Holdings Pvt. Ltd. (AHPL). Dewan Housing Finance Corporation Ltd. (DHFL) & other promoter group entities bought a 100% stake in AHPL in July 2012 and commenced education loan business from January 2013. International Finance Corporation (IFC) acquired a 20% stake in company for Rs.12.75 crore in July 2013. On February 7, 2014, the name of the company was changed from Avanse Financial Services Private Limited to "Avanse Financial Services Limited". In March 2019, DHFL and WGC Group entered into a definitive agreement to sell 80% of its stake in AFSL to Olive Vine Investment Ltd, an affiliate of the Warbug Pincus Group. The deal was completed on 30th July, 2019.

AFSL is engaged in the business of providing education loan for the purpose of higher studies both in India and abroad and for professional/ executive courses to working professional and to Education Institutions and schools for their Working Capital and Growth Capital requirements. The Company now has 11 branches across 8 cities in India. The total AUM stood at Rs. 3,228 crore as on June 30, 2021.

Brief Financials* (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	433.78	438.89
PAT	21.52	37.90
Overall Gearing (times)	2.76	2.50
Total Assets (tangible)	3659.82	3515.65
Net Stage 3 Assets (%)	1.02	0.44
ROTA (%) (PAT/Average Total Tangible Assets)	0.63	1.06

*A: Audited; *Financials as per IND-AS*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3*

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund based - LT- Cash credit (bank facilities)	-	-	-	-	91.00	CARE A+; Stable
Fund based-LT- Cash credit (bank facilities) (Proposed)	-	-	-	-	99.00	CARE A+; Stable
Fund based - LT- Term loan (bank facilities)	-	-	-	December 2027	1557.49	CARE A+; Stable
Fund based-LT-Term loan (bank facilities) (Proposed)	-	-	-	-	452.51	CARE A+; Stable
Non-convertible debentures	INE087P07022	31-Jul-15	10.10%	31-Jul-25	25.00	CARE A+; Stable
Non-convertible debentures	INE087P07030	07-Aug-15	10.05%	08-Aug-22	5.00	CARE A+; Stable
Non-convertible debentures	INE087P07048	07-Aug-15	10.10%	07-Aug-25	15.00	CARE A+; Stable
Non-convertible debentures	INE087P07063	26-Feb-16	9.65%	26-Feb-23	10.00	CARE A+; Stable
Non-convertible debentures	INE087P07113	12-Dec-19	11.40%	09-Dec-22	195.00	CARE A+; Stable
Non-convertible debentures	INE087P07121	18-Dec-19	11.40%	16-Dec-22	105.00	CARE A+; Stable
Non-convertible debentures	INE087P07139	24-Jun-20	9.50%	23-Jun-23	50.00	CARE A+; Stable
Non-convertible debentures	INE087P07147	07-Jul-20	9.50%	21-Apr-23	50.00	CARE A+; Stable
Non-convertible debentures	INE087P07154	10-Jul-20	8.75%	10-Jan-22	150.00	CARE A+; Stable
Non-convertible debentures	INE087P07162	27-Jul-21	8.40%	27-Jul-23	100.00	CARE A+; Stable
Non-convertible debentures	INE087P07170	30-Jul-21	8.40%	30-Jul-23	100.00	CARE A+; Stable
Non-convertible debentures	INE087P07188	26-Aug-21	8.40%	26-Aug-23	35.00	CARE A+; Stable
Non-convertible debentures (Proposed)	-	-	-	-	660.00	CARE A+; Stable
Subordinated debt	INE087P08012	16-Mar-16	10.50%	16-Mar-24	25.00	CARE A+; Stable
Subordinated debt	INE087P08020	30-Jun-17	9.50%	30-Jun-27	25.00	CARE A+; Stable
Subordinated debt	INE087P08038	27-Dec-17	9.35%	27-Dec-27	25.00	CARE A+; Stable
Commercial Paper-Commercial Paper (Standalone)	-	-	-	-	150.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	1375.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO); Stable (25-Jul-18) 6)CARE AA+ (SO); Stable (06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)
2.	Debentures-Non Convertible Debentures	LT	95.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (25-Jul-18) 4)CARE AA+ (SO); Stable (06-Jul-18)
3.	Fund-based - LT-Cash Credit	LT	190.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO);

								Stable (25-Jul-18) 6)CARE AA+ (SO); Stable (06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)
4.	Term Loan-Long Term	LT	255.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)Provisional CARE A+ (SO) (CWD) (12-Mar-19) 2)Provisional CARE AA (SO) (CWD) (06-Feb-19) 3)Provisional CARE AA+ (SO); Stable (28-Dec-18) 4)Provisional CARE AA+ (SO); Stable (28-Sep-18) 5)Provisional CARE AA+ (SO); Stable (25-Jul-18) 6)Provisional CARE AA+ (SO); Stable (06-Jul-18) 7)Provisional CARE AA+ (SO); Stable (18-May-18) 8)Provisional CARE AA+ (SO); Stable (05-Apr-18)
5.	Debentures-Non Convertible Debentures	LT	55.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)Provisional CARE A+ (SO) (CWD) (12-Mar-19) 2)Provisional CARE AA (SO) (CWD) (06-Feb-19) 3)Provisional CARE AA+ (SO); Stable (25-Jul-18)

								4)Provisional CARE AA+ (SO); Stable (06-Jul-18)
6.	Debt-Subordinate Debt	LT	25.00	CARE A+; Stable	-	1)CARE A; Stable (29-Sep-20)	1)CARE A; Stable (26-Sep-19) 2)CARE A (CWD) (05-Apr-19)	1)CARE A (SO) (CWD) (12-Mar-19) 2)CARE AA- (SO) (CWD) (06-Feb-19) 3)CARE AA (SO); Stable (06-Jul-18)
7.	Fund-based - LT-Term Loan	LT	138.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO); Stable (25-Jul-18) 6)CARE AA+ (SO); Stable (06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)
8.	Fund-based - LT-Term Loan	LT	107.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO); Stable (25-Jul-18) 6)CARE AA+ (SO); Stable

								(06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)
9.	Fund-based - LT-Term Loan	LT	21.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO); Stable (25-Jul-18) 6)CARE AA+ (SO); Stable (06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)
10.	Fund-based - LT-Term Loan	LT	63.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO); Stable (25-Jul-18) 6)CARE AA+ (SO); Stable (06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)

11.	Debentures-Non Convertible Debentures	LT	50.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (25-Jul-18) 4)CARE AA+ (SO); Stable (06-Jul-18)
12.	Debentures-Non Convertible Debentures	LT	100.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)Provisional CARE A+ (SO) (CWD) (12-Mar-19) 2)Provisional CARE AA (SO) (CWD) (06-Feb-19) 3)Provisional CARE AA+ (SO); Stable (25-Jul-18) 4)Provisional CARE AA+ (SO); Stable (06-Jul-18)
13.	Fund-based - LT-Term Loan	LT	51.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)CARE AA+ (SO); Stable (28-Dec-18) 4)CARE AA+ (SO); Stable (28-Sep-18) 5)CARE AA+ (SO); Stable (25-Jul-18) 6)CARE AA+ (SO); Stable (06-Jul-18) 7)CARE AA+ (SO); Stable (18-May-18) 8)CARE AA+ (SO); Stable (05-Apr-18)
14.	Debt-Subordinate	LT	25.00	CARE	-	1)CARE A;	1)CARE A;	1)CARE A (SO)

	Debt			A+; Stable		Stable (29-Sep-20)	Stable (26-Sep-19) 2)CARE A (CWD) (05-Apr-19)	(CWD) (12-Mar-19) 2)CARE AA- (SO) (CWD) (06-Feb-19) 3)CARE AA (SO); Stable (06-Jul-18)
15.	Debt-Subordinate Debt	LT	25.00	CARE A+; Stable	-	1)CARE A; Stable (29-Sep-20)	1)CARE A; Stable (26-Sep-19) 2)CARE A (CWD) (05-Apr-19)	1)CARE A (SO) (CWD) (12-Mar-19) 2)CARE AA- (SO) (CWD) (06-Feb-19) 3)CARE AA (SO); Stable (06-Jul-18)
16.	Debentures-Non Convertible Debentures	LT	300.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)CARE A+ (SO) (CWD) (12-Mar-19) 2)CARE AA (SO) (CWD) (06-Feb-19) 3)Provisional CARE AA+ (SO); Stable (25-Jul-18) 4)Provisional CARE AA+ (SO); Stable (06-Jul-18)
17.	Commercial Paper	ST	-	-	-	-	-	1)Withdrawn (12-Mar-19) 2)CARE A1+ (CWD) (06-Feb-19) 3)CARE A1+ (06-Jul-18) 4)CARE A1+ (24-Apr-18)
18.	Debentures-Non Convertible Debentures	LT	500.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Sep-20)	1)CARE A+; Stable (26-Sep-19) 2)CARE A+ (CWD) (05-Apr-19)	1)Provisional CARE A+ (SO) (CWD) (12-Mar-19) 2)Provisional CARE AA (SO) (CWD) (06-Feb-19) 3)Provisional CARE AA+ (SO); Stable (31-Aug-18)

19.	Commercial Paper-Commercial Paper (Standalone)	ST	150.00	CARE A1+	1)CARE A1+ (01-Jun-21)	-	-	-
20.	Debentures-Non Convertible Debentures	LT	400.00	CARE A+; Stable	1)CARE A+; Stable (23-Aug-21)	-	-	-

- **Long Term / Short Term**

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Non-Convertible Debentures	Detailed explanation
A. Financial Covenants	
I. Maintenance of capital adequacy ratio	Capital adequacy ratio (which shall be calculated as per the extant guidelines of the RBI) shall be maintained at minimum 18% (eighteen per cent) during the tenure of the Debentures out of which Tier 1 capital adequacy ratio (which shall be calculated as per the extant guidelines of the RBI) shall be at 13% (thirteen per cent) minimum.
B. Non-financial covenants	
I. Rating related trigger clause	If the rating of the Debentures is suspended or withdrawn or moved to "issuer not cooperating" category or the long-term rating of the Debentures/Company is downgraded to A- or below (Acceleration Event), the Company shall be required to forthwith and in any event within 7 (Seven) calendar days of the occurrence of an Acceleration Event, provide an intimation, in writing to the Debenture Trustee and the Debenture Holders of the occurrence of such Acceleration Event ("Acceleration Event Intimation"). Upon the occurrence of an Acceleration Event, each Debenture Holder shall have the right but not the obligation to require the Company to redeem the Debentures held by such Debenture Holder ("Acceleration Option"), by provision of a notice in writing to the Company through the Debenture Trustee ("Acceleration Notice"). It is clarified that once the Acceleration Notice is issued by any Debenture Holders as provided for above, the Company shall be irrevocably and unconditionally bound to redeem the Debentures, in respect of which the Acceleration Notice has been issued, in the manner set out below. Upon receipt of an Acceleration Notice, the Company shall be obliged to redeem the Debentures held by the Debenture Holders who have chosen to exercise the Acceleration Option within 15 (Fifteen) calendar days of the date of the Acceleration Notice.

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Commercial Paper-Commercial Paper (Standalone)	Simple
2.	Debentures-Non Convertible Debentures	Simple
3.	Debt-Subordinate Debt	Complex
4.	Fund-based - LT-Cash Credit	Simple
5.	Fund-based - LT-Term Loan	Simple
6.	Term Loan-Long Term	Simple

Annexure 5: Bank Lender Details for this Company

Click here to view Bank Lender Details

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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