

S Chand & Company Ltd — 20 Nov 2025 Credit Rating Summary

Based on the ICRA report summary provided (Note: The source text is a summary landing page rather than the full detailed rationale), here is the equity-focused credit analysis.

Section	Details
Agency	ICRA
Rating Change	Withdrawn (Aye Finance PTCs) • Maintained INC (Shyam Cottex & Sardar Cotton)
Outlook (Current vs Previous)	Withdrawn (Aye Finance) • Issuer Not Cooperating (INC) (Shyam Cottex/Sardar Cotton)
Key Drivers of Change	<ol style="list-style-type: none"> Maturity/Redemption: Withdrawal for Aye Finance is due to the conclusion of the securitization transaction (full payout of PTCs). Non-Cooperation: Shyam Cottex/Sardar Cotton failed to provide data, triggering a "Non-Cooperating" status. Asset Class Performance: Successful withdrawal of unsecured business loan PTCs implies the underlying pool performed within expected loss parameters.
Rated Instruments	<p>Aye Finance: PTCs under Unsecured Business Loan Securitisation (□Not Disclosed, Rating Withdrawn)</p> <p>Shyam Cottex: Bank Facilities (Rating: INC)</p> <p>Sardar Cotton: Bank Facilities (Rating: INC)</p>
Key Observations	<ol style="list-style-type: none"> Aye Finance Execution: Demonstrates ability to successfully cycle and close securitization deals in the risky "unsecured business loan" segment. Information Asymmetry: Shyam Cottex and Sardar Cotton pose high risk due to lack of financial transparency (INC status). Macro Headwinds: WPI inflation surged to 3.9% (Mar-26), expected to hit 4.8% (Apr-26), signaling potential margin pressure for mid-market corporates. Funding Trends: NBFCs show strong Q4 profit potential despite margin pressure, but rising SGS cut-offs (7.81%-7.94%) suggest tightening liquidity/higher cost of funds.
Investor Impact	<p>Growth/Liquidity: Aye Finance's successful securitization exit validates their business model and frees up capital for further AUM growth.</p> <p>Risk Alert: "Issuer Non-Cooperating" status for textile players (Cottex/Cotton) is a major red flag for equity holders, often a precursor to default or restructuring.</p> <p>Margins: Rising energy prices and WPI (3.9%+) will likely compress gross margins for manufacturing entities.</p>
Agency / Cross Analysis	<p>Same Agency: Consistent application of the "Non-Cooperating" framework for firms failing to provide data. The withdrawal for Aye Finance is a routine administrative action following the successful completion of a structured finance instrument.</p> <p>Conclusion: Improvement for Aye Finance (proven asset quality in a pool); Deterioration/Risk for the textile entities due to persistent non-transparency.</p>
Final Inference	<p>Aye Finance: Positive signal; proves "unsecured" loan pools can reach full maturity safely.</p> <p>Textile Players: Strong sell/avoid signal; INC status indicates high governance risk or liquidity stress.</p>

Analyst Note on Data Limitations: *The provided text was a landing page summary. Exact Cr figures for the total facilities were not listed in the snippet. For a full equity valuation, the specific "Withdrawal Rationale" for Aye Finance should be cross-referenced with their latest AUM growth to ensure securitization is being replaced by low-cost on-balance sheet debt.*