



## Press Release

### Paisabuddy Finance Private Limited (PFPL)

**September 18, 2024**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facilities	64.09	IVR BBB-/ Stable and Withdrawn (IVR Triple B Minus with Stable Outlook and Withdrawn)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed and withdrawn	<a href="#">Simple</a>
Long Term Fund Based Facilities	0.00 (Reduced from 0.91)	--	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Withdrawn*	<a href="#">Simple</a>
<b>Total</b>	<b>64.09</b>	<b>(Rupees Sixty-Four crore and nine lakhs only)</b>			

*\*Withdrawn as No due certificate received from the lender*

**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reaffirmed the ratings assigned to the bank facilities of Paisabuddy Finance Private Limited (PFPL) and simultaneously withdrawn the ratings with immediate effect. The above action has been taken at the request of PFPL and 'No Objection Certificate and No Dues Certificate' received from the lenders. The rating is withdrawn in accordance with Infomerics Ratings' 'Policy on Withdrawal of Ratings'.

The reaffirmation of the ratings considers the growing loan portfolio, comfortable capitalization, and stable asset quality,; however these rating strengths are constrained by thin profitability and Regional concentration of operations.

The Stable Outlook reflects Infomerics expectations of steady AUM growth, stable asset quality along with stable profitability over FY25-FY27.



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### **Key Rating Sensitivities**

#### **Upward Factors**

- Substantial & sustained scaling up its operations and diversifying its loan portfolio geographically, while maintaining the asset quality indicators, adequate capital position and profitability.

#### **Downward Factors**

- Adverse movement in the collection efficiency in future which might impact the asset quality significantly thereby increasing the credit cost for the Company.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Growing loan portfolio:**

PFPL AUM grew by ~40% on y-o-y basis to Rs. 261.92 crore during FY24 (period refers to 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) driven by higher disbursements in CV portfolio. Infomerics expects PFPL's AUM to grow at steady space over FY25-FY27 with expected fund infusion during FY25.

##### **Comfortable capitalization:**

PFPL has an adequate capitalization profile, with the capital to risk weighted assets ratio (CRAR) of 28.94% as on March 31, 2024 (PY:41.02%) , as against minimum regulatory requirement of 15%. The overall gearing of the company stood comfortable and at 1.55x in FY24 (FY23:xx). The promoters have infused Rs 10.64 crore during FY24, and promoters are planning to additional capital during FY25 which is expected to improve gearing,

##### **Stable Asset Quality:**

PFPL is able to maintain a stable asset quality backed by its strong loan monitoring and adequate credit appraisal process. The GNPA and NNPA has slightly deteriorated though remain comfortable and stood at 1.22% and 0.84% respectively as on March 31, 2024, as compared to 0.31% and 0.28% respectively as on 31 March 2023, Asset quality has



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deteriorated due to seasoning effect; however Infomerics expects asset quality to remain comfortable through FY25-FY27 with strong collection efficiency.

### **Key Rating Weaknesses-**

#### **Low Profitability:**

PFPL's profitability remained low due to lower net spread which can be reflected by PAT of Rs.1.27 crore at the end of FY24 with lower net spread of 0.61%. NIM has declined to 7.67% in FY24 (FY23:8.58%) due to higher borrowing cost.

#### **Regional Concentration of Operations:**

PFPL operations are highly concentrated with Rajasthan contributing to 80% of its AUM as on March 31, 2023. Generally, the risk profile of a NBFC with a geographically diversified portfolio is more resilient compared to that of an entity with a geographically concentrated portfolio.

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

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

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

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

[Policy on Withdrawal of ratings](#)

#### **Liquidity: Adequate**

The company is adequately capitalized with a CAR (%) of 28.94% as on March 31, 2024, and Net worth of Rs 127.10 crore. As on 31<sup>st</sup> March 2024, the company has cash and bank balances of Rs 14.28 crore, also ALM remain positive across all the buckets..

#### **About the Company**

Incorporated in 1996, PFPL is a non-deposit accepting NBFC. PFPL, offers commercial vehicle loan for purchase of second-hand commercial vehicles such as Trucks, Buses, / Vans



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/ Cars / Tractors/ EV / HCV and also funds against such purchased assets for working capital requirement.

### Financials (Standalone) :

(Rs. crore)		
For the year ended/ As On*	31-3-2023 (Audited)	31-3-2024 (Audited)
Total Operating Income	20.75	47.45
PAT	1.14	1.27
Tangible Net-worth	50.16	127.10
Total Assets	150.13	261.92
<b>Ratios</b>		
NIM (%)	8.58	7.67
ROTA (%)	1.07	0.52
Interest Coverage (times)	1.18	1.07
Total CAR (%)	41.02	28.94
Gross NPA [Stage III] (%)	0.31	1.22
Net NPA [Stage III] (%)	0.28	0.84

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Nil

### Rating History for last three years:

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
					Sept 20, 2023		
1.	Term Loans	Long Term	63.09	IVR BBB-/ Stable Outlook & Withdrawn	IVR BBB-/ Stable Outlook	--	--
2.	Cash Credit	Long Term	1.00	IVR BBB-/ Stable Outlook & Withdrawn	IVR BBB-/ Stable Outlook	--	--



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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.

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

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### 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
Term Loan	--	--	--	Feb-25	11.33	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	May-25	1.43	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Nov-25	1.86	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Sep-25	4.50	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Mar-26	3.73	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Mar-25	8.05	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Jun-26	11.57	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	May-26	1.90	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Feb-26	4.66	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Mar-26	2.80	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Dec-27	9.50	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	Feb-26	1.78	IVR BBB-/ Stable and Withdrawn
Cash Credit	--	--	--	--	1.00	IVR BBB-/ Stable and Withdrawn
Term Loan	--	--	--	--	0.00	Withdrawn*

*\*Withdrawn as No due certificate received from the lender*

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Paisabuddy-finance-18sept24.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**





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**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).

