



Press Release

Best Capital Services Limited (BCSL)

March 12, 2025

Ratings

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|--|---|--|--|-------------------|--------------------------------------|
| Long Term Fund Based Bank Facilities – Term Loan | 85.20 (Reduced from Rs. 94.61 crore) | IVR BBB / Stable (IVR Triple B with Stable Outlook) | IVR BBB / Stable (IVR Triple B with Stable Outlook) | Rating reaffirmed | Simple |
| Long Term Fund Based Bank Facilities – Cash Credit | 4.00 | IVR BBB / Stable (IVR Triple B with Stable Outlook) | IVR BBB / Stable (IVR Triple B with Stable Outlook) | Rating reaffirmed | Simple |
| Long Term Fund Based Bank Facilities – Proposed | 60.80 (Enhanced from Rs. 51.39 Crore) | IVR BBB / Stable (IVR Triple B with Stable Outlook) | IVR BBB / Stable (IVR Triple B with Stable Outlook) | Rating reaffirmed | Simple |
| Proposed - Commercial Paper (CP) | 25.00 | IVR A3+ (IVR A Three Plus) | -- | Assigned | Simple |
| Total | 175.00 (Rupees One Hundred and Seventy-Five Crores only) | | | | |

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 / assigned the ratings assigned to the bank facilities / CP of BCSL which continues to derive strength from growth in income levels driven by AUM expansion, supported by healthy NIM, comfortable capitalisation levels, healthy asset quality levels given the unseasoned portfolio and experienced promoters and management. The ratings are however partially constrained by geographical concentration, moderate profitability due to high cost to income ratio and competitive nature of industry.

Infomerics Ratings expects outlook to remain stable on the back of stable growth in AUM levels due to expected capital infusion from the promoters and improvement in overall profitability while maintaining capitalisation as well as asset quality levels.



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For Proposed Commercial Paper Programme, BCSL has provided undertaking that they will keep 100% margin before 60 days from the date of maturity to the tune of CP outstanding.

Key Rating Sensitivities:

Upward Factors:

- Significant and sustained increase in the scale of operations while maintaining healthy asset quality, capitalization levels, liquidity and profitability.

Downward Factors:

- Substantial decline in scale of operations and/or significant deterioration in the asset quality, capitalization levels and profitability.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

- **Growth in income levels driven by AUM expansion, supported by healthy NIM:**
BCSL's total AUM has grown y-o-y by ~68% to Rs. 211.96 crore in FY24 (refers to period 1st April 2023 to 31st March 2024) (on book AUM: Rs. 205.06 crore: off book AUM: Rs. 6.60 crore) driven by the growth in secured MSME loan segment. The same is reflected in 9MFY25 numbers with total AUM at Rs. 268.15 crore as on 31st December 2024 (on book AUM: Rs. 264.82 crore: off book AUM: Rs. 3.33 crore). This growth in AUM has led to BCSL's NII increasing y-o-y by ~65% to Rs. 28.39 crore in FY24. Additionally, BCSL's NIM continues to remain healthy though marginally declined to 17.61% in FY24 (FY23: 19.13%) on account of lower net spread given the higher cost of borrowing. Infomerics Ratings expects the AUM growth momentum will continue over the medium term on the back of comfortable capitalization levels.
- **Comfortable Capitalization levels:**
BCSL's capitalization levels are comfortable marked by total CRAR which stood at 27.74% as on 31st December 2024 (31st March 2023: 35.27%; 31st March 2024: 30.32%) which is well above the minimum regulatory requirements supported by equity infusion from the promoters. Promoters have already infused equity of ~Rs. 16 crores in FY24 and is expected to infuse ~Rs. 50 crores in FY25 out of which promoters have infused ~Rs. 7 crores as on 30th September 2024. Infomerics Ratings expects



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capitalization levels to remain comfortable over the medium term on the back of expected equity infusion from the promoters coupled with improvement in generation of internal accruals.

- **Healthy asset quality levels given the unseasoned portfolio:**

BCSL's asset quality levels continue to remain healthy marked by GNPA and NNPA which stood at 0.32% & 0.27% respectively as on 31st March 2024 (31st March 2023: 0.37% & 0.34% respectively; 31st March 2022: 0.44% & 0.40% respectively). The same is reflected in 9MFY25 numbers with GNPA and NNPA at 0.68% & 0.58% respectively as on 31st December 2024. This is primarily due to its unseasoned portfolio as majority its disbursements have taken place in the period FY23 – H1FY25 with ~73% of its portfolio in the tenure of range of 2y – 5y as on 30th September 2024. Going forward, amidst growth in AUM levels, as the portfolio gets seasoned and with the change in NPA recognition policy, the ability of BCSL's to maintain healthy asset quality will remain a key rating monitorable.

- **Experienced promoters and management:**

BCSL is promoted by Mr. Arun Bagadia (Managing Director) who has more than two decades of experience in the finance industry and automobile financing (in operations, collection and legal) looks after the overall management of BCSL and is well supported by experienced key personnel. BCSL was taken over by its present promoter in 2011 and since then, it has been involved in the financing of auto and commercial vehicles and has over the years started SME loans (mortgage loans to SMEs).

Key Rating Weaknesses:

- **Geographical Concentration:**

In terms of geographical presence, BCSL is operating currently in seven states i.e. Rajasthan, Gujrat, Karnataka, Delhi, Telangana, Maharashtra, and Uttar Pradesh. Rajasthan is the main state of operations for BCSL which accounts for almost ~71% of the total loan portfolio as on 30th September 2024. Any change in the regulatory and microeconomic environment in the state of Rajasthan may negatively impact on the overall business profile.



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- **Moderate Profitability due to high cost to income ratio:**

BCSL's profitability remains moderate despite improvement in PAT in absolute terms which stood at Rs. 3.87 crore in FY24 compared to Rs. 2.67 crore in FY23. This is primarily on account of BCSL's high cost to income, which stood at 79.10% in FY24 (FY23: 78.21%). Cost to income has increased due to increase in number of branches to 28 in FY24 (FY23: 20), increase in employee count to 158 in FY24 (FY23: 115) coupled with high interest expenses. Going forward, BCSL's ability to improve profitability by bringing down the overall cost to income ratio will remain a key rating monitorable.

- **Competitive Nature of Industry**

The company is exposed to stiff competition from other varied NBFCs. The lending industry focused on NBFC financing of varied ticket size is highly fragmented with unorganized lenders also vying for the same set of borrowers.

Analytical Approach: Standalone

Applicable Criteria:

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

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

Liquidity – Adequate

Considering the current scale of operations, BCSL's total CRAR remains comfortable at 27.74% as on 31st December 2024 which is well above the minimum regulatory requirement. Also, it has adequately matched asset liability profile as on 30th September 2024, across all the buckets with no negative cumulative mismatches. Moreover, BCSL's free cash and cash equivalents stood at Rs. 42.41 crore as on 31st Dec 2024 which provides additional comfort.



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About the Company:

BCSL is a Non-Banking Finance Company (NBFC) incorporated in 1995 and having valid Certificate of Registration with Reserve Bank of India ('RBI') under current RBI classification as Non-Banking Finance Company-Non-Deposit Accepting. Registered Office is at located Jaipur, Rajasthan. BCSL is engaged in mortgage financing and vehicles financing including cars, light commercial vehicle, medium commercial vehicle etc.

Financials (Standalone):

| For the year ended* / As on | (Rs. crore) | |
|-----------------------------------|-------------|------------|
| | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Income | 26.41 | 52.77 |
| PAT | 2.67 | 3.87 |
| Tangible Net worth | 42.48 | 62.12 |
| AUM (On book as well as off book) | 126.28 | 211.96 |
| Ratios | | |
| NIM (%) | 19.13 | 17.61 |
| ROTA (%) | 2.41 | 1.80 |
| Interest Coverage (times) | 1.40 | 1.22 |
| Total CRAR (%) | 35.27 | 30.32 |
| Gross NPA [Stage III] (%) | 0.37 | 0.32 |
| Net NPA [Stage III] (%) | 0.34 | 0.27 |

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

| Sr. No. | Name of Security/Facilities | Current Ratings (2024 -25) | | | Rating History for the past 3 years | | |
|---------|--|-----------------------------|--------------------------------------|---|--|---|---|
| | | Type (Long Term/Short Term) | 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 |
| | | | | | -- | -- | -- |
| 1. | Fund Based Bank Facilities – Term Loan | Long Term | 85.20 (Reduced from Rs. 94.61 crore) | IVR BBB / Stable (March 12, 2025) IVR BBB / Stable | IVR BBB / Stable (March 20, 2024) IVR BBB- / Stable | IVR BBB- / Stable (Dec 30, 2022) IVR BBB- / Stable | IVR BB+ / Positive (Dec 16, 2021) |



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| Sr. No. | Name of Security/Facilities | Current Ratings (2024 -25) | | | Rating History for the past 3 years | | |
|---------|--|-----------------------------|---------------------------------------|---|---|--|---|
| | | Type (Long Term/Short Term) | 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 |
| | | | | | -- | -- | -- |
| | | | | (Jan 15, 2025) IVR BBB / Stable (Oct 14, 2024) | (Oct 17, 2023) | (Oct 04, 2022) | |
| 2. | Fund Based Bank Facilities – Cash Credit | Long Term | 4.00 | IVR BBB / Stable (March 12, 2025) IVR BBB / Stable (Jan 15, 2025) IVR BBB / Stable (Oct 14, 2024) | IVR BBB / Stable (March 20, 2024) IVR BBB- / Stable (Oct 17, 2023) | IVR BBB- / Stable (Dec 30, 2022) IVR BBB- / Stable (Oct 04, 2022) | IVR BB+ / Positive (Dec 16, 2021) |
| 3. | Fund Based Bank Facilities – Proposed | Long Term | 60.80 (Enhanced from Rs. 51.39 Crore) | IVR BBB / Stable (March 12, 2025) IVR BBB / Stable (Jan 15, 2025) IVR BBB / Stable (Oct 14, 2024) | IVR BBB / Stable (March 20, 2024) IVR BBB- / Stable (Oct 17, 2023) | IVR BBB- / Stable (Dec 30, 2022) IVR BBB- / Stable (Oct 04, 2022) | IVR BB+ / Positive (Dec 16, 2021) |
| 4. | Proposed Commercial Paper | Short Term | 25.00 | IVR A3+ (March 12, 2025) | -- | -- | -- |



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Analytical Contacts:

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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.

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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: Instrument/Facility Details:

| Name of Facility/ Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Listing Status | Rating Assigned/ Outlook |
|--|------|------------------|------------------|------------------------|--|----------------|--------------------------|
| Long Term Fund Based Bank Facilities – Term Loan | -- | -- | -- | Valid up to March 2029 | 85.20 (Reduced from Rs. 94.61 crore) | -- | IVR BBB / Stable |
| Long Term Fund Based Bank Facilities – Cash Credit | -- | -- | -- | Revolving | 4.00 | -- | IVR BBB / Stable |
| Long Term Fund Based Bank Facilities – Proposed | -- | -- | -- | -- | 60.80 (Enhanced from Rs. 51.39 Crore) | -- | IVR BBB / Stable |
| Proposed Commercial Paper | -- | -- | -- | -- | 25.00 | Unlisted | IVR A3+ |

Annexure 2: Facility wise lender details:

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

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

| | |
|---------------------|---------------------------------|
| Issuer | Best Capital Services Limited |
| Validity | Valid Throughout the Life Of CP |
| Amount | Up To Rs. 25 Crores* |
| Conditions (If any) | None |



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|------------------------------|---|
| Exact Purpose of Issue of CP | Meeting Working Capital Requirement, Which Will be in Compliance with Extant RBI Guidelines for CP Issuers. |
| Listing Status | Unlisted |
| Security Cover | BCSL will provide / earmark 110% of its loan portfolio as security |

*For Commercial Paper Programme, BCSL has provided undertaking that they will keep 100% margin before 60 days from the date of maturity to the tune of CP outstanding.

Annexure 4: List of companies considered for consolidated/Combined 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.