



Press Release

Jacinth Finvest Limited

October 25, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Issuer Rating	Not Applicable	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	IVR BB/Negative; Issuer Not Cooperating* (IVR Double B with Negative outlook; Issuer Not Cooperating)	Upgraded, Outlook revised and removed from Issuer Not Cooperating Category	Not Applicable

**Issuer not cooperating, based on best available information*

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 upgraded its Issuer rating of Jacinth Finvest Limited (JFL) based on the comfortable capitalization and extensive experience of promoters. However, rating is partially constraint by low scale of operations within on-book portfolio, average asset quality and intense competition among NBFC.

Infomerics Ratings expects outlook to remain stable on account of expected growth in asset under management (AUM) leading to improvement overall financial profile of the company.

Key Rating Sensitivities:

Upward Factors

- Substantial scaling up of its operations, while maintaining healthy asset quality, capital position, liquidity and profitability

Downward Factors

- Substantial decline in scale of operations, capital position, liquidity and profitability



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Comfortable capitalization**

JFL has comfortable capitalization with tangible net worth of Rs. 46.76 crore as on September 30, 2024. Net worth has improved on back of equity infusion and retention of profits. The overall CRAR stood comfortable at 58.63% as of September 30, 2024. Company's comfortable capitalization levels will allow them to grow their loan book without any further capital infusion in the near term.

- **Experienced Promoters**

Mr. M. Udaia Kumar founded the firm and serves as its Non- Executive Chairman. He has over 35 years of experience in financial inclusion, sustainability and development finance. Ms. Sucharita, Managing Director, holds a master's degree in business administration from Indian School of Business, Hyderabad. They are assisted by well qualified and experienced management team.

Key Rating Weaknesses

- **Low Scale of operations within on-book portfolio**

JFL's scale of operations within on book portfolio remained small over the last 3 fiscal years and at Rs.30.17 crore as on 31st March 2024 (31st March 2023: Rs. 32.54 crore). As on March 31, 2024, total AUM (including Bank Channel) of the company has increased by ~11% and stood at Rs.93.90 crore out of which on-book portfolio stood at Rs.30.17 crore. This has resulted in higher dependence on BC business in terms of profitability. However, management is expected to gradually increase its on book portfolio to 50% of its total AUM by FY25 with expected borrowings and capital infusion.

- **Average Asset quality**

Asset quality remained average with GNPA and NNPA of 2.04% and 0.00% respectively as of March 2024. (Vis-a-vis 1.83% and 0.51% respectively in FY23).



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Given that majority of the portfolio is secured with an average LTV of 50%, the ability of the company to make timely recoveries and maintain a healthy asset quality will be a key monitorable.

- **Competition in NBFC Segment**

The NBFC industry is prone to socio-political and operational risks, which could negatively impact the company's operations and thus its financial position as has been seen during the pandemic and demonetisation coupled with severe competition by other NBFCs and Banks.

Analytical Approach: Standalone

Applicable Criteria:

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

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

[Criteria for assigning Issuer Rating](#)

Liquidity – Adequate

As of March 31, 2024, JFL's ALM has positive cumulative mismatch across all buckets. Cash and liquid investments stood at Rs.0.65 crores as on 31 March 2024. Considering the scale of operations as on March 31st, 2024, the company is well capitalized with a CAR 57.29%.

About the NBFC

Jacynth Finvest Limited (JFL) is registered with Reserve Bank of India as non-deposit taking Non-Banking Financial Company serving the Micro and Small businesses segment since 2007. The prime objective of the company is to ensure adequate and timely credit to MSEs (Micro and Small Enterprises) who traditionally lack access to finance and banking services to scale up and grow their business.



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Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	12.57	14.27
PAT	1.26	2.48
Tangible Net worth	40.78	43.26
Total Asset	84.49	93.90
Ratios		
NIM (%)	14.11	17.07
ROTA (%)	4.44	4.23
Interest Coverage (times)	1.81	3.01
Total CAR (%)	59.56	57.29
Gross NPA [Stage III] (%)	1.83	2.04
Net NPA [Stage III] (%)	0.51	0.00

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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
					July 19, 2023	June 13, 2022	-
1	Issuer Ratings	-	-	(October 25, 2024) IVR BB+/Stable (September 19, 2024) IVR BB/Negative ; Issuer Not Cooperating	IVR BB+/Positive	IVR BB+(Is)/Stable	-



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Analytical Contacts:

Name: Sree Harsha	Name: Amey Joshi
Tel: (022) 62396023	Tel: (022) 62396023
Email: sree.harsha@infomerics.com	Email: amey.joshi@infomerics.com

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.

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Annexure 1: Instrument/Facility Details:

Name of Facility / Instruments	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Issuer Rating	-	-	-	-	IVR BB+/ Stable

Annexure 2: Facility wise lender details: Not Applicable

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

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.