



## Press Release

**Rupitol Finance Private Limited (RFPL)**  
**November 29, 2023**

### Ratings

Facilities	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities – Term Loan	15.47	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Long Term Bank Facilities – Cash Credit	1.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Proposed Long term facilities	73.53	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>90.00</b> <b>(Rupees</b> <b>Ninety crore</b> <b>only)</b>			

### Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of RFPL derives strength from strong asset quality, collection efficiency of company along with improved scale of operations. The rating is however constrained on account of comparatively new entrant in the industry, geographically concentrated portfolio, and competitive nature of industry.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained improvement in loan portfolio along with geographical diversification while maintaining current asset quality and periodic equity infusion.



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### Downward Factors

- Any declined in loan portfolio and/or any deterioration in asset quality and/or increase in proportion of unsecured loans.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- Shift focus from unsecured loans to secured loans:**

As on FY23 out of the total portfolio 69% are unsecured in nature; of which 58% is Nari Shakti Loan. As per management, RFPL is planning to shift focus from unsecured loans to secured loans from FY24 onwards and proportion of secured to unsecured loans would be 50:50 from current 30:70. RFPL is penetrating Nari Shakti Loans to convert unsecured loans to secured loans, the benefit which company is deriving from this strategy is that they are getting known customers for this segment with proven track record. They have adopted the same strategy for unsecured udyam shakti loan by penetrating customers from insta biz loan.

- Sustained growth in AUM**

AUM of RFPL has increased on y-o-y basis from Rs.6.82crs in FY21 to Rs.89.85crs in FY23 led by improvement Nari Shakti loan and secured business loan. AUM of RFPL Proportion of secured business loan to the overall AUM has increased to 30% in FY23 as compared to mere 4% in FY21. Future growth of AUM would be backed by mix of borrowings and infusion of equity.

- Marginal declined in NIM; however likely to remain stable through FY24-FY26:**

NIM has declined to 24% in FY23 from 27% in FY22 due to a higher proportion of secured loans which has lower yields as compared to unsecured loans. IVR notes that since proportion of secured loans to overall revenue will increase from FY24 onwards NIM is likely to around 24% through FY24-FY26.



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- **Strong asset quality and collection efficiency:**

Despite a higher proportion of unsecured loans RFPL asset quality remains strong and improved in FY23 with GNPA and NNPA is at 0.46% and 0.42% respectively (FY22:0.66% and 0.59% respectively). Collection efficiency remains strong and at 94% for twelve months ended March 23. Delinquency remains stable with minimum delinquency in more than 90 days bucket.

### Key Rating Weaknesses

- **Geographical concentration risk**

RFPL operations are concentrated in the state of Rajasthan, Gujrat, and Madhya Pradesh. RFPL has major presence in the state of Rajasthan only, having 78.59% of portfolio as on date July 31, 2023. One state concentration exposes the Rupitol finance to higher geographical concentration risk.

- **Higher dependence on unsecured loan segment**

Nari shakti loan and Insta Biz loan offered by the company are unsecured loans consisting of ~69% of overall loan book outstanding as on March 31, 2023. Ability of RFPL to reduce concentration of unsecured loans would be key monitorable.

- **Competition in NBFC segment**

RFPL is exposed to stiff competition from other NBFCs and banks. The lending industry focused on small ticket loans 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](#)

[Criteria of Rating Outlook | Infomerics Ratings](#)



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### Liquidity – Adequate

Considering the scale of operations as on March 31st, 2023, the company is well capitalized with a CAR 32.85%. Also, it has adequately matched asset liability profile as on June 31, 2023. Company's average working capital utilization remained comfortable at ~20% for the last twelve months period ended September 2023.

### About the Company

Rupitol Finance Private Limited is a NBFC based out of Rajasthan. The Company was established in 2018 as a private limited company and its registered office is situated in Udaipur, Rajasthan. Company has started with just 2 branches and 3 products. Currently company operates through network of 21 branches spread across Rajasthan, Madhya Pradesh, and Gujarat. The Company got its license as a Non-banking Finance Company (Investment and Credit Company) on 30th January, 2020 vide registration number B-10.00309. Company's vision is to provide loans for personal and professional enhancement preferably for under privileged individuals, enterprises and endeavour to make the range of financial products accessible to all and empower the lives of millions of clients across the country.

### Financials (Standalone)\*:

	(Rs. Crore)	
For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Income	7.24	21.01
Interest Expenses	1.01	4.00
PAT	0.90	3.06
Tangible Net worth	12.07	27.78
Total Debt	20.68	66.80
Total Loan Asset	31.28	89.85
Total Gearing	1.71	2.40
Gross NPA (%)	0.66	0.46
Net NPA (%)	0.59	0.42

\*Classification as per Infomerics standards

**Status of non-cooperation with previous CRA:** Nil.



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**Any other information:** None

**Rating History for last three years:** Not Applicable

**Name and Contact Details of the Rating Analyst:**

Name: Mr. Amey Joshi

Tel: (022) 62396023

Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)

**About Infomerics:**

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)



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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	-	-	15.47	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Long Term Bank Facilities – Cash Credit	-	-	-	1.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Proposed Long Term Facility	-	-	-	73.53	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-RFPL-nov23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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).

