



Press Release

Rupitol Finance Private Limited

August 30, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility- Term Loan	33.32	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reclassified	Simple
Long Term Bank Facility- Cash Credit	1.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reclassified	Simple
Proposed Long term Bank Facility	55.68	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reclassified	Simple
Total	90.00 (INR Ninety Crore 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

As on 29 August 2024, the company has sanctioned term loan of Rs.18.00 crore from State Bank of India and Rs.3.00 crore from Electronica Finance Limited. There is also reduction in term loan due to periodic repayments. As on 31st July,2024, outstanding term loans increased to Rs.33.32 crore on account of fresh sanctions. Accordingly, the proposed and outstanding limits/instruments have been reclassified.

The ratings of RFPL continues to draw comfort from strong asset quality, collection efficiency of company along with improved scale of operations. The rating is however constrained on



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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.

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:**



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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.

- **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:



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

[Criteria on assigning rating outlook](#)

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

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

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

Liquidity – Adequate

Considering the scale of operations as on March 31st, 2023, the company is well capitalized with a CAR 47.83%. 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):

For the year ended* / As on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	7.24	21.01
PAT	0.90	3.06
Tangible Net worth	12.07	27.78
Total Asset	31.28	89.85
Ratios		
NIM (%)	27%	24%
ROTA (%)	4.33	5.00
Interest Coverage (times)	1.71	2.40
Total CAR (%)	76.65	47.83



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For the year ended* / As on	31-03-2022	31-03-2023
Gross NPA [Stage III] (%)	0.66	0.46
Net NPA [Stage III] (%)	0.59	0.42

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:Not Applicable

Any other information:

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Date (November 29,2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based Bank Facilities- Term Loan	Long Term	33.32	IVR BBB-/Stable	IVR BBB-/Stable	-	-
2.	Fund Based Bank Facilities- Cash Credit	Long Term	1.00	IVR BBB-/Stable	IVR BBB-/Stable	-	-
3.	Fund Based Bank Facilities- Proposed	Long Term	55.68	IVR BBB-/Stable	IVR BBB-/Stable	-	-

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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



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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
Long Term Bank Facilities- Term Loan	-	-	-	-	33.32	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	-	-	-	-	55.68	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Rupitol-Finance-aug24.pdf>



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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.

