



Press Release

Enbee Trade and Finance Limited (ETFL)

March 25, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long-Term Bank Facility (Proposed facility)	10.00	IVR BB+ / Stable Outlook (IVR Double B plus, with Stable Outlook)	IVR B + /Negative. ISSUER NOT COOPERATING G* (IVR B plus with Negative outlook; Issuer Not Cooperating*)	Rating Upgraded and removed from Issuer not Cooperating category	<u>Simple</u>
Total	Rs. 10.00 Rupees Ten 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

Infomerics Ratings has upgraded its ratings assigned to the bank facilities of ETFL. The rating upgrade reflects experienced and professional management, comfortable capitalization, improving scale of operations and health asset quality. The rating strengths are however, constrained by geographical concentration risk, monoline nature of operations; relatively risky target segment and competitive nature of industry.

Infomerics Ratings expects outlook to remain stable with stable growth in AUM along with expected stable asset quality and comfortable capitalisation levels driven by internal accruals and periodic equity infusion by promoters.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained scaling up its operations and diversifying its loan portfolio geographically, while maintaining healthy asset quality indicators, comfortable capital position and liquidity

Downward Factors



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- Substantial deterioration in operations impacting capital position, liquidity, and profitability.
- Adverse movements in collection efficiency impacting asset quality of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced and professional management**

ETFL is managed by a board of five directors, headed by Mr. Amarr Narendra Galla (Managing Director). All the directors are well-versed in the intricacies of business operations in NBFCs. The day-to-day affairs are overseen by Mr. Amarr Narendra Galla, along with other Key Managerial Personnel (KMPs), who possess adequate experience in the relevant sectors. ETFL has implemented robust tracking and MIS systems, which are sufficient to support future growth and expansion. Additionally, the company has established monitoring systems to ensure that credit bureau checks and loan utilization checks are conducted in all cases. This has enabled the company to report strong asset quality. Infomerics Ratings believes that the strong leadership and active involvement of the promoter and management will contribute significantly to the company's long-term success and growth

- **Comfortable capitalization**

ETFL's overall CRAR stood comfortably at 79.07% in FY24 (compared to 79.69% in FY23), which is well above the regulatory requirement of 15%, providing the company with sufficient headroom to continue its growth and further expand its portfolio. Furthermore, the Total CRAR stood comfortably at 74.04 % in 9MFY25. ETFL's tangible net worth increased significantly to Rs. 30.38 crore in FY24, from Rs. 10.40 crore in FY23. This growth was driven by the accumulation of profits in reserves and surplus and an equity infusion of Rs. 19.08 crore during FY24, further strengthening the company's financial position. Infomerics believes ETFL 's CRAR is expected to remain comfortable, supported by current leverage and moderate growth in AUM. The company has further raised Rs.45.80 crore through rights issue in Dec-24 bolstering net-worth.

- **Improving Scale of operations**



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ETFL's total operating income has significantly improved by 110.70%, to Rs. 10.26 crore in FY24 (period refers from 01st April 2023 to 31st March 2024), compared to FY23. This substantial increase is primarily attributed to higher loan disbursements, particularly driven by the growth in personal loans. Additionally, ETFL's AUM have shown a significant increase, from Rs. 35.65 crore in FY23 to Rs. 61.25 crore in FY24, largely propelled by the expansion in personal loans and MSME loan and is expected to touch Rs.130.00 crore by FY2025. The company's NII has also seen substantial growth, to Rs. 8.51 crore in FY24, from Rs. 3.49 crore in FY23. This growth was driven by the growth in AUM and improved realizations from the loan portfolio. Furthermore, the Net Interest Margin (NIM) has improved significantly, remaining healthy at 17.57% in FY24, compared to 12.10% in FY23. This reflects the company's ability to maintain a strong and healthy margin despite the evolving market conditions.

- **Healthy asset quality**

The asset quality remained healthy with nil GNPA and NNPA recorded for FY24 and 9MFY25 compared to 6.61% and 3.37% respectively in FY23. This strong performance can be attributed to the company's focus on lending primarily to individuals and borrowers with whom they have personal relationships, as well as those with strong references. ETFL's stringent lending practices, which include a thorough credit evaluation and comprehensive due diligence process for borrowers, have played a key role in maintaining this asset quality. A key aspect to monitor will be ETFL's capability to manage slippages and healthy asset quality in the near term.

Key Rating Weaknesses

- **Geographical concentration risk**

ETFL's operations are primarily concentrated in the state of Maharashtra, with a single branch located in Mumbai. This limited geographic presence restricts the company's ability to diversify its operational base and exposes it to risks associated with geographical dependence.

- **Monoline nature of operations; relatively risky target segment**

As the new management took over the business in 2015 and majority operation has been started from FY21, the company suffers from lower seasoning of its loan portfolio. Further,



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ETFL product diversification remains low being concentrated only in the small personal and MSME loans. Further, unsecured lending to the individual borrower profile and the political & operational risks associated with the lending may result in high volatility in the asset quality indicators. ETFL's ability to maintain the asset quality indicators through economic cycles remains a key rating monitorable.

- **Competitive nature of industry**

ETFL is exposed to stiff competition from other varied other NBFCs, unorganized lenders and banks. The personal loan and MSME segment is experiencing increasing competition from banks, non-banking financial companies (NBFCs) and unorganized lenders.

Analytical Approach: Standalone

Applicable Criteria:

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

[Criteria for assigning Rating outlook.](#)

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

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

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

Liquidity – Adequate

Considering the scale of operations as on March 31, 2024, ETFL is well capitalized with CRAR (%) of 79.07%. Also, it has adequately matched asset liability profile as on 30.12.2024. ETFL's cash and cash equivalents stood at Rs. 0.01 crore as on December 31, 2024. Additionally, ETFL tangible net worth has increased to Rs. 30.38 crore in FY24 (period refers to 01st April 2023 to 31st March 2024) compared to Rs. 10.40 crore in FY23 this growth was driven by the accumulation of profits in reserves and surplus and an equity infusion of Rs. 19.08 crore during FY24, further strengthening the company's financial position. CRAR is expected to remain comfortable, supported by current leverage and moderate growth in AUM. ETFL has issued rights issue of 3.47 crore shares at the price of Rs. 13 per share in December 2024 totalling to Rs. 45.08 crore. At security premium of Rs. 3 per share. The issue was fully subscribed leading to higher net-worth in FY2025 and improved liquidity.



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About the Company

Enbee Trade and Finance Limited (ETFL) is a Non-Banking Financial Company (NBFC) incorporated in July 1985, in Mumbai. After incorporation, the company had been engaged in various lending related activities and obtained a NBFC registration from RBI and get listed on BSE since 1986. During 2015, current management has taken over ETFL from previous management and continues the lending activities to the individuals as personal loans and MSME Loans to retailers. Currently, the operations of the company are managed by Mr. Amarr Narendra Galla, Managing Director, along with other four directors and a team of experienced Personnel.

Financials (Standalone):

	(Rs. crore)	
For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	4.87	10.26
PAT	0.14	1.56
Tangible Net worth	10.40	30.38
Total Loan Assets	35.65	61.25
Ratios		
NIM (%)	12.10	17.57
ROTA (%)	0.50	3.21
Interest Coverage (times)	1.13	2.21
Total CRAR (%)	79.69%	79.07%
Gross NPA [Stage III] (%)	6.61%	0.00%
Net NPA [Stage III] (%)	3.37%	0.00%

* Classification as per Infomerics' standards

a). Note: PAT in FY23 has changed in comparison to the press release dated September 26, 2023 on account of financial being restated by the management. Employee benefits expense for FY2023 has been reclassified in FY2024 (Audited). Tangible Net worth has changed in comparison to the press release dated in September 2023 on account of financial being restated. The Gross NPA and Net NPA percentages, Total CRAR calculation, ROTA and NIM calculation have all been restated by the management and reclassified, in comparison to the press releases dated September 26, 2023, and November 19, 2024.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	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.	Long-Term Bank Facility (Proposed facility)	Long Term	10.00	IVR BB+ / Stable Outlook	(November 19, 2024) IVR B+ /Negative. ISSUER NOT COOPERATING*	(September 26, 2023) IVR BB-/ Stable		

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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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For more information and definition of ratings please visit <http://www.infomerics.com/>.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISI N	Date of Issuan ce	Coupo n Rate/ IRR	Maturity Date	Listing Status	Size of Facility (Rs. Crore)	Rating Assign ed/ Outloo k
Long-Term Bank Facility (Proposed facility)	-	-	-	-	-	10.00	IVR BB+ / Stable Outlook

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-ETFL-mar25.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

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.