



Press Release

Supra Pacific Financial Services Limited (SPFSL)

March 07, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facility – Term Loans	16.44	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	--	Rating assigned	Simple
Long Term Fund Based Limits - OD	30.50	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	--	Rating assigned	Simple
Long Term Fund Based Facility – Proposed Term Loans	53.06	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	--	Rating assigned	Simple
Total	100.00 (INR One hundred 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 assigned its ratings to the bank loan facilities of SPFSL as it derives strength from its experienced promoters and management, sustained growth in its AUM, comfortable capitalisation and healthy asset quality. However, these strengths are partially offset by low profitability - and Inherent risks associated with NBFCs coupled with intense competition.

The Stable Outlook reflects the continued benefits derived by SPFSL from its promoter's experience and expectations of consistent growth in its AUM over FY25-FY27 on the back of comfortable capitalisation levels.

Key Rating Sensitivities:

Upward Factors



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- Substantial and sustained growth in scale of operations while maintaining healthy asset quality, capitalization levels and profitability.

Downward Factors

- Substantial decline in scale of operations and capitalization of the company.
- Adverse movements in the collection efficiency impacting the asset quality significantly thereby impacting the profitability of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable Capitalization: SPFSL is comfortably capitalized with total CRAR of 50.90% as against the minimum regulatory requirement of 15% FY24 (refers for the period April 01st 2023 to March 31st, 2024) as against 43.27% in FY23. However, total CRAR moderated to as 37.43% in 9MFY25 on the back of growth in AUM. The management has informed that they plan to infuse an additional capital of Rs 15.00 crores in Q4FY25 which will help the company to maintain comfortable capitalisation levels amidst the growth in AUM. SPFSLs net worth has consistently increased and stood at Rs 63.70 crore as on 31 Dec 2024 (Rs 52.70 crores as on 31 March 2024) on the back of capital infusion by the promoters.

Sustained growth in AUM: SPFSL extends Gold Loans, Auto loans, Microfinance Loans and Business loans, though the company has diversified product profile, gold loan stands as the primary product contributing to ~72% of total AUM as on 31 Dec 2024. SPFSL AUM has shown sustained growth in the last 3 years with total AUM increasing to Rs. 213.54 Crores as on Dec 31, 2024, from 129.97 Crores in FY24 and Rs. 61.06 crore in FY23.

Healthy asset quality:

SPFSLs asset quality remains healthy with GNPA and NNPA of 0.40% and 0.24% respectively in FY24 when compared with 0.60% and 0.37% respectively in FY23. However, the same has moderated in the first nine months of FY25 with GNPA and NNPA increasing to 0.96% and 0.58% respectively, primarily due to a rise in GNPA from microfinance loans which form



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10.71% of total loan book given the stress faced by MFI industry. Going forward, the ability of SPFSL to maintain healthy asset quality amidst growing AUM will be key rating monitorable.

Experienced promoters and management:

Supra Pacific Financial Services Limited (SPFSL) is promoted by its managing director, Mr. Joby George who has an experience of more than two decades in lending industry. The operations of SPFSL are overseen by the directors, Mr. Abidh Abubakkar, Mr. Sandeep Babu. T and Mr. Manoj. K, who also have an experience of more than 15 Years.

Key Rating Weaknesses

Low Profitability due to high cost to income ratio:

Despite the growth in AUM and income levels, the profitability of SPFSL remains low with SPFSL reporting PAT of Rs. 0.67 crore for FY24 when compared to Rs. 0.26 crore in FY23, further it has moderated to Rs.0.41 crore in 9MFY25. Low profitability is on account of higher operating costs as the company is increasing its branch network and ~50% of new branches are yet to achieve breakeven. Hence, the company's cost-to-income ratio remained high at 93.92% in FY24, the same stood at 94.75% in 9MFY25. SPFSL currently operates through 76 branches across four states (53 branches in FY24). The management has informed that ~50% of the new branches are expected to achieve breakeven by end of FY25 and hence, the profitability is expected to improve.

Inherent risks associated with NBFCs coupled with intense competition

SPFSL remains exposed to inherent risks in the lending industry, including sensitivity to the prompt recovery/collection of loans. The lending 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 coupled with severe competition by other NBFCs and Banks.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Non-Banking Finance companies](#)

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

[Criteria of assigning rating outlook](#)

[Complexity level of rated instruments/Facilities](#)

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

Liquidity – Adequate

SPFSL is adequately capitalized with total CRAR (%) of 37.43% as on 31 Dec 2024. As on 31 Dec 2024, SPFSL has liquidity of Rs. 9.68 crore in the form of cash and bank balances and Unutilised bank limits. Also, as on 31 Dec 2024, SPFSL has adequately matched ALM profile with no negative cumulative mismatches across various buckets.

About the Company

Supra Pacific Financial Services Limited is first registered as Mid East Consultants Pvt. Ltd., on 11/04/1986. In 1996, the Mid East Consultants Pvt. Limited was renamed as Montage Housing Finance Private Limited as the company shifted focus from financial consulting to retail lending. They made their first Public Issue in July 1996, and the equity shares were listed on the Pune and the Ahmedabad Stock Exchanges. It was renamed and re-incorporated as Supra Pacific Management Consultancy, vide ROC Certificate dated 15/12/1998. Supra Pacific Management Consultancy continues to be listed on the Bombay Stock Exchange and are now offering a wider range of reliable and effective financial solutions contributing to the upliftment of all sections of the society. The company has changed its name to Supra Pacific Financial Services Limited on 20 June 2023.

Financials (Standalone):

(Rs. crore)

For the year ended/As on*	31-03-2023	31-03-2024
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	(Audited)	(Audited)
Total Income	12.36	25.91
PAT	0.26	0.67
Tangible net worth	21.35	52.70
Total debt	50.88	92.54
AUM	61.06	129.97
<u>Ratios</u>		
NIM (%)	11.35	10.55
Total CRAR (%)	43.27%	50.90%
Gross NPA [Stage III] (%)	0.60%	0.40%
Net NPA [Stage III] (%)	0.37%	0.24%
Overall gearing (x)	2.38	1.76
Interest Coverage (x)	1.10	1.07

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

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.	Long Term Fund Based Facility – Term Loans	Long Term	16.44	IVR BBB- / Stable	--	--	--
2.	Long Term Fund Based Limits - OD	Long Term	30.50	IVR BBB- / Stable	--	--	--



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3.	Long Term Fund Based Facility – Proposed Term Loans	Long Term	53.06	IVR BBB- / 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.



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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)	Listing status	Rating Assigned/Outlook
Long Term Fund Based Facility – Term Loans	-	-	-	17 May 2027	16.44	-	IVR BBB-/Stable
Long Term Fund Based Limits - OD	-	-	-	Revolving	30.50	-	IVR BBB-/Stable
Long Term Fund Based Facility – Proposed Term Loans	-	-	-	--	53.06	-	IVR BBB-/Stable

Annexure 2: Facility wise lender details:

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



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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.

