



Press Release

Universal Fingrowth Private Limited

April 24 , 2024

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned	Rating Action	Complexity indicators
1	Long Term Fund Based Facility – Cash Credit	3.00	IVR BB+/Stable outlook (IVR Double B Plus with Stable outlook)	Reaffirmed	Simple
2	Long Term Fund Based Facility – Overdraft	0.00 (Reduced from 3.00)	--	Withdrawn	Simple
3	Long Term Fund Based Facility– Term Loan	34.02 Crore (Increased from 22.00)	IVR BB+/Stable outlook (IVR Double B Plus with Stable outlook)	Reaffirmed	Simple
4	Proposed Long Term Fund Based Facility – Term Loan	17.98 (increased from 17.00)	IVR BB+/Stable outlook (IVR Double B Plus with Stable outlook)	Reaffirmed	Simple
	Total	55.00 (INR Fifty Five Crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of rating assigned to the bank facilities of Universal Fingrowth Private Limited (UFPL) continues to derive comfort from comfortable operational indicators and capital structure along with experienced promoters. However, the rating strengths are partially offset by moderate asset quality and relatively small scale of operations due to geographical concentration.

The rating assigned to Rs.3.00 crores overdraft facility has been withdrawn based on the client request and receipt of 'No Dues Certificate' from the banker. The rating is withdrawn in line with Infomerics' policy on withdrawal of ratings.



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Key rating sensitivities:

- **Upward factor**
 - Substantial and sustained scaling up of its operations and diversifying its loan portfolio geographically, while maintaining healthy asset quality, comfortable capitalization and profitability.
- **Downward factor**
 - Substantial decline in loan book and capitalization levels
 - Adverse movement in collection efficiency which impacts the asset quality significantly thereby increasing the credit cost of the Company.

Key rating drivers with detailed description

Key rating strengths

Comfortable operational indicators and capital structure

UFPL's Net Interest Income (NII) has improved to Rs.4.06 crore in FY23 as compared to Rs.3.90 crore in FY22 led by increase in AUM which has increased to Rs.40.59 crore (FY22: Rs.34.92 crore). UFPL's AUM has further grown to Rs. 61.32 crore as on 31 December 2023.

UFPL's capitalisation levels remains comfortable with CRAR of 39.88% for which is well above the regulatory requirement. UFPL's comfortable capitalisation levels allows them to grow their loan book without any further capital infusion in the near term.

Experienced promoters

UFPL is promoted by Mr. Ramesh Chand Maheshwari, who has more than four decades of experience in financial services sector.

Key rating weaknesses

Moderate asset quality albeit improvement

UFPL has demonstrated its ability to maintain its asset quality on the back of its stringent credit underwriting and monitoring policy. Gross Non-Performing Assets (GNPAs) and Net Non –



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Performing Asset (NNPAs) improved to 1.60% and 1.27% respectively in FY23 as compared to GNPA and NNPA of 1.90% and 1.52% respectively in FY22.

Relatively Small scale of operations due to regional concentration

Despite the growth in AUM of UFPL, the scale of operation remains small given the geographical concentration as 100% of its portfolio is from Rajasthan. However, management has plans to foray into new states in the near term, The company has plans to grow its AUM to ~INR100 Crore by end of March 2025.

Analytical Approach: Standalone

Applicable Criteria:

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

[Policy on Withdrawal of Ratings](#)

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

Liquidity: Adequate

UFPLs liquidity remains adequate backed by comfortable capitalization with a CAR (%) of 39.65% as on March 31st, 2023, and Net worth of Rs 15.64 Crores. Also, it has adequately matched asset liability profile as on December 31, 2023. As on 31 Dec 2023, the company has cash and bank balances of Rs 8.45 Crores and unutilized bank limits of Rs 3.00 Crores.

About the Company

UFPL is a Jaipur, Rajasthan based NBFC which obtained the NBFC license in 2016 and started its commercial operations from FY17 onwards. Currently the company is engaged in the business of providing MSME and Loan Against Property (LAP) loans to retailers, traders, salaried individuals etc.

Financials: Standalone

(INR. Crore)

For the year ended/ As On*	31-3-2022 (Audited)	31-3-2023 (Audited)
Total Operating Income	6.59	8.20



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PAT	1.16	0.14
Total Debt	20.70	32.67
Tangible Net worth	15.55	15.64
Total Loan Assets	34.92	39.60
Overall Gearing Ratio (x)	1.33	2.90
Gross NPA (%)	1.90	1.69
Net NPA (%)	1.14	1.27
CRAR (%)	44.11	39.88

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: N.A

Any other information: Mr. Gauri Shankar who is a member of the Rating Committee of INFOMERICS is on the Board of Universal Fingrowth Private Limited. (hence, in accordance with the compliance norms he has not participated in any of the discussions and processes related to the aforesaid ratings).

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (February 28, 2023)	Date(s) & Rating(s) assigned in 2021-22 (January 7, 2022)	Date(s) & Rating(s) assigned in 2020-21 (January 8, 2021)
1	Long Term Fund Based Facility – Cash Credit	Long Term	3.00	IVR BB+/Stable outlook	IVR BB+/Stable outlook	IVR BB+/Stable outlook	--
2	Long Term Fund Based Facility – Overdraft	Long Term	0.00 (Reduced from 3.00)	-	IVR BB+/Stable outlook	--	--
3	Long Term Fund Based Facility– Term Loan	Long Term	34.02 Crore (Increased from 22.00)	IVR BB+/Stable outlook	IVR BB+/Stable outlook	IVR BB+/Stable outlook	--
4	Proposed Long Term Fund Based Facility – Term Loan	Long Term	17.98 (increased from 17.00)	IVR BB+/Stable outlook	IVR BB+/Stable outlook	IVR BB+/Stable outlook	IVR BB+/Stable outlook
5	Proposed Long Term Fund Based Facility – Cash Credit*	Long Term	--	--	--	IVR BB+/Stable outlook	IVR BB+/Stable outlook



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6	Proposed Non – Convertible Debentures	Long Term	--	--	--	--	IVR BB+/Stabl e outlook
			55.00				

Name and Contact Details of the Rating Team:

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About Infomerics:

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.

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

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength



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of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Cash Credit	--	--	--	3.00	IVR BB+/Stable outlook
Long Term Fund Based Facility – Overdraft	--	--	--	0.00 (Reduced from 3.00)	-
Long Term Fund Based Facility– Term Loan	--	--	Up to April-29	34.02 Crore (Increased from 22.00)	IVR BB+/Stable outlook
Proposed Long Term Fund Based Facility – Term Loan	--	--	--	17.98 (increased from 17.00)	IVR BB+/Stable outlook

Annexure 2: List of companies considered for consolidated analysis: NA

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Universal-apr24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.