



Press Release

Paisabuddy Finance Private Limited (PFPL)

September 20, 2023

Ratings

Instruments	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facility – Term Loans	64.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Long Term Fund Based Limits -Cash Credit	1.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Total	65.00			

Details of instruments are in Annexure 1

Detailed Rationale

The assigning of ratings to the bank loan facilities of Paisabuddy Finance Private Limited (PFPL) consider the growing loan portfolio, Comfortable capitalization, and stable asset quality, however these rating strengths are constrained by thin profitability and Regional concentration of operations.

Key Rating Sensitivities

Upward Factors

- Substantial & sustained scaling up its operations and diversifying its loan portfolio geographically, while maintaining the asset quality indicators, adequate capital position and profitability.

Downward Factors

- Adverse movement in the collection efficiency in future which might impact the asset quality significantly thereby increasing the credit cost for the Company.

Key Rating Drivers with detailed description



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Key Rating Strengths-

Growing loan portfolio:

During FY23 the Company reported a total AUM of INR 150.13 Crore as on March 31st, 2023, when compared to INR 44.73 Crore as on March 31st, 2022 (increase of ~235%). During FY23, the Company reported ROTA of 1.30% in FY23 aided by moderate margins (NIM of 8.58% in FY23).

Comfortable capitalization:

PFPL has an adequate capitalization profile, with the capital to risk weighted assets ratio (CRAR) of 41.02% as on 31 March 2023, compared with the minimum regulatory requirement of 15%. The overall gearing of the company stood at 2.29 times. The promoters have infused Rs 25.00 Crores on July 14th, 2023, and also company have planned to infuse significant amount of capital further in FY24 which could result in improvement of its net worth and also to achieve even better CRAR.

Stable Asset Quality:

PFPL has maintained healthy collection efficiency and has managed to keep its average collection efficiency ~94% in the last 12 months. PFPL is able to maintain a stable asset quality backed by its strong loan monitoring and adequate credit appraisal process. The GNPA stood at 0.31% as on March 31, 2023, which improved from 1.39% as on 31 March 2022.

Key Rating Weaknesses-

Thin Profitability:

The profitability of the PFPL remained rangebound and low over the past three fiscals mainly due to its high borrowing cost leading to low net spread and high cost to income ratio. Further, NIM moderated gradually over the aforesaid period. Going forward, the ability of the group to decrease its cost to income ratio and reduce its interest expenses and improve its profitability will be a key rating monitorable.

Regional Concentration of Operations:

PFPL operations are highly concentrated with Rajasthan contributing to 80% of its AUM as on March 31, 2023. Generally, the risk profile of a NBFC with a geographically diversified portfolio is more resilient compared to that of an entity with a geographically concentrated portfolio.

Analytical Approach: Standalone

Applicable Criteria:



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

Liquidity: Adequate

The company is adequately capitalized with a CAR (%) of 41.02% as on March 31, 2023, and Net worth of Rs 25.16 Crores. As on March 31, 2023, PFPLs unsecured loan stands at Rs. 76.01 Crores out of which Rs. 39.64 Crores is from Promoters. Further, out of which Rs. 39.64 crores Rs. 25.00 Crores have been converted to equity in the month of July 2023, The same has been considered for the calculation of Tangible Net worth as on March 31 2023. The company has cash and bank balances of Rs 10.04 Crores.

About the Company

Paisabuddy Finance Private Limited is a Non-banking financial Company (NBFC). It is incorporated as a private limited company on August 19, 1996 by the name of Gurudev Savings Hire Purchase India Private Limited. The name was changed on 28 March 2018. Company is registered with the Reserve Bank of India as a non-deposit accepting Loan NBFC and operates from its registered office which is located at C-24 A, Lal Kothi, Jaipur- 302015 (Rajasthan). Paisabuddy offers Commercial vehicle loan for purchase of second-hand commercial vehicles such as Trucks, Buses, / Vans / Cars / Tractors/ EV / HCV and also funds against such purchased assets for working capital requirement. Management believes the product to provide a boost in reducing the maturity of the loan portfolio, which helps in making ALM comfortable, aside also gives good yield on the portfolio. Paisabuddy has been able to scale up CV business in short span on account of strong and experienced team, who has decade of experience in managing the business.

Financials (Standalone) : PFPL

For the year ended/ As On*	31-3-2022 (Audited)	31-3-2023 (Audited)
Total Operating Income	7.45	20.75
PAT	0.74	1.14
Tangible Net-worth	24.08	50.16
Total Loan Assets	44.73	150.13
Total Debt	22.58	115.01
Gearing (Times)	0.94	2.29
CRAR (%)	52.07%	41.02%
GNPA (%)	1.39%	0.31%
NNPA (%)	1.25%	0.28%



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Status of non-cooperation with previous CRA: None

Any other information:

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (May 25, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Fund Based Facility – Term Loans	Long Term	64.00	IVR BBB-/ Stable Outlook	-	-	--
2.	Long Term Fund Based Limits - Cash Credit	Long Term	1.00	IVR BBB-/ Stable Outlook	-	-	-

Name and Contact Details of the Rating Team:

Name: Amit Bhuwania Tel: (022) 62396023 Email: abhwnia@infomerics.com

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.

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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 Reaffirmed/ Outlook
Long Term Fund Based Facility – Term Loans	-	-	Up to December, 2027	64.00	IVR BBB-/ Stable Outlook
Long Term Fund Based Limits -Cash Credit	-	-	Revolving	1.00	IVR BBB-/ 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-paisabuddy-sep23.pdf>

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