



Press Release

Achievers Finance India Private Limited

February 04, 2021

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities – Term Loan (Proposed)	10.00	IVR BB / Positive Outlook (IVR Double B with Positive Outlook)	Reaffirmed with revision in outlook from Stable to Positive
Non-Convertible Debentures	10.00 *	IVR BB / Positive Outlook (IVR Double B with Positive Outlook)	Reaffirmed with revision in outlook from Stable to Positive
Total	20.00		

**Rs.7.00 crore stand subscribed till date out of which Rs.6.73 crore is outstanding as on December 31, 2020*

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid ratings assigned to the proposed term loan and non-convertible debentures of Achievers Finance India Private Limited (AFIPL) continues to derive comfort from its experienced promoters, healthy Capital Adequacy Ratio (CAR) along with improvement in financial performance and asset quality in FY20 & in 9MFY21. However, these ratings are constrained by its small scale of operations, vulnerability to adverse gold price movement, lack of product diversification along with geographical concentration risk, weak resource profile and intense competition. The revision in outlook from Stable to Positive is on account of the expected improvement in revenues with improvement in total assets under management and profitability.

Key Rating Sensitivities:

Upward factors

- Significant improvement in scale of operations with improvement in total assets under management and profitability
- Sustenance of comfortable capitalization level and improvement in liquidity position

Downward factors

- Moderation in scale of operation and/or moderation in profitability
- Significant deterioration in asset quality

List of Key Rating Drivers with Detailed Description



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Key Rating Strengths

Experienced promoters

The operations of the company are looked after by the promoter directors Mr. Suman Chakraborty, Ms. Sumana Roy and Mr. Pradipta S. Chakravarty who have an experience of over a decade in the sector. They are supported by experienced and qualified professionals.

Healthy capitalization marked by comfortable capital adequacy ratio

AFIPL has maintained a healthy capital adequacy ratio (CAR) over the years. As on March 31, 2020, CAR was healthy at 30% (34% March 31, 2019). Further, Infomerics expects that the capitalisation level of the company to remain comfortable over the near to medium term notwithstanding the fund requirements for expansion of business.

Improvement in financial performance in FY20 and 9MFY21

The company's total income increased from Rs.2.72 crore in FY19 to Rs.3.23 crore in FY20 driven by increase in loan portfolio during the year. NIM improved marginally from 16.87% in FY19 to 17.68% in FY20. ROTA though improved marginally from 3.25% in FY19 continues to remain moderate at 3.33% in FY20. The asset quality of the company continues to remain stable in FY20.

During 9MFY21, the company witnessed substantial improvement as compared to the corresponding period in the previous year due to the impact of COVID 19 which led to small businessmen, traders, etc. resorting to gold loan finance to meet their short-term working capital requirements amidst the pandemic. The company generated a Total Operating Income (TOI) of Rs.2.79 crore with PBT of Rs.0.68 crore during 9MFY21 as against a TOI of Rs.2.01 crore with PBT of Rs.0.35 crore during 9MFY20.

Key Rating Weaknesses

Small scale of operations with short track record

The scale of operations of the company remained small with a loan portfolio of Rs.12.34 crore as on March 31, 2020 and Rs.13.57 crore as on December 31, 2020. Further it has only been seven years since the company commenced its operations. The company is relatively in its initial stage of operations and is yet to stabilize its operation in gold loan sector.

Vulnerability to adverse gold price movement



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Notwithstanding its efforts to reduce the impact of gold price fluctuations, AFPL's credit profile remains susceptible to adverse and sharp movements in gold prices. Any steep decline in gold prices is expected to adversely impact the company's asset quality and business profile.

Lack of product diversification and geographical concentration risk

AIFPL's portfolio entirely consists of gold loans with no product diversification. Further, its operations are concentrated in the state of West Bengal (started from July, 2013). Single state concentration exposes the company to high geographical concentration risk. As on March 31, 2019, the company is operating in seven districts in West Bengal.

Competitive nature of industry

AFIPL is exposed to stiff competition from other NBFCs and banks. Better capitalised and more conservatively run finance companies are better placed in view of current economic scenario.

Weak resource profile

The company does not have any borrowings from banks. The company has been resorting to borrowings primarily in the form of corporate loans to meet its funding requirements. Substantial portion of the borrowings are from body corporates and NBFC's.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for NBFC's

Financial Ratios & Interpretation (Financial Sector)

Liquidity - Stretched

AFIPL has stretched liquidity marked by its weak resource profile and lack of availability of bank funding. The overall gearing also remained high at 1.75x as on March 31, 2020. However, the CAR remained healthy at 30% as on March 31, 2020 which is well above the stipulated regulatory norm of 15%. The company has modest free cash and cash equivalent of Rs.1.00 crore as on December 31, 2020.

About the Company

Achievers Finance India Private Limited (formerly known as Instant Suppliers Private Limited) is a "Non-Deposit taking NBFC" (NBFC-ND), focussing on Gold Loan Finance, headquartered in Kolkata. Achievers Finance started operations from July 2013 and



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currently has seven branches. The company provides loans secured by gold jewellery. The company's customers typically include small businessman, vendors, traders, farmers and salaried individuals.

Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	2.72	3.23
Interest	0.96	1.17
PAT	0.34	0.39
Total Debt	8.76	10.69
Tangible Net worth	5.80	6.11
Ratios		
a. PAT Margin	12.51	12.02
b. Overall Gearing ratio	1.51	1.75
c. Total CAR (%)	34	30
d. Gross NPA (%)	0.00	0.00
e. Net NPA (%)	0.00	0.00

*Classification as per Infomerics' Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years with Infomerics:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term Loan (Proposed)	Long Term	10.00	IVR BB / Positive Outlook	IVR BB / Stable Outlook (December 20, 2019)	IVR BB / Stable Outlook (December 12, 2018)	-
2.	Non-Convertible Debentures	Long Term	10.00 *	IVR BB / Positive Outlook	IVR BB / Stable Outlook (December 20, 2019)	IVR BB / Stable Outlook (December 12, 2018)	-

*Rs.7.00 crore stand subscribed till date out of which Rs.6.73 crore is outstanding as on December 31, 2020

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.

Name and Contact Details of the Rating Analyst:



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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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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 Bank Facilities - Term Loan (Proposed)	-	-	-	10.00	IVR BB /Positive Outlook
Non-Convertible Debentures Tranche I	March 02, 2019	Variable with a cap of 13.25%	Maximum till September 19, 2024	1.39	IVR BB /Positive Outlook
Non-Convertible Debentures Tranche II	August 02, 2019	Variable with a cap of 13.25%	Maximum till February 21, 2025	0.96	IVR BB /Positive Outlook



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Non-Convertible Debentures Tranche III	January 24, 2020	Variable with a cap of 13.25%	Maximum till August 23, 2025	1.76	IVR BB /Positive Outlook
Non-Convertible Debentures Tranche IV	July 24, 2020	Variable with a cap of 12.25%	Maximum till July 23, 2026	1.25	IVR BB /Positive Outlook
Non-Convertible Debentures Tranche V	January 08, 2021	Variable with a cap of 12.25%	Maximum till January 07, 2027	1.64	IVR BB /Positive Outlook
Non-Convertible Debentures (Unsubscribed)	-	-	-	3.00	IVR BB /Positive Outlook