



Press Release

Nalin Lease Finance Limited (NLFL)

January 30, 2021

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	7.50	IVR BB/Stable (IVR Double B with Stable Outlook)	Assigned
Total	7.50 (Seven Crore and Fifty Lakh)		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating assigned to the Nalin Lease Finance Limited (NLFL) derives comfort from its Experienced management and Comfortable Capital Structure. However, these rating strengths are partially offset by Small Scale of Operations, Geographical concentration risk, and Competitive nature of industry.

Key Rating Sensitivities:

Upward Factors

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

Downward Factors

- Movement in the collection efficiency which impacts the asset quality significantly thereby increasing the credit cost for the Company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management:

Promoters of the Company are well qualified, having long track record of over 4 decades in corporate and finance domain. Mr. Dilipkumar Gandhi is the pioneer in the success of NLFL.



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The NLFL is an independent and professionally managed Company, with a board that comprises of 3 Independent Directors and 3 Executive Directors. Highly qualified and experienced management facilitates the Company to achieve its objectives in efficient manner.

Comfortable Capital Structure:

NLFL's capital structure remains comfortable marked by low gearing ratio of 0.22x as on March 31, 2020 as against 0.34x on March 31, 2019. The debt protection metrics also remained comfortable marked by interest cover of 4.28x as on March 31, 2020 as against 3.49x as on March 31, 2019.

Key Rating Weaknesses

Small Scale of Operations:

The scale of operations of the company remained small with a loan portfolio of Rs.20.86 crore as on March 31, 2020 as against Rs.22.95 crore as on March 31, 2019. Due to the small loan portfolio the total interest income also remained low at Rs.4.98 crore in FY20 as against Rs.4.47 crore in FY19.

Geographical concentration risk:

The company currently operates from a single branch in Himmatnagar, Gujarat. The company provides services in the Sabarkantha, Arvalli, Mehsana & Other near Districts. Which makes high geographical concentration risk to the company.

Competitive nature of industry:

NLFL is exposed to stiff competition from other varied sized NBFCs. The lending industry focused around SMEs and small ticket unsecured loans is highly fragmented with unorganized lenders also vying for the same set of borrowers.



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Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Financial Institutions/NBFCs
Financial Ratios & Interpretation (Non- Financial Sector)

Liquidity – Adequate

Liquidity is marked adequate by healthy Capital adequacy ratio (%) of 90.84. Apart from it, the Company maintains cash and cash equivalents of about INR4.98 Crore as on March 31st, 2020. Also, the working capital limits remained low at an average of 15.50% in the twelve months through December 2020.

About the Company

Nalin Lease Finance Limited (NLFL) Incorporated in 1990 based in Himmatnagar, Gujarat is a listed company on BSE and registered with Reserve Bank of India as Non-Deposit Taking Company (NBFC). The company provides finance for new two wheelers in the Sabarkantha, Arvalli, Mehsana & Other near Districts. it's also engaged in gold loan business activities against gold ornaments in sabarkantha district.

Financials (Standalone):

(Rs. Crore)

For the year ended* As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	4.47	4.98
Interest	0.94	0.75
PAT	1.72	1.99
Total Debt	6.15	4.38
Tangible Net Worth	17.90	19.89
Total Loan Asset	22.95	20.86
PAT Margin (%)	38.49	39.95



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Overall Gearing Ratio (x)	0.34	0.22
Gross NPA (%)	0.80	8.04
Net NPA (%)	0.72	7.18

Status of non-cooperation with previous CRA: Issuer not cooperating by CRISIL vide press release dated January 30, 2020 due to non-availability of information

Any other information: N/A

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (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.	Cash Credit	Long Term	7.50	IVR BB/ Stable	-	-	-

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.

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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 Assigned/ Outlook
Long Term Bank Facility – Cash Credit	-	-	-	7.50	IVR BB/Stable