



**Press Release**  
**RORS FINANCE PRIVATE LIMITED**  
**December 11, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BB+   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) on the Rs. 50.00 Cr. bank facilities of RORS Finance Private Limited (RFPL). The outlook is ‘**Stable**’.

**Rationale for Rating**

The reaffirmation in rating is primarily on account of modest growth in scale of operations over the last three years and modest earning profile. The growth in AUM levels of the company has remained moderate over the last three years. The company reported an AUM of Rs. 49.27 Cr. as on March 31, 2024 as compared to Rs. 34.82 Cr. as on March 31, 2023. RORS Finance Private Limited (RFPL) reported a profit after tax (PAT) of Rs. 0.90 Cr. in FY2024 vis-a-vis Rs. 0.82 Cr. in FY2023 and Rs.0.89 Cr. in FY 2022 on account of higher operating costs, write-offs and provisions. The operating expenses to earning assets declined to 6.71 percent for FY24 as against 9.43 percent in FY23.

The rating continues to factor in company’s experienced management team, improving asset quality and moderate capitalization and gearing levels. RFPL's gnpa and npa stood at 1.36 percent and 0.87 percent respectively as on March 2024 as against 1.48 percent and 0.16 percent as on March 31, 2023. RFPL’s CAR stood at 23.98 percent as on March 31, 2024 as compared to 31.48 percent as on March 31, 2023.

Going forward the ability of the company to profitably scale up while maintaining the asset quality and diversify its operations will be key monitorables.

**About the company**

Incorporated in 2010, RORS Finance Private Limited (RFPL) is a Karnataka based NBFC – MFI promoted by Mr. P Sathyanarayana Reddy. Mr. Reddy is a social worker and is engaged in micro-financing activities since 2005 through RORES Micro Entrepreneur Development Trust (RMEDT). In 2009, he took over an existing NBFC, Pace Finance Private Limited and changed the name to RORS Finance Private Limited. RFPL’s focuses on urban and semi-urban poor economically active women involved in trading, production, petty business, skill and semi-skill activities, services and agri-allied livelihoods. RORS Finance Private Limited (RFPL) has adopted a JLG model of lending as well as provides loans to individuals. RFPL operates through a network of 16 branches spread across states of Tamil Nadu and Karnataka and has a borrower base of 10,663 borrowers as on Sept 30, 2023.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of RFPL to arrive at the rating.

**Key Rating Drivers**

**Strength****Experienced management and track record of operations**

RFPL has been extending micro credit since 2010 to women engaged in income generating activities under Joint Liability Group (JLG) model. The company has geographical presence in the states of Tamil Nadu and Karnataka

with its network of 16 branches and outstanding portfolio of Rs. 49.27 Cr. as on March 31, 2024. RFPL is promoted by Mr. P S Reddy, a social worker, who has been engaged in extending micro finance to urban and semi-urban poor through the RORES Micro Enterprise Development Trust (RMEDT) since 2005. Prior to RFPL, Mr. P S Reddy has been associated with RMEDT and RORES NGO which operated as an NGO and was engaged in rural development programmes, since 1987. In 2010, Mr. P S Reddy ploughed the profits of RMEDT to begin RFPL. The board of RORS comprises of five members, Mr. P S Reddy and his wife Mrs. Revathi Reddy from the promoter group. Mrs. Reddy was associated with RMEDT since 2005 and holds the administrative operations of RFPL. The company benefits from established presence in the sphere of social development through its group company RMEDT. Mr. P S Reddy is adequately supported by two Independent directors, Mr. Mohandas Kudva, ex DGM Canara bank, Mr. V Nagaraja, Ex CGM Punjab National Bank and one additional Director Mr. V. Srinivasulu, senior employee of RFPL. Mr. Kudva has headed different functions in credit and risk assessment during his tenure with Canara Bank, while Mr. Nagaraja has over 38 years of experience in the field of risk management credit policy, merchant banking, inspection and audit, customer service, management of Regional Rural Banks and government business. Mr. V.Sreenivasulu at present looks after HR, operations, liaising with Banks, RBI, ROC and Statutory Auditors. Acuité believes that established presence of the promoters in the microfinance segment will be central to support the business risk profile of the company in the near to medium term.

### **Moderate Asset Quality; albeit improving**

RFPL's overall loan portfolio stood at Rs. 49.27 Cr. as on Mar 31, 2024, the company has managed to maintain moderate asset quality as reflected in on-time portfolio at 97.78 percent as on March 31, 2024 (97.73 percent as on March 31, 2023) and scheduled collection efficiency at an average of ~91 percent for six months ended Sept 2024. RFPL's gnpa and nnpa stood at 1.36 percent and 0.87 percent respectively as on March 2024 as against 1.48 percent and 0.16 as on March 31, 2023.

Acuité believes, going forward, the ability of the company to maintain stable asset quality in the light of continuously evolving economic scenario will be a key monitorable.

### **Weakness**

#### **Small scale of operations**

RFPL has been in the micro finance lending space since 2010. The company has small scale of operations with an outstanding loan portfolio of Rs. 49.27 Cr. as on March 31, 2024 as compared to Rs. 34.82 Cr. as on March 31, 2023. The growth in AUM levels of the company has remained muted over the last three years, and has witnessed a slight growth in FY24. The company has maintained moderate profitability as reflected in its Return on Average Assets (RoAA) of 1.84 percent as on March 31, 2024 and Net Interest Margin (NIM) of 10.63 percent as on March 31, 2024. The dependency of the company to expand its operations is directly dependent on its ability to mobilize low cost debt, will be a key factor in the scalability of business. Another round of possible economic disruptions might also impair the scalability of business operations. Sustaining the current levels of loan portfolio along with maintaining asset quality will be a key credit monitorable.

Acuité believes, the ability of the company to mobilize additional funding through debt /sub debt and its ability to deploy the funds profitably while maintaining asset quality will be crucial to the credit profile of the company.

#### **Geographically concentrated portfolio**

RFPL has presence in two states with concentration in Tamil Nadu (~68 percent of the overall portfolio) and Karnataka (~32 percent) as on March 31, 2024. It has 11 branches in the state of Tamil Nadu and 5 branches in the state of Karnataka. This exposes the company to high geographical concentration risk. Thus, the company's performance is expected to remain exposed to competitive landscape in these regions and occurrence of events such as natural calamities, unrest, political developments may adversely impact the credit profile of the borrowers. Besides geography, the company will be exposed to competition and any changes in the regulatory framework.

Acuité believes that small scale of operations, coupled with geographic concentration in its portfolio will continue to weigh on the company's credit profile over the near to medium term.

### **Rating Sensitivity**

- Profitability and Liquidity Position.
- Raising funds in the form of equity and debt.
- Diversification in geographical profile while maintaining asset quality.

### **Liquidity Position**

#### **Adequate**

RFPL's collections efficiency for the month of Sep 2023 stood at ~99.8 percent. The company is in talks with various lenders to raise long term debt. The company's liquidity position is supported by unencumbered Cash and Bank Balance of Rs 5.59 Cr. as on March 31, 2023. RFPL's overall liquidity profile remains adequate with no negative cumulative mis-matches in near to medium term as per ALM dated March 31, 2023.

**Outlook:**

Stable.

**Other Factors affecting Rating**

None.

**Key Financials - Standalone / Originator**

Particulars	Unit	FY24 (Actual)	FY23(Actual)
Total Assets	Rs. Cr.	55.26	42.04
Total Income*	Rs. Cr.	5.36	5.09
PAT	Rs. Cr.	0.90	0.82
Net Worth	Rs. Cr.	12.19	11.29
Return on Average Assets (RoAA)	(%)	1.84	1.79
Return on Average Net Worth (RoNW)	(%)	7.64	7.50
Debt/Equity	Times	3.44	2.66
Gross NPA	(%)	1.36	1.48
Net NPA	(%)	0.87	0.16

*\*Total income equals to Net Interest Income plus other income*

**Status of non-cooperation with previous CRA (if applicable):**

Not Applicable

**Any other information**

None.

**Applicable Criteria**

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Oct 2023	Term Loan	Long Term	0.63	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	0.67	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	1.21	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	19.31	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	2.08	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	2.72	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	2.10	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	2.57	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	4.26	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	1.40	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	1.34	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	0.75	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	0.81	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	4.46	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	0.71	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	3.48	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	1.50	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
02 Aug 2022	Term Loan	Long Term	1.77	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.11	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.92	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.41	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.72	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	5.58	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	12.74	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.58	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.50	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.67	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)

07 May 2021	Proposed Long Term Bank Facility	Long Term	6.15	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.53	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.42	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.86	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.74	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.27	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.52	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.75	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.46	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.21	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.68	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.12	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.42	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.58	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.08	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.44	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.13	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.07	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.47	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.10	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	8.00	ACUITE BBB-   Stable (Reaffirmed)



# Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.25	Simple	ACUITE BB+   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	24 Mar 2022	Not avl. / Not appl.	31 Mar 2025	0.91	Simple	ACUITE BB+   Stable   Reaffirmed
UCO Bank	Not avl. / Not appl.	Term Loan	14 Mar 2022	Not avl. / Not appl.	31 Jan 2025	0.76	Simple	ACUITE BB+   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	14 Mar 2023	Not avl. / Not appl.	10 Feb 2025	1.26	Simple	ACUITE BB+   Stable   Reaffirmed
Electronica Finance Ltd.	Not avl. / Not appl.	Term Loan	30 Dec 2022	Not avl. / Not appl.	05 Jan 2025	0.39	Simple	ACUITE BB+   Stable   Reaffirmed
Electronica Finance Ltd.	Not avl. / Not appl.	Term Loan	22 Jun 2023	Not avl. / Not appl.	05 Jan 2025	0.36	Simple	ACUITE BB+   Stable   Reaffirmed
Usha Financial Services Private Limited	Not avl. / Not appl.	Term Loan	17 Apr 2023	Not avl. / Not appl.	01 Jan 2025	0.29	Simple	ACUITE BB+   Stable   Reaffirmed
UC Inclusive Credit Private Limited	Not avl. / Not appl.	Term Loan	29 Jun 2023	Not avl. / Not appl.	01 Jul 2025	2.29	Simple	ACUITE BB+   Stable   Reaffirmed
FINSTARS CAPITAL LIMITED	Not avl. / Not appl.	Term Loan	30 Jun 2023	Not avl. / Not appl.	05 Feb 2025	0.23	Simple	ACUITE BB+   Stable   Reaffirmed
Karnataka State Financial Corporation	Not avl. / Not appl.	Term Loan	17 Nov 2022	Not avl. / Not appl.	24 Nov 2026	2.47	Simple	ACUITE BB+   Stable   Reaffirmed
Ambit Finvest Pvt. Ltd.	Not avl. / Not appl.	Term Loan	26 Sep 2023	Not avl. / Not appl.	05 May 2025	0.63	Simple	ACUITE BB+   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	29 Nov 2023	Not avl. / Not appl.	29 Aug 2026	7.88	Simple	ACUITE BB+   Stable   Reaffirmed
Electronica Finance Ltd.	Not avl. / Not appl.	Term Loan	18 Mar 2024	Not avl. / Not appl.	05 Oct 2025	1.12	Simple	ACUITE BB+   Stable   Reaffirmed
Usha Financial Services Private Limited	Not avl. / Not appl.	Term Loan	23 Sep 2024	Not avl. / Not appl.	26 Mar 2026	1.50	Simple	ACUITE BB+   Stable   Reaffirmed
UC Inclusive Credit Private Limited	Not avl. / Not appl.	Term Loan	14 Mar 2024	Not avl. / Not appl.	01 Apr 2026	1.96	Simple	ACUITE BB+   Stable   Reaffirmed
FINSTARS CAPITAL LIMITED	Not avl. / Not appl.	Term Loan	28 Aug 2024	Not avl. / Not appl.	05 Apr 2026	1.00	Simple	ACUITE BB+   Stable   Reaffirmed
Real Touch Finance Limited	Not avl. / Not appl.	Term Loan	01 Nov 2023	Not avl. / Not appl.	10 Feb 2025	0.54	Simple	ACUITE BB+   Stable   Reaffirmed
Real Touch Finance Limited	Not avl. / Not appl.	Term Loan	02 Jul 2024	Not avl. / Not appl.	10 Oct 2025	1.32	Simple	ACUITE BB+   Stable   Reaffirmed
Rar Fincare Limited	Not avl. / Not appl.	Term Loan	27 Nov 2023	Not avl. / Not appl.	19 Dec 2025	0.66	Simple	ACUITE BB+   Stable   Reaffirmed

Rar Fincare Limited	Not avl. / Not appl.	Term Loan	23 Apr 2024	Not avl. / Not appl.	10 May 2026	0.85	Simple	ACUITE BB+   Stable   Reaffirmed
SHRIRAM FINANCE LIMITED	Not avl. / Not appl.	Term Loan	22 Nov 2023	Not avl. / Not appl.	20 Nov 2025	1.24	Simple	ACUITE BB+   Stable   Reaffirmed
MAS Financial Service Ltd.	Not avl. / Not appl.	Term Loan	06 Mar 2024	Not avl. / Not appl.	10 Mar 2026	1.50	Simple	ACUITE BB+   Stable   Reaffirmed
MAS Financial Service Ltd.	Not avl. / Not appl.	Term Loan	27 May 2024	Not avl. / Not appl.	05 Jun 2026	1.75	Simple	ACUITE BB+   Stable   Reaffirmed
MAS Financial Service Ltd.	Not avl. / Not appl.	Term Loan	25 Sep 2024	Not avl. / Not appl.	05 Oct 2026	1.00	Simple	ACUITE BB+   Stable   Reaffirmed
SMC Moneywise Financial Services Pvt Ltd.	Not avl. / Not appl.	Term Loan	21 Mar 2024	Not avl. / Not appl.	25 Mar 2026	1.13	Simple	ACUITE BB+   Stable   Reaffirmed
Vedika Credit Capital Ltd.	Not avl. / Not appl.	Term Loan	06 Aug 2024	Not avl. / Not appl.	25 Feb 2026	2.71	Simple	ACUITE BB+   Stable   Reaffirmed



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