

Press Release

Jumbo Finvest India Limited (JFIL)

November 14, 2019



Rating Update

Total Bank Facilities Rated*	Rs. 110.00 Cr.#
Long Term Rating	ACUITE BB (Downgraded from ACUITE A-/Stable) Issuer not co-operating*

*The issuer did not co-operate; based on best available information.

Refer Annexure for details

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 110.00 crore bank facilities of Jumbo Finvest India Limited (JFIL). This rating is now an indicative rating and is based on best available information.

The revision in rating is primarily driven by the elevated information risk especially in view of the fact that JFIL has abruptly discontinued submission of certain documents to Acuite. Acuite believes that this could be indicative of a weakening in the liquidity/credit profile of the company. Acuite has interacted with various lenders to understand the current situation. Most of the lenders with whom Acuite has interacted has indicated a buildup of liquidity stress. Acuite believes that the financial flexibility of mid-sized players like JFIL has been impacted by the challenging operating environment for NBFC sector.

Jaipur based JFIL, was originally incorporated as Ajay Tractors Private Limited (ATPL) in 1998 to carryout tractor dealership business. In 2003, the tractor dealership business was discontinued and ATPL was renamed to Jumbo Finvest India Limited. This was followed by JFIL being registered as a Non Deposit taking –Non Banking Finance Company with RBI. JFIL is a closely held company, promoted by Mr. Ajay Kumar Singh, a first generation entrepreneur.

JFIL is engaged in mortgage backed financing and Asset backed financing. The products offered by the company includes Loan against Property, Housing Loans, Commercial vehicle loans, Two wheeler loans, Gold loan along with micro loans and personal loans.

The company primarily operates in two states namely, Rajasthan and Maharashtra and is gradually expanding its reach in Madhya Pradesh, Delhi and Uttar Pradesh. The company operated through a network of 220 branches as on December 31, 2018.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity to get an update on the liquidity profile of the company. However, the borrower failed to provide such information in a timely manner, despite repeated reminders.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Non-Banking Financial Entities - <https://www.acuite.in/view-rating-criteria-44.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

Parameters	Unit	FY19(Actual) [^]	FY18 (Actual)	FY17 (Actual)
Total Assets	Rs. Cr.	928.56	827.20	827.20
Total Income (Net of Interest Expense)	Rs. Cr.	95.88	67.14	36.79
PAT	Rs. Cr.	15.77	15.09	7.32
Networth	Rs. Cr.	149.74	111.48	57.39
Return on Average Assets (RoAA)	(%)	1.80	2.41	2.40
Return on Net Worth (RoNW)	(%)	12.07	17.87	15.04
Total Debt/Tangible Net Worth (Gearing)	Times	5.64	6.32	6.30
Gross NPA's	(%)	1.4	1.0	0.4
Net NPA's	(%)	1.1	0.8	0.4

*Total income equals to Net interest income plus other income

[^]Derived from audited financials submitted by the JFIL.

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

Not applicable

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument/Facilities	Term	Amount (Rs.Cr)	Ratings/Outlook
April 27, 2019	Proposed Bank Facility	Long Term	110.00	ACUITE A-/Stable

#Annexure – Details of Instrument rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the issue (Rs.Cr)	Ratings/Outlook
Proposed bank facility	Not Applicable	Not Applicable	Not Applicable	110.00	ACUITE BB (Downgraded from A-/Stable) Issuer not co-operating*

*The issuer did not co-operate; Based on best available information

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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