



**Press Release**  
**Adi Chitragupta Finance Limited**  
**October 30, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	200.00	ACUITE BBB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	200.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating to ‘**ACUITE BBB**’ (read as **ACUITE triple B**) on the Rs. 200.00 crore bank facilities of Adi Chitragupta Finance Limited (ACFL). The outlook is ‘**Stable**’.

**Rationale for the rating.**

The rating reaffirmation reflects on the basis of moderate scale of operations and earnings profile along with healthy asset quality parameters. ACFL’s AUM declined slightly from Rs. 295.14 Cr. as on March 31, 2023 to Rs. 286.23 Cr. as on March 31, 2024 as a result of moderate disbursements for the period. The asset quality remained healthy marked by its on time portfolio at 97.63 percent as on Mar 31, 2024. ACFL has been able to maintain adequate capitalisation levels with CRAR being at 33.90 percent as on Mar 31, 2024. The company has shown consistent improvement in disbursal volumes and profitability metrics. ACFL’s PAT stood at Rs. 14.63 Cr. for FY24 as compared to Rs. 11.46 Cr. for FY2023. These strengths are partly offset by the geographical concentration in its lending portfolio (Bihar accounting for 92.48 percent of the AUM as on Mar 31, 2024) and risks inherent to microfinance sector. Going forward, ACFL should be able to leverage on its established presence in its area of operations and further augment its scale of operations while maintaining profitability parameters would be a key rating monitorable.

**About the company**

Bihar based Adi Chitragupta Finance Limited (ACFL) is a non-deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI). Incorporated in 2015, the company was founded by Mr. R.K Sinha and Mr. Gyan Mohan and commenced its operation in 2017. Mr. R.K Sinha is the founder of Security & Intelligence Services (India) Limited known as SIS Group and Mr. Gyan Mohan is an ex-banker with exposure in Banking and finance, including investment and international banking. ACFL extends micro-credit primarily to women borrowers through the Joint Liability Group (JLG) model. The company operates in the states of Bihar, Jharkhand and Uttar Pradesh through a network of 87 branches across 46 districts as on Mar 31, 2024.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strength**

**Experienced management.**

AFCL was founded by Mr. R.K Sinha and Mr. Gyan Mohan. Mr. R.K Sinha (Director) is an entrepreneur and

founder of Security & Intelligence Services (India) Limited (SIS). SIS Group is one of the leaders in the manpower security business in the Asia-Pacific. Mr. Gyan Mohan (Director and CEO) is an ex-banker and has around three decades of experience in the banking and finance sector, including investment and international banking. He has worked with SBI Capital Market as SVP & GH (Mergers & Acquisitions & Advisory) and has advised on many privatizations, mergers and advisory assignments. Mr. Mohan is governing board member of Microfinance Institutions Network (MFIN) and is the chairman of Task Force on Small & Medium MFIs and also an active

member of Task Force on Credit Bureau at MFIN. The promoters are also supported by other board members like Mr. A. P. Verma (ex-Managing Director and CEO at SBI Capital Markets Limited), who has over three decades of experience and has held varied senior positions at State Bank of India. Mr. Neelmani, a former IPS officer of batch 1975. Mr. D.K. Saxena who has over four decades of experience in the field of Audit, Taxation, Textiles, Power and Banking/NBFC sectors and has served as a Director and Chairman of the Audit Committee of Syndicate Bank. The extensive experience of the board has helped ACFL put in place robust systems and procedures.

#### **Healthy portfolio growth while maintaining asset quality.**

The company's loan portfolio outstanding declined slightly to Rs. 286.23 Cr. as on March 31, 2024 as compared to Rs. 295.14 Cr. as on March 31, 2023. The company disburses loans to women entrepreneurs in income generation activities, with the average ticket size ranging between Rs. 10,000 to Rs 60,000. The average tenure of these unsecured loans range between 18 to 24 months. ACFL has demonstrated sound asset quality marked by on-time portfolio of 97.63 percent as on March 31, 2024. The company has structured inherent checks for effective risk management that include lending policy, underwriting process, and dedicated due diligence team, which helps to maintain asset quality. ACFL reported GNPA of 1.41 percent and nil NNPA as on March 31, 2024. The company's overall collection efficiency averages 92.73 percent for last 6 month ended March-24. ACFL's capital adequacy ratio is comfortable at 33.90 percent (Tier 1: 26.55 percent) as on Mar 31, 2024.

#### **Improvement in profitability parameters.**

ACFL's profitability has improved significantly during FY24 as reflected by increase in Net Interest Income to Rs. 37.76 crore in FY2024 from Rs. 27.07 crore in FY2023. This led to improvement in PAT to Rs. 14.63 crore in FY24 as against Rs. 11.46 crore in FY2023. The RoAA improved from 4.49 percent for FY2023 to 4.70 percent for FY2024. The overall improvement in RoAA is also pertaining to controlled credit costs. The ability of the company to scale up its operations while maintaining profitability will remain a key monitorable.

#### **Weakness**

##### **Modest capital structure.**

AFCL's networth as on FY24 stood at Rs. 80.68 Cr. (P.Y: Rs. 57.25 Cr.). The company infused capital to the tune of Rs. 10 Cr. during FY24 to aid its existing capital base. However, the gearing levels remained modest at 2.87 times as on FY24 (P.Y: 4.10 times). The company's total debt remained at Rs. 231.56 Cr. Acuité believes that the timeliness of capital infusion will be critical in the attaining business growth and in turn improve the overall financial risk profile of the company.

#### **Risks inherent to microfinance segment; Geographical concentration.**

The activities of microfinance companies like ACFL are exposed to concentration risks. ACFL has a presence in 3 states with a concentration in Bihar (~92.48 percent), Jharkhand (~3.97percent) and Uttar Pradesh (3.55 percent) of total portfolio as on Mar 31, 2024. While the geographical diversity in the state of Bihar has improved, the business risk profile will be strengthened in case of further geographical diversification of the portfolio. While the company mostly focuses on rural areas, the company's performance is expected to remain exposed to the occurrence of events such as natural calamities, which 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.

#### **Rating Sensitivity**

- Movement in asset quality and profitability metrics
- Movement in gearing levels
- Increase in scale of operations
- Diversification in geographical profile
- Changes in the regulatory environment

#### **Liquidity Position**

##### **Adequate**

ACFL liquidity profile remained comfortable as on Mar 31, 2024 with no negative cumulative mismatches in any of the buckets as per the reported liquidity statement.

#### **Outlook: Stable**

#### **Other Factors affecting Rating**

None.

#### **Key Financials - Standalone / Originator**

Particulars	Unit	FY24 (Actual)	FY23(Actual)

Total Assets	Rs. Cr.	322.53	300.11
Total Income*	Rs. Cr.	42.10	31.88
PAT	Rs. Cr.	14.63	11.46
Net Worth	Rs. Cr.	80.68	57.25
Return on Average Assets (RoAA)	(%)	4.70	4.49
Return on Average Net Worth (RoNW)	(%)	21.21	24.33
Debt/Equity	Times	2.87	4.10
Gross NPA	(%)	1.41	0.42
Net NPA	(%)	0.00	0.00

*\*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
02 Aug 2023	Term Loan	Long Term	3.92	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	1.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	8.51	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	4.90	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	12.73	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	9.72	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	3.74	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Proposed Long Term Bank Facility	Long Term	31.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	26.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	21.53	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Cash Credit	Long Term	5.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	6.88	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	4.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	7.88	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	17.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Proposed Long Term Bank Facility	Long Term	3.19	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	7.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
	Term Loan	Long Term	25.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Positive)
09 Mar 2023	Term Loan	Long Term	4.84	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	10.24	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	5.75	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	14.55	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	11.65	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	4.58	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	47.39	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	29.06	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	23.43	ACUITE BBB-   Positive (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB-   Positive (Assigned)

	Term Loan	Long Term	7.50	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	4.17	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	8.48	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	19.17	ACUITE BBB-   Positive (Assigned)
	Proposed Long Term Bank Facility	Long Term	3.19	ACUITE BBB-   Positive (Assigned)
06 Jan 2022	Term Loan	Long Term	20.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.27	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	11.52	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.21	ACUITE BBB-   Stable (Reaffirmed)
28 Dec 2021	Term Loan	Long Term	20.00	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.	3.19	Simple	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	52.68	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	10 Aug 2022	Not avl. / Not appl.	31 Dec 2024	9.20	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	10 Aug 2022	Not avl. / Not appl.	30 Apr 2025	8.65	Simple	ACUITE BBB   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	28 Sep 2022	Not avl. / Not appl.	31 Dec 2025	4.40	Simple	ACUITE BBB   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	10 Mar 2022	Not avl. / Not appl.	10 Mar 2025	1.99	Simple	ACUITE BBB   Stable   Reaffirmed
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	27 May 2022	Not avl. / Not appl.	26 May 2025	4.24	Simple	ACUITE BBB   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	30 Aug 2022	Not avl. / Not appl.	31 Dec 2024	7.50	Simple	ACUITE BBB   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	24 Sep 2021	Not avl. / Not appl.	30 Sep 2024	1.50	Simple	ACUITE BBB   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	17 Nov 2021	Not avl. / Not appl.	31 Dec 2024	5.45	Simple	ACUITE BBB   Stable   Reaffirmed
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	21 Mar 2023	Not avl. / Not appl.	28 Mar 2026	7.27	Simple	ACUITE BBB   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	31 Mar 2022	Not avl. / Not appl.	10 Jul 2025	18.18	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2024	9.20	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2024	8.65	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2025	28.50	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2025	19.40	Simple	ACUITE BBB   Stable   Reaffirmed
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Mar 2027	10.00	Simple	ACUITE BBB   Stable   Reaffirmed



## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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