

Press Release

Avendus Finance Private Limited

March 03, 2020

Rating Update



Total Bank Facilities Rated*	Rs. 200.00 Cr.
Long Term Rating	ACUITE AA-/ Outlook:Stable

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs.200.00 Cr. bank loan facilities of Avendus Finance Private Limited (AFPL; part of Avendus Group). The outlook is '**Stable**'.

Reason for the Press release:

AFPL had informed Acuite regarding a recent delay in servicing of its term loan to a bank by around seven days for an amount of Rs. 1.36 Cr. The said delay was purely on account of operational reasons as is evidenced from the fact that the company had sufficient unencumbered cash balances as on that date. The company's management has assured Acuite that they have put in place adequate systems and process to ensure that such instances do not reoccur. For latest rating rationale refer to <https://www.acuite.in/documents/ratings/revised/27682-RR-20190725.pdf>

About Avendus Group:

Avendus Group, promoted by Mr. Ranu Vohra, Mr. Kaushal Aggarwal and Mr. Gaurav Deepak, started operations in 1999, through its flagship company Avendus Capital Private Limited (ACPL). ACPL initially made a foray in investment banking and later diversified into wealth management. Gradually, it expanded its presence across other segments to become a diversified financial service provider. Apart from its investment banking and wealth management services, ACPL through its subsidiaries also diversified into management of Alternate Investment Funds and further started to provide credit solutions to mid-market borrowers since FY2016 through AFPL. Avendus group has a fairly well spread presence at eleven cities in India, Europe, United States and Singapore.

ACPL has been able to attract equity investments from Kohlberg Kravis Roberts (KKR) in 2016, to build a multi-asset financial services platform. KKR (through its Singapore based investment arm, Redpoint Investments Pte. Ltd) holds a majority stake of 65 percent in ACPL as on March 31, 2019.

About AFPL:

AFPL (erstwhile Pacific Hire Purchase Limited), is a Non-deposit taking systemically important NBFC and is a 100 percent subsidiary of ACPL. AFPL offers customised debt solutions such as promoter funding, corporate finance, structured debt solutions and acquisition finance to the mid-market segment. The company has started domestic trade finance business catering to ecosystem of mid-market companies in FY2019.

Avendus Finance Private Limited (AFPL), a wholly owned subsidiary of ACPL and the lending arm of the Group, commenced operations in 2016. It benefits from the strong track record of the promoters in investment banking (IB), healthy capitalisation, and a conservative lending policy. It also benefits from capital infusion by, and synergies with, global private equity firm, Kohlberg Kravis Roberts (KKR), which is a large shareholder of the group. However, the company is in an early stage in its lending cycle and is vulnerable to the inherent volatility in capital-market-related businesses.

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

None

Any other information

None

Applicable Criteria

- Rating of Non-Banking Financing Entities - <https://www.acuite.in/view-rating-criteria-44.htm>
- Consolidation of companies: <https://www.acuite.in/view-rating-criteria-22.htm>
- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

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
25-July-2019	Term Loan	Long Term	50.00	ACUITE AA-/ Stable (Assigned)
	Proposed Bank Facility	Long Term	150.00	ACUITE AA-/ Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	NA	NA	NA	50.00	ACUITE AA-/Stable (Reaffirmed)
Proposed Bank Facility	NA	NA	NA	150.00	ACUITE AA-/Stable (Reaffirmed)

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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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