



Press Release
AVENDUS FINANCE PRIVATE LIMITED
February 25, 2025
Rating Reaffirmed

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Total Withdrawn Quantum (Rs.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

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 facilities of Avendus Finance Private Limited (AFPL). The outlook is ‘**Stable**’.

Rationale for Rating

The rating factors in the well diversified products offerings and established presence of the Avendus group in the domain of Investment Banking, Asset Management, Wealth Management, Credit Solutions and Institutional Equities supported by strong and experienced management. The rating also derives comfort from the association with global private equity firm, Kohlberg Kravis Roberts (KKR) which holds 63.04 percent in the holding company Avendus Capital Private Limited. Besides the support by way of equity infusion, Avendus Group also benefits from its association with KKR, KKR has board representation. With a consolidated net worth of Rs 1671.56 Cr. and gearing of 0.43 times as on March 31 2024, the group has healthy capitalization levels and is adequately positioned to support the growth of its businesses. The acquisition of the Institutional Equities business of Spark Capital Advisors (India) Private Limited, deal concluded in Q3FY23. Acuite believes that the acquisition has helped Avendus Group in further diversifying their service offerings and has improved their revenue profile. Going forward, the Group’s ability to improve business and profitability at various business units and manage asset quality and maintain healthy collections will remain key monitorables.

About the Company

Mumbai based, AFPL (erstwhile Pacific Hire Purchase Limited), is a Non-deposit taking NBFC and is a 100 percent subsidiary of ACPL. AFPL offers customised credit solutions such as promoter funding, corporate finance, structured debt solutions, loan against securities and acquisition finance to the mid-market segment. 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.

About the Group

Avendus Group, promoted by Mr. Gaurav Deepak, Mr. Ranu Vohra and Mr. Kaushal Aggarwal 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 eight cities in India, 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 Red point Investments Pte. Ltd)

holds a majority stake of ~63 percent in ACPL as on March 31, 2024.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of ACPL, AFPL along with other subsidiaries/associates of ACPL (Hereinafter referred to as 'Aventus Group') for arriving at the rating. The consolidation is in view of common promoters and management, integrated businesses, shared brand name, and significant operational and financial linkages between these entities.

Key Rating Drivers

Strength

Established presence in financial services and Group Linkages:

ACPL's promoters have demonstrated expertise in Investment Banking and experience of over two decades in focus areas such as technology, consumer, healthcare, digital, IT and outsourcing. Also, the company has hired experienced professionals in the financing, wealth, and asset management businesses. Additionally, it benefits from the experience of eminent professionals on its board. The credit business is led by Mr. Nilesh Dhedhi (MD & CEO of AFPL), who has over 18 years of global experience in financial services. AFPL, the NBFC arm of the Group, has built a loan book of Rs. 1295.00 Cr. as on March 31, 2024 primarily in mid-market segment offering structured finance and Loan against securities. Acuité believes that Aventus Group's business profile will benefit from its established presence in financial services, synergies across its various verticals and expertise of its top management.

Significant synergies across various product offerings; diversified revenue profile from a range of fee based and fund based services:

Aventus Group has established itself as one of the leading player in investment banking and wealth management. The Group has been instrumental in supporting various corporates in their fund raising initiatives by virtue of their established presence in the Investment Banking activity since 1999. As a natural corollary to its fee based Investment Banking activity, the Group commenced its NBFC operations through AFPL, to meet the financing requirements of its clients. Though generally sector agnostic, AFPL focuses on providing financing solutions to companies in industrials, healthcare, consumer, digital and technology segments, which have been the key focus areas. The company follows stringent underwriting and undertakes detailed due diligence including financials audits and legal diligence before taking credit decisions. Acuité believes that the Group will benefit from its established business model and the ability to offer a wide range of fee based services and fund based solutions to its clients.

Comfortable capitalization levels and resource raising ability:

With a consolidated net worth of Rs 1,671.56 Cr. as on March 31, 2024, the group is adequately positioned to support the growth of its new businesses over the medium term. Most of the capital requirement will be in the lending business in AFPL, as other businesses including Investment Banking are fee-based. The gearing policy is conservative for the lending business (AFPL) (0.85 times as on March 31, 2024) and at the group level (0.43 times as on March 31, 2024). Also, the company has a flexibility to raise capital given its predominant experience in Investment Banking. Acuité believes that the company will benefit from the Group's ability to raise resources and maintain health capitalization at all levels.

Weakness

Susceptibility of performance to the economic activity and risks inherent in wholesale lending;

Limited track record in lending operations: Aventus Group's revenues from investment banking are primarily linked to the level of activity in the financial markets, such as M & A, PE buyouts, Fresh issuance of securities. Any slowdown in the number of deals and level of activities in the markets will in turn impinge on the operating performance of the investment banking revenues. As regards the financing business of the Group, AFPL commenced its lending operations in 2016 and has been primarily focused on wholesale lending segment. The company offers structured credit solutions, the key offerings are promoter funding, corporate finance, structured debt solutions, loan against securities and acquisition finance. The loans are relatively wholesale in nature with an average ticket size of Rs. 50 Cr. - 100 Cr. and above for a tenure ranging 3 to 5 years. The company had overall loan book of Rs. 1,295.00 Cr. as on March 31, 2024 (Previous year: Rs. 1,330.00 Cr.) across 48 borrowers. While the GNPA and NNPA as on March 31, 2024 are 2.30% and 1.49% respectively, and as on December 31, 2024 is Nil. Acuité believes that the performance of Aventus Group will be influenced by the level of activity in the market and performance of the wholesale lending segment.

ESG Factors Relevant for Rating

Aventus Group has a diversified revenue stream with a majority portion accruing from the financial services sector. Adoption and upkeep of strong business ethics is a sensitive material issue for the financial services business linked to capital markets to avoid fraud, insider trading and other anti-competitive behaviour. Other important governance issues relevant for the industry include management and board compensation, board independence as well as diversity, shareholder rights and role of audit committee. As regards the social factors,

product or service quality has high materiality so as to minimise misinformation about the products to the customers and reduce reputational risks. For the industry, retention, and development of skilled manpower along with equal opportunity for employees is crucial. While data security is highly relevant due to company's access to confidential client information, social initiatives such as enhancing financial literacy and improving financial inclusion are fairly important for the financial services sector. The material of environmental factors is low for this industry.

AFPL's board comprises a total of 8 directors out of which 3 are independent directors and includes a female director. Avendus Group maintains adequate disclosures with respect to the various board level committees mainly audit committee, nomination and remuneration committee along with stakeholder management committee. The Group also maintains adequate level of transparency with regards to business ethics issues like related party transactions, investors grievances, litigations, and regulatory penalties for the group, if relevant. In terms of its social impact, the group is actively engaged in community development programmes through its CSR committee.

Rating Sensitivity

- Dilution in parent shareholding and support
- Movement in profitability metrics
- Movement in asset quality
- Scale of operations

All Covenants

AFPL is subject to covenants stipulated by its lenders/investors in respect of various parameters like capital structure, asset quality among others

Liquidity Position

Adequate

AFPL has a healthy liquidity position with no cumulative mismatches as per ALM statement dated March 31, 2024. The company has demonstrated ability to raise funds through commercial paper in case of any short-term funding requirement by a borrower. Further, the company maintains excess liquidity in the form of FDs or liquid NCDs/MFs which can be liquidated in case of any unanticipated business needs. AFPL reported cash and cash equivalent including liquid mutual funds stands at Rs 247.07 Cr. as on March 31, 2024.

Outlook

Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	1541.50	1530.46
Total Income*	Rs. Cr.	140.12	157.45
PAT	Rs. Cr.	72.76	41.58
Net Worth	Rs. Cr.	834.98	761.91
Return on Average Assets (RoAA)	(%)	4.74	2.59
Return on Average Net Worth (RoNW)	(%)	9.11	5.61
Total Debt/Tangible Net worth (Gearing)	Times	0.85	1.03
Gross NPA	(%)	2.30	6.27
Net NPA	(%)	1.49	0.00

*Total income equals to Net Interest Income plus other income

Key Financials (Consolidated)

Particulars	Unit	FY24	FY23
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		(Actual)	(Actual)
Total Assets	Rs. Cr.	2925.88	3016.51
Total Income*	Rs. Cr.	930.41	952.23
PAT	Rs. Cr.	117.85	137.73
Net Worth	Rs. Cr.	1671.56	1540.69
Return on Average Assets (RoAA)	(%)	3.97	4.56
Return on Average Net Worth (RoNW)	(%)	7.34	9.48
Total Debt/Tangible Net worth (Gearing)	Times	0.43	0.53
Gross NPA	(%)	NA	NA
Net NPA	(%)	NA	NA

**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

- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Nov 2023	Proposed Long Term Bank Facility	Long Term	200.00	ACUITE AA- Stable (Reaffirmed)
30 Aug 2022	Term Loan	Long Term	50.00	ACUITE AA- Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	150.00	ACUITE AA- Positive (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.	200.00	Simple	ACUITE AA- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr No.	Company Name
1	Aventus Capital Private Limited
2	Aventus Finance Private Limited

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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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