

Press Release

Jayanth Financial Services & Private Limited

February 11, 2021



Rating Withdrawn

Total Facilities Rated	Rs.15.00 Cr.
Total Bank Facilities Rated	Rs.15.00 Cr.
Long Term Rating	ACUITE BB- (Withdrawn)

*Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) on the Rs.15.00 crore bank facilities of Jayanth Financial Services & Private Limited (JFSPL). This rating is being withdrawn on account of the request received from the client along with No Objection Certificate received from the bank as per Acuite's policy.

About JFSPL:

Tamil Nadu based, Jayanth Financial Services Private Limited was promoted by Mr. George Joseph in 1991, as a Non-Banking Financial Institution (NBFC). The company commenced its operations in 2011 by way of extending income generation loans and Micro Enterprises loans to individuals. The Company has operations through four branches spread across two districts in Tamil Nadu.

Analytical Approach:

Acuité has considered the standalone view on JFSPL business and financial risk profile to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management:

JFSPL is engaged in providing micro loans to individuals for income generation purpose since 2011. Company has been in the operations around a decade and over the years has established its presence in two districts of Tamil Nadu. The operations of the company are managed by a team of experienced personnel's, with wide experience in micro finance activities and social work. The management team is led by Mr George Joseph, Chairman of the company and has more than two decades of experience in micro finance and priority sector lending. The team comprises of other personnel's who have more than a decade of experience in the field of micro finance, social work etc.

Acuité believes that JFSPL will benefit from its experienced management team and established track record of operations.

Weaknesses

• Modest scale of operations

The company has modest scale of operations with an outstanding loan portfolio of Rs. 3.17 Cr as on September 30, 2020 (Provisional) as compared to Rs 3.66 crore as on March 31, 2020. JF's portfolio is exposed to high geographical concentration risk, as 100 per cent of the total portfolio is concentrated in two districts of the state Tamil Nadu. Generally, the risk profile of NBFCs with a geographically diversified portfolio is more resilient compared to that of entity with a geographically concentrated portfolio.

Acuité believes that modest 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 Sensitivities

Not Applicable

Material Covenants:

None

Liquidity Position: Adequate

The liquidity buffer of JFSPL is adequate marked by borrowings of Rs.0.90 crore as on Sep 30, 2020 (Provisional). The company maintains Rs.0.50 crore (Provisional) of cash and bank balance as on Sep 30, 2020. The stance of existing lenders and the ability of JFSPL to raise long term funding (equity/debt) commensurate with its business requirement (including debt servicing obligations) will be critical to the maintenance of stable liquidity profile.

About the Rated Entity - Key Financials:

Parameters	Unit	FY20 (Actual)	FY19(Actual)
Total Assets	Rs. Cr.	4.18	4.48
Total Income*	Rs. Cr.	0.58	0.54
PAT	Rs. Cr.	0.03	0.03
Net Worth	Rs. Cr.	2.62	2.35
Return on Average Assets (RoAA)	(%)	0.76	0.90
Return on Average Net Worth(RoNW)	(%)	1.32	1.43
Total Debt/Tangible Net Worth (Gearing)	Times	0.56	0.87
Gross NPA (120+dpd)	(%)	0.00	0.00
Net NPA (120+dpd)	(%)	0.00	0.00

* Total income equals to Net interest income plus other income

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

None

Any other information

Not Applicable

Applicable Criteria

- Rating of Non-Banking Financing Entities - <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition -<https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of the Facilities	Term	Size of the Issue (Rs. Cr.)	Ratings/Outlook
12 Jun, 2020 (Erratum)	Proposed Bank Facility	Long Term	15.00	ACUITE BB-/Stable (Assigned)
21 Nov, 2019	Proposed Bank Facility	Long Term	15.00	ACUITE BB-/Stable (Assigned)

*Annexure – Details of instruments rated

ISIN	Bank Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
-	-	Proposed Term Loan	-	-	-	15.00	ACUITE BB- (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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