

**Press Release**  
**AURIOLUS FINVEST PRIVATE LIMITED**  
**October 31, 2024**  
**Rating Downgraded and Withdrawn**



| Product                            | Quantum (Rs. Cr) | Long Term Rating                 | Shc Rating |
|------------------------------------|------------------|----------------------------------|------------|
| Bank Loan Ratings                  | 8.00             | ACUITE BB-   Stable   Downgraded | -          |
| Bank Loan Ratings                  | 39.82            | Not Applicable   Withdrawn       | -          |
| Non Convertible Debentures (NCD)   | 15.00            | Not Applicable   Withdrawn       | -          |
| Total Outstanding Quantum (Rs. Cr) | 8.00             | -                                | -          |
| Total Withdrawn Quantum (Rs. Cr)   | 54.82            | -                                | -          |

**Rating Rationale**

Acuite has downgraded the long-term rating from "ACUITE BB+" (read as ACUITE double B plus) to 'ACUITE BB-' (read as ACUITE double B minus) on the Rs. 8.00 Cr. bank facilities of Auriolus Finvest Private Limited (AFPL). The outlook is 'Stable'.

Acuite has withdrawn the long-term rating on the Rs. 15.00 Cr. Non convertible debentures without assigning any rating as it is a proposed facility of Auriolus Finvest Private Limited (AFPL). The rating is being withdrawn on account of the request received from the company. The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument.

Acuite has withdrawn the long-term rating on the Rs. 7.31 Cr. bank facilities without assigning any rating as the instrument is fully repaid of Auriolus Finvest Private Limited (AFPL).

Acuite has withdrawn the long-term rating on the Rs. 25.51 Cr. proposed facilities without assigning any rating as it is a proposed facility of Auriolus Finvest Private Limited (AFPL).

The rating is being withdrawn on account of the request received from the company and the No Due Certificate (NDC) received from the bankers as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

Acuite has withdrawn the long-term rating on the Rs. 7.00 Cr. bank facilities without assigning any rating of Auriolus Finvest Private Limited (AFPL). The rating is being withdrawn on account of the request received from the company as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

**Rationale for the downgrade**

The downgrade in the rating is on account of weak profitability metrics and decline in operating revenue at a consolidated level. The profitability remained subdued due to high operating expenses. The group reported losses of Rs. 34.87 Cr. in FY24 as compared to losses of Rs. 28.52 Cr. in FY23 (losses for FY22: Rs 31.34 Cr.). There is a decrease in operating revenue to Rs. 677.68 Cr. in FY24 from Rs. 1056.68 Cr. in FY23. The group's networth stood at Rs. 31.70 Cr. as on Mar-24 with a gearing of 1.61 times as compared to Rs. 61.45 Cr. as on Mar-23 with a gearing of 2.05 times. Acuite also takes into account the decline of AUM in the lending arm of the group Auriolus Finvest Pvt. Ltd. (AFPL) wherein the AUM saw a decline from Rs. 77.16 Cr. in FY23 to Rs. 26.68 Cr. in FY24. The GNPA deteriorated sharply from 2.24 percent as on March-23 to 10.46 percent as on March-24.

The rating continues to factor in the group's experienced management and support from marquee investors. The capital support from the marquee investors, like Kalaari Capital, Accel, Inventus Capital and Mr. Nandan Nilekani has resulted in healthy capital structure and financial flexibility at the Group level. The rating further factors in expectations of capital support from promoters/ investors in the near to medium term which shall be instrumental for scaling up business operations.

**About the Company**

Auriolus Finvest Private Limited (AFPL), known with its Brand, "BizFunds" was incorporated in 2018 to carry on the business of lending to SME sector and working capital loans to Indian businesses to finance their purchase of

manufacturing supplies: raw material and industrial equipment. The Company is a subsidiary of Power2SME Private Limited. In April, 2019, the Company has received the Certificate of registration from the Reserve Bank of India to carry on the business of Non-Banking Financial Institution without accepting public deposits.

### About the Group

Power2SME provides its B2B services through its digital ecosystem which delivers raw material procurement at competitive prices, MRO procurement, and access to finance to smaller SME's with an objective to provide them with higher efficiencies and profitability. Power2SME functions as a 'buying club' and helps SMEs benefit from economies of scale as a result of volume purchase and buying power across a large network of manufacturers. The company has 2 wholly owned subsidiary companies named Jijo India Private Limited & Auriolus Finvest Private Limited. Jijo India Private Limited was incorporated in October 2012 and engaged in the business of trading of various products. Auriolus Finvest Private Limited was incorporated in October 2018 and engaged in lending to SME sector by extending working capital loans to them.

Power2SME Private Limited (Power2SME) is a private limited company incorporated in 2012.

The company is engaged in the business of trading of Metals (majorly Steel & TMT), Polymers, Yarn, Chemicals etc and sells its product in domestic market. Headquartered in Gurugram, Power2SME has 5 offices spread across Mumbai, Chennai, Kolkata, Ahmedabad and Pune. The company is led and promoted by Mr. R. Narayan (Founder & CEO) with the support of marquee investors.

### Unsupported Rating

Not Applicable

### Analytical Approach

#### Extent of Consolidation

- Full Consolidation

#### Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated view on the business and financial risk profile of Power2SME Private Limited and its subsidiaries Auriolus Finvest Private Limited and others to arrive at the rating. The approach is driven by common management, shared brand, and strong operational and financial synergies between the group companies.

### Key Rating Drivers

#### Strength

##### Experienced management team

Power2SME Private Limited (P2S) is led by Mr. R. Narayan (Founder & CEO). Mr. Narayan is a seasoned entrepreneur with around two decades of corporate experience. He was previously associated with working in sales and marketing profiles for Microsoft, Oracle and TATA Group. Having worked with SME segment closely and understanding their nuances he co-founded Denave India Private Limited a technology powered sales enabling services company. Later in 2012, with the support of marquee investors, Mr. Narayan founded Power2SME to further his cause to empower the SME segment. Mr. Narayan is supported by an experienced professional team with diverse expertise in areas of finance, treasury, investments, customer-ready technology solutions, networking alliances amongst others. Accel and Inventus Capital have board representation and P2S benefits from their expertise. Mr. Mahendran Balachandran (Partner – Accel) and Mr. Parag Dhol (Inventus Capital) are on the board of P2S.

The management team has been able to on-board various suppliers on their platform and blue-chip companies as customers to fulfil their MRO requirements like Vendata, Hindustan Zinc, Orient, L&T and others. The management has taken steps to improve its credit policies. The subsequent decline in traded volumes has resulted in the company not being able to achieve optimal levels of volumes required for break-even. Acuité believes that, the adoption of robust credit policies, on-boarding blue-chip clients to drive volumes and overall experience of the management will help the company to grow in a sustainable manner.

#### Weakness

##### Weak financial risk profile

P2S commenced its operations in 2012. The group reported loss of Rs. 34.87 Cr. for FY2024 over an operating income of Rs.677.68 Cr. as compared to loss of Rs. 28.52 Cr. over an operating income of Rs. 1056.68 Cr. during FY2023. The group's networth stood at Rs. 31.70 Cr. as on Mar-24 with a gearing of 1.61 times as compared to Rs. 61.45 Cr. as on Mar-23 with a gearing of 2.05 times. The company will be able to achieve break-even only once it achieves optimal levels of volumes in its trading segment and rationalize its high operating costs. Since the company is currently less dependent on funding lines from Banks & NBFC/FI for its business operations, the

finance cost and debt repayment obligations remain low. As the NBFC arm grows, the company would be in requirement of funding lines which could further add to the existing stress on profitability metrics unless, the company is able to optimize its overall operating costs and scale up business volumes. Additional capital infusions from investors, could help the business to maintain lower levels of finance costs in medium term, thus enabling the company to focus its resources in driving business growth.

### Competitive nature of industry and susceptibility to cyclical nature of industry

P2S competes with various players in the organized and unorganized segments in trading industry, thus limiting the pricing power. Metals (especially steel) constitutes around 60 percent of the total NMV for P2S. The steel consumption is majorly dependent on the economic activities taking place in and around the country, any significant slowdown in this industry will impact the revenue of the P2S's customers thus impacting P2S's credit profile.

### Rating Sensitivity

- Ability to raise capital
- Sustained scale up in business operations
- Movement in liquidity, earnings profile and asset quality metrics
- Changes in Regulatory environment

### Liquidity Position

#### Adequate

The Group's liquidity is adequate and has maintained cash and bank balance of Rs. 11.59 crore as on March 31, 2024. A major portion of P2S portfolio is against Bank Guarantee and Letter of Credit which is correspondingly discounted against the bank lines with matched tenure.

### Outlook: Stable

### Other Factors affecting Rating

None

### Key Financials - Standalone / Originator

| Particulars                        | Unit    | FY24 (Actual) | FY23 (Actual) |
|------------------------------------|---------|---------------|---------------|
| Total Assets                       | Rs. Cr. | 32.35         | 85.14         |
| Total Income*                      | Rs. Cr. | 4.19          | 5.79          |
| PAT                                | Rs. Cr. | -1.82         | -0.25         |
| Net Worth                          | Rs. Cr. | 16.22         | 16.78         |
| Return on Average Assets (RoAA)    | (%)     | -3.1          | -0.31         |
| Return on Average Net Worth (RoNW) | (%)     | -11.02        | -1.69         |
| Debt/Equity                        | Times   | 0.39          | 1.51          |
| Gross NPA                          | (%)     | 10.46         | 2.24          |
| Net NPA                            | (%)     | 3.85          | 1.96          |

\*Total income equals to Net Interest Income plus other income.

### Key Financials (Consolidated)

| Particulars               | Unit    | FY24 (Actual) | FY23 (Actual) |
|---------------------------|---------|---------------|---------------|
| Operating Income          | Rs. Cr. | 677.68        | 1056.68       |
| PAT                       | Rs. Cr. | (-)34.87      | (-)28.52      |
| PAT Margin                | (%)     | (-)5.14       | (-)2.70       |
| Total Debt/Tangible Worth | Times   | 1.61          | 2.05          |
| PBDIT/Interest            | Times   | (-)1.22       | (-)0.25       |

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

Not applicable

### Any Other Information

None

### Applicable Criteria

- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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>
- 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>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité 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   |
|-------------|-------------------------------------|-----------|-----------------|--|
| 03 Nov 2023 | Proposed Non Convertible Debentures | Long Term | 15.00           | ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Negative)                                   |
|             | Term Loan                           | Long Term | 4.81            | ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Negative)                                   |
|             | Term Loan                           | Long Term | 2.50            | ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Negative)                                   |
|             | Term Loan                           | Long Term | 0.57            | ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Negative)                                   |
|             | Proposed Long Term Bank Facility    | Long Term | 27.94           | ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Negative)                                   |
|             | Working Capital Demand Loan (WCDL)  | Long Term | 5.00            | ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Negative)                                   |
|             | Term Loan                           | Long Term | 7.00            | ACUITE Provisional BBB (CE)   Stable (Downgraded from Provisional ACUITE BBB+ (CE)   Negative) |
| 04 Nov 2022 | Term Loan                           | Long Term | 3.09            | ACUITE BBB-   Negative (Reaffirmed)  |
|             | Term Loan                           | Long Term | 14.33           | ACUITE BBB-   Negative (Reaffirmed)  |
|             | Term Loan                           | Long Term | 5.77            | ACUITE BBB-   Negative (Reaffirmed)  |
|             | Term Loan                           | Long Term | 16.28           | ACUITE BBB-   Negative (Reaffirmed)  |
|             | Term Loan                           | Long Term | 1.35            | ACUITE BBB-   Negative (Reaffirmed)  |
|             | Proposed Non Convertible Debentures | Long Term | 15.00           | ACUITE BBB-   Negative (Assigned)  |
|             | Term Loan                           | Long Term | 7.00            | ACUITE Provisional BBB+ (CE)   Negative (Assigned)   |
| 24 Mar 2022 | Term Loan                           | Long Term | 1.35            | ACUITE BBB-   Stable (Assigned)  |
|             | Term Loan                           | Long Term | 16.28           | ACUITE BBB-   Stable (Assigned)  |
|             | Term Loan                           | Long Term | 5.77            | ACUITE BBB-   Stable (Assigned)  |
|             | Term Loan                           | Long Term | 14.33           | ACUITE BBB-   Stable (Assigned)  |
|             | Term Loan                           | Long Term | 3.09            | ACUITE BBB-   Stable (Assigned)  |

## 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. | 25.51             | Simple           | Not Applicable Withdrawn                             |
| Not Applicable              | Not avl. / Not appl. | Proposed Non Convertible Debentures | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 15.00             | Simple           | Not Applicable Withdrawn                             |
| UC Inclusive Private Ltd.   | Not avl. / Not appl. | Term Loan                           | Not avl. / Not appl. | Not avl. / Not appl. | 30 Apr 2026          | 3.00              | Simple           | ACUITE BB-   Stable   Downgraded ( from ACUITE BB+ ) |
| Not Applicable              | Not avl. / Not appl. | Term Loan                           | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 7.00              | Simple           | Not Applicable Withdrawn                             |
| CSB Bank Limited            | Not avl. / Not appl. | Term Loan                           | Not avl. / Not appl. | Not avl. / Not appl. | 27 Sep 2024          | 4.81              | Simple           | Not Applicable Withdrawn                             |
| Vivrit Capital Private Ltd. | Not avl. / Not appl. | Term Loan                           | Not avl. / Not appl. | Not avl. / Not appl. | 19 Sep 2023          | 2.50              | Simple           | Not Applicable Withdrawn                             |
| UC Inclusive Private Ltd.   | Not avl. / Not appl. | Working Capital Demand Loan (WC DL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 5.00              | Simple           | ACUITE BB-   Stable   Downgraded ( from ACUITE BB+ ) |

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

| Sr.No. | Company Name                     |
|--------|----------------------------------|
| 1      | Power2SME Private Limited        |
| 2      | Auriolus Finvest Private Limited |

## 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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