



Press Release
SHRI BAIJU TRADING AND INVESTMENT PRIVATE LIMITED
October 10, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE B+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 100.00 Cr bank loan facilities of Shri Baiju Trading and Investment Private Limited. The outlook is '**Stable**'.

Rating Rationale

The rating assigned takes into account the experience of the promoter of more than two and half decades in the NBFC sector, conservative capital structure and comfortable asset quality. The rating also favourably factors in the improvement in the profitability metrics in FY2023 on account of strategic shift towards retail finance since FY2023. However, the rating is constrained by modest scale of operations & geographic concentration in Uttar Pradesh. Going forward diversification into new geographies, improvement in the scale of operations along with improvement in the profitability margins, dilution of promoter support or movement in asset quality would remain a key monitorable.

About the company

Incorporated in 2019, Shri Baiju Trading and Investment Private Limited (SBTIPL) is registered as a Non-Banking Finance Corporation (NBFC) with RBI. The company provides different types of loan like Personal Loan, Loan Against Property (LAP), Business Loan etc, with majority portfolio dominated by personal loans (~80% in FY23). The company deals majorly in unsecured small ticket size loans with average ticket size being ~Rs.50k. For any loan above Rs.50k and upto Rs.15 lacs, a security is taken against the loan. The authorized directors are Mr. Atul Kumar and Ms Ayesha.

Analytical Approach

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

Key Rating Drivers

Strength

Experienced management

SBTIPL is promoted by Mr. Atul Kumar who has experience of more than two and a half decades in the NBFC, capital markets, insurance, rural markets and micro finance space. The company is also in the process to on board other seasoned professionals in the near term, which shall further boost the business risk profile to an extent. Acuite believes that SBTIPL's business profile will be supported by its experienced promoter base and will be able to leverage their expertise to raise funding and grow its loan book.

Weakness

Modest level of AUM

The company has a modest level of AUM of Rs.45.58 Cr in FY23 as against Rs.131.16 Cr in F22. The AUM declined in FY2023 as most of the inter corporate loan was matured in FY2023. Prior to 2022, the company was mostly into inter corporate lending where the lending rates were relatively lower. The company full-fledged ventured in the Retail finance business since FY2023 mainly in rural areas like U.P, where the lending rates are high at ~30%-35%. The company aims to make it a complete micro retail loan book and refrain from corporate and any other big ticket size loan. Acuite expects that strategic shift towards micro finance retail loan shall help the company improve it's loan book in the near to medium term.

Geographical concentration risk

The company is exposed to high geographical concentration risk as ~80% of the loan book is concentrated towards Uttar Pradesh. Occurrence of events such as slowdown in economic activity or shifting of activity to other geographies could impact the cash flows of the borrowers, thereby impacting credit profile of SBTIPL's borrowers. The company's ability to maintain its asset quality while increasing its presence in the newer geographies will remain a key rating monitorable.

Rating Sensitivity

- Ability to timely raise capital, both debt and equity to sustain growth momentum
- Movement in profitability metrics
- Movement in asset quality as reflected by GNPA and collection efficiency levels

All Covenants

None.

Liquidity Position Adequate

The company has positive cumulative cash flows upto one year. Further, the company is planning to raise funds in the near term which shall improve the liquidity going forward. Also, there is a net surplus liquidity of Rs. 24.25 Cr. as on June-23.

Outlook:

Acuite believes that SBTIPL will maintain 'Stable' outlook over the near to medium term owing to the experience of promoters. The outlook may be revised to 'Positive' in case SBTIPL demonstrates significant and sustainable growth in its scale of operations while mitigating asset quality risks in portfolio and growing profitability. Conversely, the outlook may be revised to 'Negative' in case of any challenges faced in scaling up operations, resource raising ability and in case of any sharp deterioration in asset quality and profitability levels.

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	52.70	138.17
Total Income*	Rs. Cr.	5.60	0.68
PAT	Rs. Cr.	2.62	-0.01
Net Worth	Rs. Cr.	28.90	26.28
Return on Average Assets (RoAA)	(%)	2.74	-0.01
Return on Average Net Worth (RoNW)	(%)	9.49	-0.03
Debt/Equity	Times	0.78	4.08
Gross NPA	(%)	0	0

Net NPA	(%)	0	0
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Status of non-cooperation with previous CRA (if applicable):

None.

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, 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

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE B+ Stable Assigned
Not Applicable	Not Applicable	Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	75.00	ACUITE B+ Stable Assigned
Indostar Capital Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.00	ACUITE B+ Stable Assigned

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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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