



Press Release
VENUS INDIA ASSET-FINANCE PRIVATE LIMITED
August 22, 2024
Rating Assigned

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

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUTE triple B minus**) on the Rs. 100.00 Cr. bank loan facility of Venus India Asset-Finance Private Limited (VIAFPL). The outlook is '**Stable**'.

Rationale for the rating :

The rating is on account of comfortable capital structure and its track record in wholesale lending operations. The capitalization of the company is supported by high tangible net worth of Rs.204.86 crore as on March 31,2024 as against Rs 197.65 Cr. as on March 31,2023.The company reported a gearing level at 0.16 times as on March 31,2024(Provisional).However, the rating is constrained by weak asset quality and VIAFPL's limited financial flexibility as indicated by its borrowing profile which consist of only one lender as on March 31,2024.The GNPA as on March 31,2024 stood at 7.80 percent as against 7.68 percent as on March 31,2024. The rating is further constrained by VIAFPL's loan portfolio as most of the loan exposure is towards real estate sector. Moving Forward ,Venus's ability to expand its operations while maintaining its asset quality will be crucial for enhancing its credit profile.

About the company

Venus India Asset-Finance Private Limited was registered with the Reserve Bank of India (RBI) as a non-deposit accepting nonbanking financial company (NBFC; loan company) in

October 2000. It commenced operations in 2013 as a wholesale credit institution that offered debt products to small and growing businesses in India. As on March 31, 2024, the company had assets under management (AUM) of Rs. 229 crore. Venus Capital Management, through its fund, Venus India Structured Finance (Offshore) Fund (VISFF), took over Venus in 2013 with the objective of lending to small-and-medium-sized companies in India. The registered office is located at Delhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of VIAFPL to arrive at the rating.

Key Rating Drivers

Strength

Experienced Management:

Venus Board consist of Mr. Gaurav Goel and Dr. Doraswami Srinivas .Mr Gaurav Goel is a business management graduate from the American College of London, UK, and an alumnus

of the Harvard Business School. He is also a shareholder in the company since inception. He has been the President of Entrepreneurs Organization (EO), Delhi Chapter, for the year 2006-07 and is the President of the Young Presidents Organisation (YPO), Delhi Chapter for the year 2012-13. He also serves on various committees of CII and Indian Sugar Mills Association (ISMA). Dr. Doraiswamy Srinivas is a Director in Venus India Asset-Finance Private Limited and the Venus India Structured Finance Fund. He is also the Deputy Chairman of Arundel. Dr. Srinivas was formerly a director of private placements and related financial advisory services at Guinness Mahon Capital Markets in London and at Swiss Bank Corporation International in New York where he had responsibility for structuring and placement of asset-backed, debt, equity and equity linked securities

Adequate capital base:

Venus capitalization profile is robust relative to its current operational scale evidenced by CRAR of 80.15 percent as on March 31, 2024 (Provisionals); well above the minimum regulatory requirement of 15%. The networth of the company stood at Rs 204.86 Cr. as on March 31, 2024 (Provisionals) as against Rs 197.65 Cr. as on March 31, 2023 underpinned by low gearing of 0.16 times as on March 31, 2024 (Provisionals).

Weakness

Modest Scale of Operations:

VIAFPL commenced its lending operations in 2013 as a wholesale credit institution that offered debt products to small and growing businesses in India. As on March 31, 2024, the company had assets under management (AUM) of Rs. 229 crore. The company has its presence spread across 10 states. The top 4 states (Maharashtra, Delhi, Haryana, and Telangana) account for ~95 percent of the total POS as on March 31, 2024 (Provisionals). The company offers loans with ticket size ranging between Rs 15 Cr. to 16 Cr. The loans have a tenure upto 12 months to 84 months. Going forward VIAFPL would be focusing on granularity of portfolio by diversifying into other asset classes. Given the track record of operations their continued growth while maintaining asset quality in near to medium term will be a key monitorable. Acuite believes, the ability of the company to mobilize additional funding, will be crucial to the credit profile of the company.

Weak Asset Quality; Albeit improving

Over the years, the company's Non-Performing Asset (NPA) levels have declined, aided by the rigorous underwriting of loans and the resolution of legacy NPA accounts. However, the Gross NPA (GNPA) ratio remains elevated at 7.80% as on March 31, 2024 amounting to approximately Rs 17.93 crore. In FY21, the company executed a one-off structured transaction valued at Rs. 243 crore, acquired for INR 171.10 crore. In recent years, management has concentrated on resolving this asset, resulting in positive recoveries and the complete rundown of this transaction exposure. The company has no further plans to acquire any structured accounts from banks. Following the resolution of this structured transaction, management is now focused on portfolio growth with an emphasis on improved credit quality. Going forward, Acuite believes the company's ability to diversify its loan portfolio while maintaining its asset quality will be key monitorable.

Rating Sensitivity

Movement in Asset Quality and Collection Efficiency.

Movement in Profitability Metrics

Growth in Scale of Operations

Liquidity Position

Adequate

VIAFPL's overall liquidity profile remains well matched with no negative cumulative mismatches in near to medium term as per ALM dated March 31, 2023. The company's liquidity position is supported by Cash and Bank Balance of Rs 3.55 Cr. as on March 31, 2024 (Provisionals).

Outlook: Stable

Acuité believes that VIAFPL 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 VIAFPL demonstrates significant and sustainable growth in its scale of operations while mitigating asset quality risks in portfolio. Conversely, the outlook may be revised to 'Negative' in case of any challenges faced in scaling up operations, resource raising ability and in case the company faces higher than expected asset quality pressures or deterioration in profitability parameters.

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 Provisionals	FY23 (actuals)
Total Assets	Rs.Cr	259.99	265.80
Total Income*	Rs.Cr	26.29	35.95
PAT	Rs.Cr	7.15	5.11
Networth	Rs.Cr	204.86	197.65
Return on average assets (ROAA)	Rs.Cr	2.72	1.53
Return on average net worth	Rs.Cr	3.55	2.54
Total debt/tangible net worth (Gearing)	Rs.Cr	0.16	0.33
Gross NPA	Rs.Cr	7.80	7.68
Net NPA	Rs.Cr	1.33	1.86

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

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>
- 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
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	75.00	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE BBB- 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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