



Press Release
SHREE BIRADEV FINANCE PRIVATE LIMITED
September 26, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	40.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of **'ACUITE BBB-'** (read as **ACUITE triple B minus**) on the Rs 40.00 crore bank facilities of Shree Biradev Finance Private Limited (SBFPL). The Outlook is **'Stable'**.

Rationale for Rating

The rating factors in the company's experienced management team and long operational track record. The company has an operational track record of more than two decades in Vehicle Financing. The rating further factors in comfortable capital structure, healthy growth in AUM & disbursements and improvement in profitability levels. SBFPL's Capital Adequacy Ratio (CAR) stood at 36.53 percent (prov.) as on March 31, 2024, which improved from 33.90 percent as on March 31, 2023. Networth has improved to Rs 64.70 Cr. (prov.) as on March 31, 2024 as compared to Rs 51.93 Cr. as on March 31, 2023 aided by internal accruals. The company's AUM grew by ~15 percent to Rs 167.42 Crores (prov.) during FY 2024. The growth in AUM was on account of healthy disbursements levels at Rs 160.69 Crore during FY24 compared to Rs 155.47 Crore during FY23. The company reported a PAT of Rs 12.76 Cr. (prov.) during FY 2024 as compared to Rs 9.54 Cr. during FY 2023. The company maintained a healthy leverage of 1.75 times as on March 31, 2024 as compared to 2.09 times as on March 31, 2023. The rating also factors SBFPL's moderate asset quality denoted by GNPA of 2.26% and NNPA of 1.50% as on 31 st March 2024 and on-time collections of 80.67 percent as on March 31, 2024 as compared to 82.57 percent as on March 31, 2023.

Going Forward, the ability of the company to scale up its loan book, while improving its asset quality and operating metrics will be Key rating monitorable.

About the company

Incorporated in 1994, Shree Biradev Finance Private Limited (SBFPL) is a Karnataka based non-deposit taking NBFC registered with RBI. The company is engaged in financing of two-wheelers, Three Wheelers, Four Wheelers, and Commercial vehicles. Shree Biradev Finance Private Ltd (SBFPL) is managed by four directors that is Mr Ramchandra Raghoji as Chairman and Managing Director, Meera Raghoji as a director, Nandini Raghoji as a CEO and director and Mr. Vishnu Chetan Keloji. Mr Ramchandra Raghoji and Mrs Meera Raghoji are having more than two decades of experience in the finance sector. The company has presence in thirteen districts.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Shree Biradev Finance Private Limited (SBFPL).

Key Rating Drivers

Strength

Experienced and professional management team with long track record of operations

Shree Biradev Finance Private Limited (SBFPL) has been in Vehicle finance business for the last thirty years. Shree Biradev Finance Private Ltd (SBFPL) is managed by four managing directors that is Mr Ramchandra Raghoji as Chairman and Managing Director, Ms. Meera Raghoji as a director and Ms. Nandini Raghoji as a CEO and director and Mr. Vishnu Chetan Keloji. Mr Ramchandra Raghoji and Mrs Meera Raghoji have more than two decades of experience in the finance sector. SBFPL has a comfortable capital structure marked by overall gearing of 1.75 times (prov.) as on March 31, 2024 (2.09 times as on March 31, 2023). SBFPL's Capital Adequacy Ratio (CAR) stood at 36.53 percent (prov.) as on March 31, 2024, which improved from 33.90 percent as on March 31, 2023. SBFPL's networth has improved to Rs 64.70 Cr. (prov.) as on March 31, 2024 from Rs 51.93 Cr. as on March 31, 2023 aided by internal accruals.

Growth in AUM and Profitability metrics

The Company's AUM grew by ~15% percent to Rs 167.42 Crore (prov.) during FY 2024 as compared to Rs 145.57 Cr. during FY 2023. The growth in AUM was on account of healthy disbursements levels at Rs 160.69 Crore (prov.) during FY 2024 compared to Rs 155.47 Crore during FY 2023. The company reported a PAT of Rs 12.76 Cr. (prov.) during FY2024 as compared to Rs 9.54 Cr. during FY2023. The company reported a Total Interest income of Rs 28.77 Cr. (prov.) during FY2024 as compared to Rs 22.05 Cr. during FY2023. SBFPL's earnings profile has improved owing to growth in AUM and disbursement levels. Acuité believes that SBFPL will continue to benefit from its experienced of management and operational track record in Vehicle Finance. Acuité expects the company to sustain its financial position on the back of its healthy capitalization buffers and maintaining a prudent capital structure.

Weakness

Small Scale of Operations with geographical concentration risk

SBFPL is engaged in vehicle financing business with ~98 percent of its loan portfolio in the state of Karnataka, of which ~45 percent of the total loan portfolio is concentrated in Gulbarga district in Karnataka. In FY 2024, SBFPL has expanded its operations in the state of Andhra Pradesh, currently it accounts for ~2 percent of its total loan portfolio. This exposes SBFPL to high geographical concentration risk. While the company has been focusing on loan portfolio growth over last few months, it continues to remain moderate at Rs 167.42 Crore (prov.) during FY 2024.

Acuité believes that geographic concentration in its portfolio coupled with the limited scale of operations will continue to weigh on the company's credit profile over the near to medium term.

Marginal borrower profile with susceptibility to income shocks and Moderate asset quality

SBFPL mainly focuses on micro business like kiranas/ general stores/traders, farmers, and relatively lower salaried people. The customers in this segment generally have limited credit history and their cash flows could be volatile and highly sensitive to minor business disruptions and external shocks. SBFPL recognizes NPA at 150+ dpd for FY24. SBFPL had moderate asset quality with GNPA levels at 2.26% as on March 31, 2024 against 2.20% as on March 31, 2023. Net NPA stood at 1.50% as on March 31, 2024 as against 1.59% as on March 31, 2023. The company's ability to maintain the asset quality in the new originations, and maintain field discipline will be important from a credit perspective.

Rating Sensitivity

- Movement in AUM and Disbursement levels
- Movement in asset quality
- Movement in liquidity buffers

- Movement in profitability metrics
- Changes in regulatory environment

Liquidity Position

Adequate

As per ALM statement as on March 31, 2024, SBFPL has no negative cumulative mismatches. The cash and cash equivalents stood at Rs. 1.28 Cr. (prov.) as on March 31, 2024.

Outlook: Stable

Acuité believes that SBFPL 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 SBFPL 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 (Provisional)	FY23 (Actual)
Total Assets	Rs. Cr.	179.13	161.61
Total Income*	Rs. Cr.	30.99	24.31
PAT	Rs. Cr.	12.76	9.54
Net Worth	Rs. Cr.	64.70	51.94
Return on Average Assets (RoAA)	(%)	7.49	6.55
Return on Average Net Worth (RoNW)	(%)	21.88	20.22
Debt/Equity	Times	1.75	2.09
Gross NPA	(%)	2.26	2.20
Net NPA	(%)	1.50	1.59
*Total income equals to Net Interest Income plus other income.			

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

INFOMERICS, vide its press release dated June 13th, 2024 had denoted the rating of Shree Biradev Finance Private Limited as IVR BB/ Negative 'DOWNGRADED AND ISSUER NOT CO-OPERATING'.

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
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.39	ACUITE BBB- Stable Assigned
Hinduja Leyland Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Oct 2024	Simple	0.64	ACUITE BBB- Stable Assigned
Hinduja Leyland Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Apr 2026	Simple	2.97	ACUITE BBB- Stable Assigned
Hinduja Leyland Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Sep 2026	Simple	5.00	ACUITE BBB- Stable Assigned

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Nivedita Gokul Associate Analyst-Rating Operations Tel: 022-49294065 nivedita.gokul@acuite.in	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.