

Bell Finvest (India) Limited

April 27, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	150.00 (Rs. One Hundred Fifty crore only)	CARE BBB-; Stable [Triple B Minus; Outlook: Stable]	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating of Bell Finvest (India) Ltd (BFIL) factors in experienced management team, strong capitalization levels, comfortable liquidity position & low gearing, secured nature of majority of its loan portfolio and moderate earning profile with improvement in FY16 and 9MFY17. The rating is however constrained by lending to the riskier customer segment with change in business model, moderate resource profile, small scale of operations with low seasoning of newly generated small ticket size loans and borrower & regional concentration. Maintaining asset quality, profitability and capital adequacy are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced management team: The management team of BFIL is headed by Mr. Bhupesh Rathod, CEO having over 15 years of experience in the field of finance. He is ably supported by his son Mr. Chirag Rathod, Director, having 6 years of experience in field of finance and banking along with well qualified management team.

Strong capitalization levels: The business of BFIL is mainly funded through promoter's equity on account of which the company reported strong capitalization levels with CAR ratio at 81.95% (entirely Tier I) as on March 31, 2016 as against CAR ratio of 84.21% as on March 31, 2015. The CAR ratio stood (entirely Tier I) at 80.64% as on December 31, 2016.

Comfortable liquidity profile and low gearing levels: The liquidity profile as on December 31, 2016 is comfortable with no negative cumulative mismatches as majority of the business is funded through equity. Overall gearing is very low at 0.37 times during FY16 in comparison to 0.16 times during FY15. During 9MFY17 (refers to the period April 01 to December 31), the gearing stood at 0.42 times.

Secured nature of majority of its loan portfolio: BFIL changed its business model with introduction of new products during FY17 like LAP, Unsecured Business Loan and Personal Loan. As on Dec 31, 2016 the loan portfolio stood at Rs.99.86 crore (Mar 31, 2016: Rs.91.36 crore) with 85% (Mar 31, 2016:86%) of secured lending and rest 15% (Mar 31, 2016:14%) of unsecured lending.

Moderate earning profile with improvement in FY16 and 9MFY17: BFIL reported a 30% increase in its PAT during FY16 to Rs. 1.81 crore on a total income of Rs.9.71 crore as against PAT of Rs.1.39 crore on a total income of Rs.5.65 crore during FY15. The NIM and ROTA stood at 7.75% and 1.88% in FY16 respectively as compared to 5.92% and 1.76% in FY15 respectively. The profitability improved further with PAT of Rs.4.50 crore on a total income of Rs.12.20 crore during 9MFY17.

Key Rating Weaknesses

Lending to riskier customer segment: BFIL offers last mile funding to individuals and small and medium enterprises (SME) which face certain liquidity crunch and are not able to raise money through funding means. BFIL's majority of the portfolio comprises of these SMEs which are susceptible to economic downturn and therefore BFIL charges a very high interest rate to its customers.

Moderate resource profile: BFIL's resource profile is moderate as it is largely dependent on borrowings from NBFCs and is yet to get associated with banks for additional funding. BFIL has received various tranches of borrowings from NBFCs like AU Financers, MAS Financial Services and Reliance Capital Ltd. The company is also in advance talks to raise borrowings from other financial institutions (FIs) in the financial year FY18.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Small Scale of operations with low seasoning of newly generated small ticket size loans: BFIL has started its operation in 2008 and in the past few years has been increasing its scale of operations. The total loan portfolio has increased from Rs.21.8 crore as on March 31, 2011 to Rs.91.36 crore as on March 31, 2016. The loan portfolio increased further to Rs.99.86 crore as on Dec 31, 2016. During FY17 (refers to period of Jan 1 to Mar 31) BFIL started new products like LAP, Unsecured Business Loan and Personal Loan with a low ticket size with a tenure of upto 60 months. Due to this, the seasoning of the newly generated portfolio is low.

Borrower & regional concentration: BFIL has reduced its ticket size significantly due to introduction of new products on account of which the concentration has also reduced. The top 10 accounts constituted 22% of the net-worth as on Dec 31, 2016 as compared to 63% of the net-worth as on Dec 31, 2015. BFIL has also expanded its reach by introducing 29 new branches during FY17 spread across 13 states in India. As the branches have been recently started, around 50% of the portfolio is still sourced from Maharashtra.

Moderate asset quality: BFIL has classified the NPAs on 90+ DPD for FY16 and 9MFY17. The GNPA and NNPA ratio stood at 1.86% and 1.52% respectively during 9MFY17. (FY16- GNPA: 2.15% and NNPA: 1.78%). However, for FY15 the GNPA and NNPA ratio was calculated on 180+ DPD which stood at 2.59% and 1.45% respectively. The Net NPA to Tangible Net-worth ratio stood at 2.11% during 9MFY17. (FY16: 2.37%).

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology- Non Banking Finance Companies](#)
[Financial ratios –Financial Sector](#)

About the Company

Bell Finvest (India) Ltd (BFIL), incorporated in 2008, is RBI registered NBFC-ND- Non-SI Company. The company provides term loans and working capital loans to SME customers. It offers last mile funding support to companies and also offers loans to companies which are facing some kind of a liquidity crunch. Till FY16, the company was offering high ticket size loans ranging from Rs.1-3 crore with tenure of 3-5 years. During FY17, BFIL has introduced new products such as Loan against Property (LAP), Unsecured Business Loan and Personal Loan on account of which, the ticket size of BFIL has reduced significantly as it is concentrating on small ticket size SMEs.

The company has also expanded its branch network from merely 6 branches from previous financial year to 35 branches in the current financial year as on date spread across 13 states in India including Maharashtra, Kerela, West Bengal, Madhya Pradesh, Gujarat, Rajasthan, Jharkhand, Jammu & Kashmir, Odisha, Sikkim, Punjab, Uttar Pradesh and Tamil Nadu. The sourcing of its clients is done through direct selling agents, advertisements in print media and direct sales team. The total number of clients increased from around 91 as on December 31, 2015 to around 500 clients as on December 31, 2016.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Vishal Sanghavi
Tel: 022- 6754 3430
Email: vishal.sanghavi@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan- Proposed	-	-	-	150.00	CARE BBB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan-	LT	150.00	CARE BBB-; Stable	-	1)CARE BBB- (14-Apr-16)	1)CARE BBB- (20-Apr-15)	-

CONTACT**Head Office Mumbai****Mr. Mehul Pandya**

Cell: +91-98242 56265

E-mail: mehul.pandya@careratings.com**Mr. Saikat Roy**

Cell: + 91 98209 98779

E-mail: saikat.roy@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Deepak Prajapati**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: deepak.prajapati@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691