

## Growing Opportunity Finance (India) Private Limited

### May 10, 2022

#### Rating

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	200.00	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>200.00</b> <b>(Rs. Two Hundred Crore Only)</b>		

Details of instruments/facilities in Annexure-1

#### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated March 10, 2021, placed the rating(s) of Growing Opportunity Finance (India) Pvt. Ltd. (GOF) under the 'issuer non-cooperating' category as GOF had failed to provide information for monitoring of the rating. GOF continues to be non-cooperative despite repeated requests for submission of information through e-mails dated January 24, 2022, February 3, 2022 and February 13, 2022 and phone calls. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

#### Detailed description of the key rating drivers

At the time of last rating on March 10, 2021 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies (FY21 (refers to the period April 01 to March 31) audited financials) and other public information):

#### Key Rating Weaknesses

##### Moderate size and geographically concentrated nature of operations

GOF's scale of operations remained moderate during FY21, AUM represented a de-growth of 38% in FY21 as against a growth of 16% in FY20. Loan portfolio stood at Rs. 147.50 crore as on March 31, 2021 as against Rs. 237.15 crore as on March 31, 2020. During FY21, the company made disbursements of Rs. 20.82 crore as against Rs. 223.57 crore disbursed during FY20. Impacted, by covid-19 induced pandemic, the member base declined from 93,738 as on March 31, 2020 to 77,174 as on March 31, 2021

The operations of GOF has remained geographically concentrated in two states (i.e., Tamil Nadu and Chhattisgarh) and one Union territory (Puducherry) across 33 branches as on March 31, 2021 (PY: 33 branches). Tamil Nadu remained major proportion of the loan portfolio with 87% of the total AUM as on March 31, 2019. Further, share of the top five districts in total portfolio stood relatively high at 72% as on March 31, 2019.

##### Concentrated resource profile

The total borrowings as on March 31, 2021 stood at Rs. 134.08 crore as on March 31, 2021 as against Rs. 156.30 crore as on March 31, 2020. GOF's resource profile comprised of Term loan from Banks, Financial Institutions (FIs) and sub-debt. The cost of borrowings continues to remain high and the average cost of borrowing has increased from 15.7% in FY20 to 16.2% in FY21

##### Moderation in asset quality during FY21

Impacted by Covid-19 induced pandemic, asset quality of the company has deteriorated. Portfolio at Risk greater (PAR) than 30 days and PAR greater than 90 days stood at 15.32% and 8.71% respectively as on March 31, 2021 as against 0.06% and 0.02 % respectively as on March 31, 2020. The overall collection efficiency reduced and stood at 86.65% in FY21 as against 99.93% for FY20.

##### Moderate profitability in FY21

GOF reported PAT of Rs. 6.93 crore on a total income of Rs. 51.71 crore during FY21 as against Rs. 9.25 crore on a total income of Rs. 61.02 crore during FY20. The company's net interest margin declined to 9.48% during FY21 from 10.02% in FY20. Thus, pre-provisioning operating profit (PPOP) reduced to Rs. 9.95 crore in FY21 from Rs. 12.23 crore in FY20. With increase in provisions, company reported a decline in ROTA to 2.91% in FY21 as against 3.51% in FY20.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

\*Issuer did not cooperate; Based on best available information

## Key Rating Strengths

### Experienced promoters and senior management team

Growing Opportunity Finance (India) Pvt Limited (GOF) is promoted by Dia Vikas Capital Private Limited (Dia Vikas) and 4 Mutual Benefit Trusts (MBT). Dia Vikas is a subsidiary of Opportunity International –Australia. Dia Vikas was started in 2008 as a social investment fund of OI and primarily invests in the microfinance sector in India. It provides loans and equity funding along with management support to the microfinance institutions. GOF has experienced senior management team in Microfinance which has been associated with the company since inception.

### Adequate loan appraisal and risk management systems

GOF operates under JLG model with defined credit appraisal mechanisms that include client selection, documents verification, group training & recognition tests, loan sanctioning and disbursement. It has also improved credit discipline amongst borrowers through centre meetings, training programs, proper documentation to ensure smooth functioning of its operations. GOF has reasonable MIS and IT systems to enable day to day activities where the branches are connected with Head Office through network. The MIS is well integrated with accounting systems of the company. Since all the branches are well connected with HO, tracking all the information like group formation, enrolment, disbursement, collections, etc., is facilitated. Various reports like the branch wise debit-credit reports, Daily collection report, overdue and PAR reports, Audit reports can be generated through MIS on a real time basis.

### Adequate capitalisation

The company's capitalization remains adequate with total CAR of 43.36% as on March 31,2021 as against 26.03% as on March 31, 2020. The improvement in capital adequacy levels is majorly on account of reduction in loan portfolio.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios-Financial Sector](#)

[CARE's Rating Methodology for Non-Banking Finance Companies \(NBFCs\)](#)

### About the Company

Growing Opportunity Finance (India) Private Limited (GOF) is an NBFC registered with the RBI as a non-deposit taking loan company in 2006. The company got approval from RBI for NBFC-MFI with effect from April 2015. GOF is held by Dia Vikas Capital Private Limited (the Indian Investment arm for Opportunity International - 49.38%), 4 Mutual Benefit Trusts (MBT49.41%) and others (1.21%) as on March 31, 2021. GOF is primarily engaged in providing microfinance loans based on Joint Liability Group (JLG) model. As on March 31, 2021, company had 77,174 borrowers with a loan portfolio of Rs. 147.50 crore. GOF provides loans to individual members in the groups with each group consisting minimum of 5 members. The loans provided are based on the mutual guarantee from members. The operations of GOF are limited to Tamil Nadu, Puducherry and Chhattisgarh

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22(P)
Total operating income	61.02	51.71	NA
PAT	9.25	6.93	NA
Interest coverage (times)	1.37	1.32	NA
Total Assets	281.92	193.58	NA
Net NPA (%)	NA	NA	NA
ROTA (%)	3.51	2.91	NA

A: Audited; P: Provisional

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

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

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	-	97.32	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based-Long Term		-	-	-	102.68	CARE BB+; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**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 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	97.32	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (10-Mar-21) 2)CARE BBB-; Stable (02-Jun-20)	1)CARE BBB-; Stable (13-Nov-19)
2	Fund-based-Long Term	LT	102.68	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (10-Mar-21) 2)CARE BBB-; Stable (02-Jun-20)	1)CARE BBB-; Stable (13-Nov-19)8

\*Long Term / Short Term

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA****Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-Long Term	Simple

**Annexure 5: Bank Lender Details for this Company**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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### About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

### Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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