

## Better Value Leasing And Finance Limited

May 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	27.00	CARE C; Negative; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Better Value Leasing And Finance Limited (BVLFL) to monitor the rating(s) vide e-mail communications/letters dated May 05, 2024, April 25, 2024, and April 15, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating based on best available information, which in CARE Ratings' opinion is not sufficient to arrive at a fair rating. Further, BVLFL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating for BVLFL instruments will now be denoted as CARE C; Negative/Issuer not Cooperating\*.

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

**Analytical approach:** Standalone

**Outlook:** Negative

### Detailed description of key rating drivers:

At the time of last rating on May 31, 2023, the following were rating strengths and weaknesses (updated with information available).

### Key weaknesses

#### Reducing financial flexibility

BVLFL is promoted by the Gawande family, holding 88.27% equity as on March 31, 2019. The Gawande family has presence in businesses such as Talwalkar Better Value Fitness Limited (chain of gymnasiums – rated 'CARE D'), S K Restaurants Private. Limited. (chain of restaurants), Popular Prakashan Private. Limited. (publisher of books), Vans Information Limited (electronic database for research business), and Popular Institute of Art (arranger of art exhibitions).

Talwalkars Better Value Fitness Limited rating has been downgraded to 'CARE D' from 'CARE B' (Under Credit Watch with Negative Implications) as on August 02, 2019, considering default on certain interest payments. With default by the flagship company of the group, its financial flexibility has deteriorated. This is expected to impact the financial flexibility of BVLFL and may find it difficult to raise resources from the market. NCLT has approved initiation of liquidation proceedings of corporate debtor on April 28, 2022, for Talwalkars Better Value Fitness Limited.

#### Deteriorating Gearing levels

Being a NBFC-ND-Non-SI, BVLFL does not fall under minimum regulatory CAR requirement of 15%. However, the regulatory limit of gearing is applicable to NBFC, which is 7x. The company crossed regulatory gearing level in FY18 with at 10.72x, which further increased to 21.73x on March 31, 2019, as the company's net worth is declining with rising debt.

The company had asked the RBI for extension in timeline for reducing gearing in FY19 and per the discussion with management and information provided by the company, promoters have infused quasi equity of ₹8.07 crore considering the same. However, there was no equity infusion in FY19 per the annual report.

<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.

## Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

## About the company and industry

### Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

BVLFL was established in 1983 by the Gawande family as 'Better Value Leasing & Finance Private Limited'. In 1995, the company changed its name to 'Better Value Leasing And Finance Limited.' BVLFL is a NBFC registered with the RBI as a non-systemically important non-deposit taking NBFC. It has been classified as an 'Asset Financing Company (AFC)' and engaged in hire purchase (HP). The company offers equipment finance to SME clients with majority loan portfolio constituting financing of hotel industry/ kitchen equipment and gym equipment.

Brief Financials (₹ crore)	March 31, 2017 (A)	March 31, 2018 (A)	March 31, 2019 (A)
Total operating income	14.44	19.46	20.04
PAT	0.87	0.94	-4.45
Interest coverage (times)	1.11	1.09	0.71
Total Assets	75.47	140.15	183.67
Net NPA (%)	0.00	0.00	0.00
ROTA (%)	1.34	0.87	-2.75

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	27.00	CARE C; Negative; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	27.00	CARE C; Negative; ISSUER NOT COOPERATING*	-	1)CARE C; Negative; ISSUER NOT COOPERATING* (31-May-23)	1)CARE B; Negative; ISSUER NOT COOPERATING* (23-May-22)	-

\*Issuer did not cooperate; based on best available information.

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

**Annexure-5: Lender details**

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

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

## Contact us

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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