

Better Value Leasing And Finance Limited

May 23, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	27.00	CARE B; Negative; ISSUER NOT COOPERATING* (Single B; Outlook: Negative ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	27.00 (Rs. Twenty-Seven Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Better Value Leasing And Finance Limited (BVLFL) to monitor the rating(s) vide e-mail communications/letters dated February 21, 2022, February 11, 2022 and February 01, 2022 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's 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 on Better Value Leasing And Finance Limited (BVLFL) instruments will now be denoted as CARE B; Negative/Issuer not Cooperating*.

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 18, 2021, the following were the rating strengths and weaknesses.

Key Rating Weaknesses

Reduction in financial flexibility

BVLFL is promoted by the Gawande family and hold 88.27% equity as on March 31, 2019 in the company. Gawande family has presence in various businesses like Talwalkar Better Value Fitness Ltd. (chain of gymnasiums – rated 'CARE D'), S K Restaurants Pvt. Ltd. (chain of restaurants), Popular Prakashan Pvt. Ltd. (publisher of books), Vans Information Ltd. (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 on account of default on certain interest payments. With default by the flagship company of the group, the financial flexibility of the group is deteriorated. This is expected to impact the financial flexibility of BVLFL and it may find it difficult to raise resources from the market.

In addition, for the group company Talwalkars Better Value Fitness Ltd, NCLT has approved initiation of liquidation proceedings of Corporate Debtor on April 28, 2022. However, formal written NCLT order is awaited.

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 the regulatory gearing level in FY18, with at 10.72x and it further increased to 21.73x on March 31, 2019 as the company's net worth is on declining trend coupled with rising debt.

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

Analytical approach: Standalone

Applicable Criteria

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

[Policy on default recognition](#)

[Financial Ratios - Financial Sector](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Policy on Withdrawal of Ratings](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the Company

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

Brief Financials (Rs. crore)	31-03-2018 (A)	31-03-2019 (A)	Q1FY20 (UA)
Total operating income	19.46	20.04	NA
PAT	0.94	-4.45	
Interest coverage (times)	1.09	0.71	
Total Assets	140.15	183.67	
Net NPA (%)	0.00	0.00	
ROTA (%)	0.87	-2.75	

A: Audited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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-Cash Credit		-	-	-	27.00	CARE B; Negative; ISSUER NOT COOPERATING*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Rating history			
			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-Cash Credit	LT	27.00	CARE B; Negative; ISSUER NOT COOPERATING*	-	-	1)CARE B; Negative; ISSUER NOT COOPERATING* (18-Mar-21)	1)CARE B; Negative; ISSUER NOT COOPERATING* (16-Jan-20) 2)CARE B; Negative (09-Aug-19) 3)CARE BBB-(CWD) (05-Apr-19)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- Not Applicable

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

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	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 for any clarifications.

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About CARE Ratings Limited:

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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.

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