

Aurika Finvest Private Limited
(erstwhile Hriday Fincorp Private Limited)

August 25, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-Convertible Debentures	2.06	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Non-Convertible Debentures	4.50	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Total Long-Term Instruments	6.56 (₹ Six Crore and Fifty-Six Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE has been seeking information from Aurika Finvest Private Limited (AFPL) to monitor the rating vide e-mail communications dated May 08, 2022, April 28, 2022 and April 18, 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. The rating on AFPL instruments will now be denoted as CARE B- Stable/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.

The revision in the rating assigned to AFPL takes into account the continued deteriorating asset quality since FY19 as well as non-availability of update on latest financials and other operational information.

Detailed description of the key rating drivers

At the time of last rating on June 02, 2021, following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies, etc.):

Key rating weaknesses

Weak asset quality albeit moderate capital adequacy: AFPL's asset quality has deteriorated in FY21 marked by increase in Gross NPA ratio from 6.18% as on March 31, 2020 to 11.21% as on March 31, 2021. Further, Net NPA to Net-worth stood at 24.28% as on March 31, 2021 as compared to 15.47% as on March 31, 2020.

However, AFPL's overall gearing improved from 3.26 times as on March 31, 2020 to 2.33 times as on March 31, 2021. Further, AFPL has reported improvement in Capital Adequacy Ratio (CAR) of 34.64% as on March 31, 2021 as against 25.17% as on March 31, 2020 due to portfolio de-growth.

Small, albeit growing scale of operations with regional concentration: The size of loan portfolio has decreased from Rs.12.41 crore as on March 31, 2020 to Rs. 10.47 crore as on March 31, 2021. HFPL has regional concentration with majority of outstanding portfolio in Rajasthan as on March 31, 2018.

Concentrated resource base: AFPL has sanctioned term loans and working capital limits from banks. Apart from this, it also has raised funds through NCDs which were subscribed by eligible investors. Going forward, expansion of resource base to fund portfolio would be crucial.

Moderate earnings profile: AFPL's net interest margin has decreased from 11.21% in FY20 to 9.91% in FY21. However, ROTA improved from 3.24% in FY20 to 4.77% in FY21.

AFPL's average fund based working capital limit utilization stood at around 41% for the last 12 months ending Jan 31, 2019. Further, AFPL has raised funds through NCDs which are having tenor of 3 to 5 years matching with the product profile.

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

Key Rating strengths

Experienced Promoters along with operational support from group companies: AFPL has been promoted by the Jain family represented by Mr. Vinod Jain and Mr. Rajesh Jain, who looks after the overall management of the company. Mr. Rajesh Jain has an overall experience of more than one decade in different businesses such as transport, finance and construction and has been associated with HFPL since inception. The promoters have also promoted SRG Housing Finance Ltd. which is a Housing finance company engaged in the financing of housing and mortgage loans as well as SRG Securities Finance Ltd. which is into financing of equipment loans, vehicle loans and business loans.

Secured and diversified nature of products: AFPL's product profile is diversified as it offers mortgage loans, Business loans and Vehicle loans. In the case of Business loans, the company provides loans to the corporate customers against immovable properties (Loan against property) which are mortgaged by it in order to secure the said loan. In case of vehicle loans, loans are secured by the hypothecation of the vehicle. HFPL's has outstanding loan portfolio of Rs. 10.47 crore which are classified as Secured loans and advances as per audited results as on March 31, 2021.

Analytical approach: Standalone

Applicable criteria

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

[Policy on default recognition](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Non Banking Financial Companies](#)

About the company

Aurika Finvest Private Limited (erstwhile Hriday Fincorp Private Limited) was initially incorporated as Satkar Finance Pvt. Ltd. on June 30, 1994 and got registered with RBI in 2000 as non-deposit taking Non-Banking Finance Company (NBFC). In 2012, name was changed to the present HFPL. HFPL is part of SRG group and has common promoters, SRG group has business activities in Rajasthan and Maharashtra and has diversified product portfolio which includes housing finance, loan against property, vehicle Financing etc. HFPL is primarily engaged in financing small and medium enterprises for working capital and growth, loans for purchase and construction of commercial property, Vehicle financing, home purchase & home improvement loans, loans against property, gold loans etc.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)	March 31, 2022 (A)	Q1FY23 (U/A)
Total operating income	2.83	2.47	NA	NA
PAT	0.46	0.67		
Interest coverage (times)	1.54	1.84		
Total Assets	14.59	13.46		
Net NPA (%)	4.18	8.93		
ROTA (%)	3.24	4.77		

A: Audited

Status of non-cooperation with previous CRA: As per PR dated August 10, 2022, Brickwork has placed Aurika in the Issuer not cooperation category as the company did not provide the relevant information for carrying out review.

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: 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 (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non-Convertible Debentures		February 01, 2017	12.00	February 01, 2022	2.06	CARE B-; Stable; ISSUER NOT COOPERATING*
Debentures-Non-Convertible Debentures		July 31, 2018	10.00	July 2021 & July 2023	4.50	CARE B-; Stable; ISSUER NOT COOPERATING*

Note: The client has informed to the CARE Ratings about the NCD maturity dates, in which NCD issued on February 01, 2017 has been redeemed but the DT confirmation regarding the redemption has not been shared by the client. With regards to the second issuance amounting to the Rs. 4.50 crore, the client has shared revised maturity dates, accordingly it will be maturing in multiple parts, in July 2021 and July 2023. For the issuance maturing in July 2021 too the client has not shared the DT confirmation regarding the redemption.

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (23-Mar-20)
2	Debentures-Non-Convertible Debentures	LT	2.06	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (02-Jun-21)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (23-Mar-20)
3	Debentures-Non-Convertible Debentures	LT	4.50	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (02-Jun-21)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (23-Mar-20)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities- Not applicable

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

Sr. No.	Name of Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	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 instruments: CARE Ratings 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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