

Baid Leasing and Finance Company Limited

September 09, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	-	-	Continues to be on credit watch & Withdrawn
Total Facilities	-		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Baid Leasing and Finance Co. Ltd. (BFL) continues to derive strength from the long experience of the promoters in the financing industry, moderate scale of operations, diversified product portfolio, adequate internal control and MIS system and expansion of resource base over a period of time. The rating also derives strength from long-standing track record of BFL in the auto financing segment with primarily secured nature of portfolio.

The ratings, however continues to remain constrained on account of its moderate earnings profile, leveraged capital structure, low seasoning of loan portfolio and asset quality with high geographical concentration.

The ratings assigned to the bank facilities of BFL **continues to remain on 'credit watch with developing implications'** on account of lack of information on amalgamated entity though National Company Law Tribunal (NCLT), Jaipur approved scheme of arrangement among Jaisukh Developers Pvt. Ltd. (JDPL) and Skyview Tie Up Pvt. Ltd. (STPL) with BFL was informed to BSE on Aug 28, 2019 by BFL. However CARE has simultaneously **withdrawn** the ratings with immediate effect on the request of the company along with 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced Promoters: BFL has been promoted by Mr. Panna Lal Baid (present Chairman & Managing Director) who had experience in the textile sector for 17 years prior to promoting BFL in 1987. The company was earlier involved in the financing of new and used vehicles financing but over the period it has shifted its focus to the loan against property (LAP) financing. The strategic decision making is entirely promoter centric. Also third generation of Baid Family, Mr. Aman Baid and Mr. Aditya Baid are driving growth in the scale of the company.

Long track record of operations albeit lower seasoning of loan portfolio: BFL has established track record of more than 20 years, however, a large proportion of its loan book was built recently for which the seasoning is low and the performance of the recently built portfolio needs to be observed in the future.

Moderate scale of operations with broader resource base: BFL's outstanding portfolio has increased from Rs.277.82 crore as on Dec 31, 2018 to Rs.284.70 crore as on March 31, 2019, further it stood at Rs.281.17 crore as on June 30, 2019. BFL reported growth of 42.72% in its total income to Rs.57.57 crore in FY19 compared to Rs.46.44 crore in FY18 upon considerable growth in its loan portfolio. BFL is gradually increasing its resource base and currently enjoys facilities from banks as well as financial institutions.

Adequate internal control and MIS system: BFL is using Jaguar system for online monitoring of all loan accounts and generation of required MIS reports. Also, it takes care of accounting and financial reporting. BFL has an established monitoring structure for overseeing its current operations

Key Rating Weaknesses

Geographical concentration of operations: BFL has presence mainly in Rajasthan with 100% of total outstanding portfolio as on March 31, 2018 and December 31, 2018 being concentrated in Rajasthan with majority of portfolio being concentrated in Jaipur and surrounding region.

Moderate asset quality and profitability and leveraged capital structure: BFL's NIM marginally improved to 9.38% in FY19 as against 9.03% during 9MFY19. Further ROTA has marginally improved to 2.61% during FY19 as compared to 2.51% in 9MFY19 in line with improvement in NIM. However profitability of the company continued to remain low in FY19 and 9MFY19 as compared to FY18 marked by decline in NIM and ROTA on account of incremental portfolio funded from debt. Overall

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

gearing of BFL has marginally deteriorated to 5.74 times as on March 31, 2019 as compared to 5.31 times as on March 31, 2018 mainly due to debt funded loan portfolio expansion.

Gross NPA and Net NPA of total loan portfolio were improved from 3.84% (NPA recognition for dues more than 180 days for LAP portfolio and more than 360 days for Hire purchase portfolio) and 3.23% respectively as on March 31, 2018 to 3.06% and 2.65% respectively as on March 31, 2019.

Liquidity Analysis: Liquidity position of BFL as on December 31, 2018 has been moderate with working capital limit utilization remaining moderate at 88% for 12 months ending Jan 31, 2019. BFL has comfortable ALM as on March 31, 2019 with no cumulative mismatch in any bucket. BFL has unavailed sanctioned amount of Rs.10 crore as on March 29, 2019 and around Rs.45 crore of proposals are under process which is envisaged to be received in April, 2019.

Analytical approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

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

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

[Rating Methodology-Non-banking Financial Companies](#)

[Financial Sector Ratios](#)

About the Company

Baid Leasing & Finance Company Ltd. (BFL), Jaipur based Non-Deposit taking NBFC, is engaged in the financing of passenger, multi-utility and commercial vehicles through hire purchase route apart from financing of loan against property (LAP) to self-employed segment and government employees. BFL was formed as a proprietorship concern in 1987 by Mr. Panna Lal Baid and its constitution was changed to public limited company in 1991. Subsequently, the company got listed on BSE platform in 1995 and got license from RBI to operate as NBFC in March, 1998. The company also earns income from trading of securities, mostly equity shares and derivatives. BFL is operating through its 38 branches and agency offices located at semi-urban areas spread all over Rajasthan.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	41.04	58.57
PAT	5.67	7.85
Interest coverage	1.46	1.38
Total Assets	270.78	331.43
Net NPA (%)	3.23	2.65
ROTA (%)	2.64	2.61

A: Audited

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

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

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-Cash Credit	-	-	-	0.00	Withdrawal based on NOC

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	0.00	Withdrawal based on NOC	1)CARE BBB- (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE BBB- (Under Credit watch with Developing Implications) (03-Apr-18)	1)CARE BBB- (Under Credit watch with Developing Implications) (03-Oct-17)	1)CARE BBB-; Stable (01-Mar-17)

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.

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About CARE Ratings:

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