

RATING RATIONALE

6 Sept 2021

Baid Leasing and Finance Co. Limited

Brickwork Ratings reaffirms ratings at ‘BWR BBB/Stable’ for the Term Loan/ Working Capital (WC) Facilities and Withdraws ratings for the proposed Commercial Paper (CP) facilities of Baid Leasing and Finance Co. Limited

Particulars

Facilities / Instrument**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (Sep 25, 2020)	Present
Fund based Term Loan and WC Facilities	175.24	160.00	Long Term	BWR BBB/ Stable (Reaffirmed)	BWR BBB/ Stable (Reaffirmed)
Commercial Paper (CP)	15.00	0.00	Short Term	BWR A3 (Assigned)	Withdrawn
Total	190.24	160.00	Rs. One Hundred Sixty Crore Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank Loan facilities and CPs is provided in Annexures-I & II

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has reaffirmed ratings at BWR BBB/Stable for the Term Loan/ WC facilities of Baid Leasing and Finance Co. Limited (BLFCL or the Company) and has withdrawn a rating of ‘BWR A3’ for the proposed CP issue as tabulated above.

The ratings factor in the experienced promoter and management team and comfortable capitalisation. However, the ratings are constrained by de-growth in AUM from Rs. 283 Crs at the end of FY 19 to Rs. 249 Crs at the end of FY 21 and Rs. 239 Crs at the end of Jun 21, increasing delinquency levels with GNPA levels increasing from 3.44% at the end of FY 20 to 3.51% at the end of FY 21 and 3.80% at the end of Jun 21, small scale of operations and geographical concentration with the entire AUM being concentrated in the state of Rajasthan.

Further, Ratings previously assigned to the proposed Commercial Papers of Rs.15 crs have been withdrawn based on the request of the company with a confirmation that the CPs have not been raised. The withdrawal of ratings is in line with the internal Policy of BWR for withdrawal of Ratings.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

Bank Loans: As per sanction letters of the respective lenders

KEY RATING DRIVERS

Credit Strengths:-

- **Experienced promoters and management team:** BLFCL has been founded by Mr. Panna Lal Baid who is the present Chairman and Managing Director (MD) of the company. He has more than 50 years expertise in diversified sectors and more particularly in the core finance sector. Mr. Aman Baid is actively involved in the management of the company as a Whole time Director. The company's board also consists of three Independent Directors. The management is supported by qualified and experienced professionals.
- **Adequate capitalisation:** During FY20, the company amalgamated two entities viz. Jaisukh Developers Pvt. Ltd. (JDPL) and Skyview Tie Up Pvt. Ltd. (STPL) with BLFCL. This has resulted in increase in net worth to Rs 130.02 Crs as on 31 March 2020 from Rs 49.09 Crs as on 31 March 2019. The net worth has further increased to Rs 137.58 Crs as on 31 March 2021 to the extent of PAT. The company had a CRAR of 47.43% as on March 31, 2021 (PY:40.82%) well above the regulatory requirements.

Credit Risks:-

- **Degrowth in Loan Book:** The loan portfolio of the company has continued to degrow during FY 21 as well as during Q1 FY22. The loan book of the company has reduced from Rs.282.77 Crs as at the end of FY 19 to Rs.249.05 Crs as at the end of FY 21. It further declined to Rs.238.93 Crs as on Jun 30, 2021. The decline in loan book is due to reduction in disbursements on account of the cautious stance adopted by the Company as well as fundraising challenges faced by the Company, as is the case with many small/medium NBFCs given the current uncertain environment. Total disbursements decreased to Rs.55 Crs during FY21 from Rs 73 Crs during FY20, and Rs 184 Crs during FY19. The company's ability to raise additional funding, and ramp up its disbursements and consequently scale up its loan book would be a key monitorable.
- **Increasing Delinquency Levels:** Delinquencies have shown an increasing trend with PAR 90+ increasing steeply from 4.82% at the end of FY 20 to 5.71% at the end of FY 21 to 6.40% at the end of Jun 21. Performance during Q1 FY 22 has been adversely affected due to a lockdown in the majority of the company's areas of operation, thereby impacting collections. However, with gradual opening up of restrictions, collections have picked up in Jul and Aug 2021. The company follows 180 days for NPA recognition, GNPA of the company as on March 31, 2021 was 3.51% (PY:3.44%) and NNPA was 1.64% (PY:1.97%). The company's ability to manage asset quality in the near term will remain a key rating monitorable.
- **Geographical concentration:** The company started its business with the state of Rajasthan and its entire portfolio is concentrated in Rajasthan. Over the medium term, the loan book is expected to be largely from Rajasthan.
- **Recovery of Advances from Related Parties:** As on Mar 31, 2021 outstanding advances to group companies/ related parties were Rs.20.77 Crs (PY: Rs.~32 Crs). Of the total advances to group companies, ~59% has been given to a single company. Timely



recovery of the above-mentioned advances, and future related party transactions would be a monitorable considering the presently moderate liquidity position of the company.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has taken a stand alone approach on BLFCL for arriving at the ratings. BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Upward: Significant growth in the AUM, adequate fund raise, improved profitability and stable asset quality, will be rating positives

Downward: Deterioration in the asset quality or earning profile and funding challenges, if any, will be rating negatives

LIQUIDITY INDICATORS - Adequate

As on August 31, 2021 the company had unencumbered Cash/ Bank balance of Rs.3.46 Crs, unutilised CC of Rs.1.79 Crs and undrawn limits of Rs.5 Crores. Scheduled collections between September 2021 to December 2021 aggregate to Rs 39.50 Crs . Against the above liquidity, debt repayments between September 2021 to December 2021 aggregate to Rs 37.38 Crs. Additionally, the Company expects incremental sanctions of Rs.30 Crs between September 2021 to December 2021. Based on the above support, liquidity seems adequate as on date.

COMPANY’S PROFILE

Baid Leasing and Finance Company Ltd (BLFCL), a non-deposit accepting - NBFC, is a public limited company incorporated on 20 Dec 1991. Company is headquartered in Jaipur, Rajasthan. BLFCL received its NBFC license from RBI on 11 Mar 1998. Company mainly focuses on SME loans including Loan Against Property (LAP) and used vehicle financing in semi urban and rural areas of Rajasthan. As on 30th Jun 2021, its AUM was Rs. 239 Crs with LAP/SME constituting Rs. 215 Crs (90% of AUM) and Vehicle Financing constituting Rs. 24 Crs (10% of AUM).

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY20	FY21
Result Type		Audited	Audited
Loan Portfolio	Rs in Crs	267.95	249.04
Revenue from Operations	Rs in Crs	62.59	53.45
Profit After Tax	Rs in Crs	7.61	7.48
Tangible Networth	Rs in Crs	129.89	137.45
Debt: NW	Times	1.45	1.19
CRAR	%	40.82%	47.43%
GNPA	%	3.44%	3.51%
NNPA	%	1.97%	1.64%

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NIL

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Instrument/ Facilitates	Current Ratings			Chronology of Rating History for the past 3 years					
	Type	Amount Rated (Rs. Crs)	Ratings	2020		2019			2018
				25/9/20	31/8/20	20/8/19	12/8/19	18/7/19	
Bank Facilities Fund Based	Long Term	160.00	BWR BBB/ Stable	BWR BBB/ Stable	BWR BBB/ Stable	BWR BBB/ Stable	BWR BBB/ Stable	-	-
Commercial Paper	Short Term	Nil	Withdrawn	BWR A3	-	-	-	-	-
Cash Credit	Long Term	-	-	-	-	-	-	BWR BB+/Stable (Withdrawn)	-

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)

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Baid Leasing and Finance Co. Ltd.

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)
1	State Bank of India	Cash Credit	30.00	0.00	30.00
2	UCO Bank	Cash Credit	15.00	0.00	15.00
3	UCO Bank	Term Loan	0.66	0.00	0.66
4	UCO Bank	Term Loan	3.67	0.00	3.67

5	State Bank of India	Term Loan	1.65	0.00	1.65
6	AU Small Finance Bank	Term Loan	6.29	0.00	6.29
7	AU Small Finance Bank	Term Loan	4.39	0.00	4.39
8	IDFC First Bank	Term Loan	10.56	0.00	10.56
9	IDFC First Bank	Term Loan	12.17	0.00	12.17
10	NABARD	Term Loan	20.00	0.00	20.00
11	IndusInd Bank	Term Loan	0.89	0.00	0.89
12	IndusInd Bank	Term Loan	2.87	0.00	2.87
13	Avanse Financial Services Ltd.	Term Loan	2.50	0.00	2.50
14	Manveeya Development and Finance Pvt. Ltd.	Term Loan	1.49	0.00	1.49
15	MAS Financial Services Ltd.	Term Loan	3.33	0.00	3.33
16	MAS Financial Services Ltd.	Term Loan	3.54	0.00	3.54
17	MAS Financial Services Ltd.	Term Loan	2.71	0.00	2.71
18	MAS Financial Services Ltd.	Term Loan	2.92	0.00	2.92
19	Muthoot Capital Services Limited	Term Loan	3.96	0.00	3.96
20	Shriram City Union Finance Ltd.	Term Loan	1.27	0.00	1.27
21	Shriram Transport Finance Ltd.	Term Loan	12.46	0.00	12.46
22	Ugro capital Ltd.	Term Loan	1.02	0.00	1.02
23	Eclear Leasing and Finance Pvt. Ltd.	Term Loan	9.06	0.00	9.06
24	Moneywise Financial Services Pvt. Ltd.	Term Loan	4.45	0.00	4.45
25	Proposed Term Loans/ WC facilities				3.14
	Total				160.00

(Rupees One Hundred and Sixty Crores only)



ANNEXURE II

INSTRUMENT (COMMERCIAL PAPERS) DETAILS: N/A

Ratings withdrawn

ANNEXURE III

List of entities consolidated: N/A

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