

**Abans Finance Private Limited (Revised)**

February 23, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Market Linked Debentures	16.07 (Reduced from 26.45)	CARE PP-MLD BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

**Rationale and key rating drivers**

CARE has reaffirmed the ratings assigned to the market linked debentures of Abans Finance Pvt Ltd. The rating reaffirmation factors in experienced management of Abans Group, AFPL's comfortable capital structure and adequate liquidity profile. The ratings however are constrained by business, resources & customer concentration risk as a result of high dependence on group companies.

**Rating sensitivities: Factors likely to lead to rating actions**
**Positive factors**

- Diversification in business and earnings profile with increasing share of business from non-group entities
- Granularity in loan portfolio
- Sustained scale up in business operations

**Negative factors**

- Continued volatility in topline with deterioration in ROTA to below 1% on sustained basis
- Gearing above 3.0x on a sustained basis
- Deterioration in asset quality with GNPA of more than 2.0% on a sustained basis

**Analytical approach:** Standalone along with factoring in operational and managerial linkages with the parent Abans Holdings Limited.

**Key strengths**
**Experienced management and diversified business profile**

Abans group was founded and promoted by Mr. Abhishek Bansal and under his stewardship, the group of companies have evolved from being a trading house to a diversified business group providing expertise across value chain of financial services. Abans Holding's Limited (AHL) is the ultimate holding company of the financial services arm of the group. AHL holds 91.77% in AFPL as on March 31, 2022. The group deals in equity derivatives, currencies, and commodities in domestic and international markets. He is assisted by a team of well qualified and experienced directors, having strong experience in capital markets, compliance, and taxation matters. Group's business line comprises of primarily three segments such as Agency business, trading business and onward lending business.

**Comfortable capital structure**

Tangible Networth (TNW) of the company increased from Rs.209 crore as on March 31, 2021, to Rs.214 crore as on March 31, 2022, due to accretion of profits in the business. CAR and Tier I ratios stood at 21.11% and 21.04% respectively as on March 31, 2022 (P.Y.: 39.88% and 27.54% respectively). During 9MFY23, company reported TNW of Rs.219 crore with CAR of 45.85%. Gearing improved from 1.01x as on March 31, 2021, to 0.25x as on March 31, 2022, and was at 0.31x as on Dec 31, 2022, on account of company's continued deleveraging.

Abans Holdings Ltd. (AHL), parent of AFPL has infused part of its IPO proceeds of Rs.80 crore into the company during February 2023, which is expected to further improve the overall capital structure of the company.

<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

**Key weaknesses****Moderate profitability**

Company reported an increase in PAT from Rs.2 crore on a topline of Rs.49 crore for FY21 to Rs.5 crore on a topline of Rs.34 crore for FY22. While the company earns spreads of roughly 2.5% on its loan portfolio, it witnessed NIM of 8.75% for FY22 on account of portfolio churn owing to its shorter tenure as well as investment income. Opex improved from 4.61% for FY21 to 1.67% for FY22 on account of nil contribution towards political donations (P.Y.: Rs.12 crore of political donation). ROTA has therefore improved from 0.42% for FY21 to 1.41% for FY22. During 9MFY23, company has reported PAT of Rs.5 crore on a topline of Rs.18 crore. Annualized ROTA stood at 1.77% for 9MFY23.

**Moderate track record of operations**

Abans group was founded in 2005 and has consequently ventured into various businesses including lending and broking. The lending business done under AFPL has gained momentum from FY17. Disbursements increased from Rs.280 crore for FY21 to Rs.434 crore for FY22, whereas loan book of the company reflected a sharp decline from Rs.353 crore as on March 31, 2021, to Rs.185 crore as on March 31, 2022. While decline in the loan outstanding is primarily on account of short tenor of loans (approx. 3 months to 6 months), the company's lending is primarily to group companies due to which it has moderate track record of lending operations to companies outside the group.

**Business and client concentration**

At consolidated level, the overall business and hence earnings profile is volatile due to high reliance on commodity trading business. The business mix comprises of Agency business, proprietary trading business and lending business. Trading business comprises of 92% of the total group's topline, followed by lending business at 5% and agency business at 3%. Proprietary trade business comprises of trading in commodities and equity markets, thus making the overall topline susceptible to volatility in the markets. At AFPL level, the loan book of the company comprises of working capital and term loans provided by the company to its customers. These products are primarily unsecured in nature. As on March 31, 2022, company had a loan book outstanding of Rs.187 crore, which entirely comprised of 20 customers. Further, 77% of the total book as on March 31, 2022, was to its group companies. Top 20 customer concentration stood at 95% as on December 31, 2022, of which group entities contributed to 50%. These borrowers are engaged in financial services (27%), agro and commodities (18%), Others (48%) and gems and jewelry (8%). In terms of its liability profile, 72% of the borrowings as on March 31, 2022, were sourced from promoter/ group entities. Thus, there is significant dependency on the group entities pertaining to its business operations.

**Liquidity: Adequate**

As on Dec 31, 2022, company has reported no negative cumulative mismatches in any of the time buckets. Company reported cash and cash equivalent of Rs.29 crore as against debt repayments of Rs.33 crore for next one year.

**Applicable criteria**[Policy on default recognition](#)[Factoring Linkages Parent Sub JV Group](#)[Financial Ratios - Financial Sector](#)[Rating Outlook and Credit Watch](#)[Non-Banking Financial Companies](#)[Policy on Withdrawal of Ratings](#)[Rating Methodology- Market Linked Notes](#)

### About the company and industry:

Abans Holdings Limited, erstwhile Abans Holdings Private Limited is the holding company of all the companies in the Abans Group. The group is promoted by Mr. Abhishek Bansal in 2009 Abans Group is engaged in commodity business which includes arbitrage trading, distribution of gold & silver, jewellery manufacturing and gold & silver refining and providing short term loans and advances to the corporates engaged in the business of trading. The group is also engaged in broking operations in the commodities, equities, and currency segments.

AFPL is one of the group entities of Abans group which is RBI registered systemically important non-deposit accepting NBFC engaged in providing secured and unsecured structured and trade financing solutions to individuals and corporates primarily in the category of small and medium enterprise borrowers.

### Industry Classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Other Financial Services

### For Abans Holdings Limited

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	1,331	646	591
PAT	46	61	48
Total Assets	1,175	1,204	NA
ROTA (%)	3.86	5.25	NA

A: Audited; UA: Un audited; NA: Not available

### For Abans Finance Pvt Ltd:

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	49	34	18
PAT	2	5	5
Total Assets	429	269	296
Net NPA (%)	Nil	Nil	Nil
ROTA (%)	0.42	1.41	1.77

A: Audited; UA: Un audited; NA: Not available

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

**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 the covenants of the rated instruments/facilities is given in Annexure-3

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

**Lender details:** Annexure-5. Debentures-Market Linked Debentures

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

Name of the instrument	ISIN	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (₹ crore)	Rating Assigned along with Rating Outlook
PP-MLD	INE00ZD07165	28-Feb-20	Equity Linked	13-May-23	4.00	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07389	11-Sep-20	Nifty 50 Index Linked	26-Oct-23	1.40	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07389	29-Oct-20	Nifty 50 Index Linked	26-Oct-23	0.10	CARE PP-MLD BBB-; Stable

PP-MLD	INE00ZD07405	11-Dec-20	Nifty 50 Index	03-Jan-24	0.60	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07405	17-Dec-20	Nifty 50 Index	03-Jan-24	0.10	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07405	30-Dec-20	Nifty 50 Index	03-Jan-24	0.32	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07405	27-Jan-21	Nifty 50 Index	03-Jan-24	0.10	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07413	04-Feb-21	Nifty50 Link	27-Feb-24	0.30	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07439	12-Mar-21	Nifty 50 Link	22-May-24	3.05	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07439	15-Mar-21	Nifty 50 Link	22-May-24	0.30	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07413	16-Mar-21	Nifty50 Link	27-Feb-24	0.20	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07439	30-Mar-21	Nifty 50 Link	22-May-24	1.20	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07439	29-Apr-21	Nifty 50 Link	22-May-24	0.60	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07439	28-May-21	Nifty 50 Link	22-May-24	0.10	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07488	17-Jun-21	Nifty 50 Index Linked	11-Mar-23	0.10	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07488	23-Jun-21	Nifty 50 Index Linked	11-Mar-23	0.30	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07488	29-Jun-21	Nifty 50 Index Linked	11-Mar-23	0.20	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07488	15-Jul-21	Nifty 50 Index Linked	11-Mar-23	0.50	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07488	29-Jul-21	Nifty 50 Index Linked	11-Mar-23	0.30	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07504	25-Aug-21	Nifty 50 Index Linked	13-May-23	0.10	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07504	06-Sep-21	Nifty 50 Index Linked	13-May-23	0.30	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07512	24-Sep-21	Nifty 50 Linked	17-Jun-23	0.20	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07512	23-Nov-21	Nifty 50 Linked	17-Jun-23	0.70	CARE PP-MLD BBB-; Stable
PP-MLD	INE00ZD07520	06-Dec-21	Nifty 50 Linked	16-Jan-25	1.00	CARE PP-MLD BBB-; Stable
PP MLD	INE00ZD07397	10-Dec-20	--	31-Dec-22	0.00	Withdrawn
PP MLD	INE00ZD07397	16-Dec-20	--	31-Dec-22	0.00	Withdrawn
PP MLD	INE00ZD07421	05-Feb-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07421	08-Mar-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07421	17-Mar-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07421	30-Apr-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07462	05-May-21	--	09-Nov-22	0.00	Withdrawn
PP MLD	INE00ZD07421	17-May-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07470	19-May-21	--	11-Aug-22	0.00	Withdrawn
PP MLD	INE00ZD07421	01-Jun-21	--	22-Jul-22	0.00	Withdrawn

PP MLD	INE00ZD07421	18-Jun-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07421	30-Jun-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07421	08-Jul-21	--	22-Jul-22	0.00	Withdrawn
PP MLD	INE00ZD07496	23-Jul-21	--	07-Jan-23	0.00	Withdrawn
PP MLD	INE00ZD07496	30-Jul-21	--	07-Jan-23	0.00	Withdrawn
PP MLD	INE00ZD07496	17-Sep-21	--	07-Jan-23	0.00	Withdrawn
PP MLD	INE00ZD07496	16-Nov-21	--	07-Jan-23	0.00	Withdrawn
PP MLD	INE00ZD07496	16-Dec-21	--	07-Jan-23	0.00	Withdrawn

**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-Bank Overdraft	LT	-	-	-	-	-	1)Withdrawn (03-Mar-20)  2)CARE BBB-; Stable (21-Feb-20)
2	Debentures-Market Linked Debentures	LT	-	-	-	1)CARE PP-MLD BBB-; Stable (25-Feb-22)	1)CARE PP-MLD BBB-; Stable (02-Mar-21)	1)CARE PP-MLD BBB-; Stable (03-Mar-20)
3	Debentures-Market Linked Debentures	LT	16.07	CARE PP-MLD BBB-; Stable	-	1)CARE PP-MLD BBB-; Stable (25-Feb-22)	1)CARE PP-MLD BBB-; Stable (02-Mar-21)	-

\*Long term/Short term.

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

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

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Market Linked Debentures	Highly Complex
2	Debentures-Market Linked Debentures	Simple

**Annexure-5: Lender details**

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

**Note on the 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](mailto:care@careedge.in) for any clarifications.

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