

February 15, 2024

Sri Vishnu Priya Finance: Rating Moved to Issuer Non-Cooperating Category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based – Cash credit	18.00	18.00	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating moved to Issuer Not Cooperating category
Total	18.00	18.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has moved the ratings for the bank facilities of **Sri Vishnu Priya Finance** to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]B+(Stable); ISSUER NOT COOPERATING".

As part of the process and in accordance with rating agreement with **Sri Vishnu Priya Finance**, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

ICRA has taken a consolidated view of Sri Padma Priya Finance Corporation (PP) and Sri Vishnu Priya Finance (VP) as these entities are under the same management and operate in the same business segment. The combined entity is referred to as PPVP.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities : [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies Policy in respect of Non-cooperation by a rated entity
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financials of PP and VP

About the company

VP was set up in 1996 as a partnership firm in Rajahmundry (Andhra Pradesh). It finances two-wheelers in the east Godavari region of Andhra Pradesh. As on March 31, 2022, VP's total vehicle loan portfolio stood at Rs.30.6 crore (including unmatured hire charges). VP reported a net profit of Rs. 0.3 crore in FY2022 on an asset base of Rs. 32.0 crore.

Group Profile

PPVP is a part of the Rajahmundry-based SB Group. The key entities in the Group include SB Motor Corporation, SB Wheels Zone, PP and VP. With an established track record of over three decades, the Group is primarily engaged in two-and-four-

wheeler dealerships and financing. Mr. Rangaprasad, Mr. Ramkumar, Ms. Parimala, and Mr. Suresh Kumar are the partners in all the entities of the Group with varying shares in each firm. The Group's financing activities are undertaken by PP and VP. Both are partnership firms and provide finance for two-wheelers, mostly used vehicles, with a focus on the rural market.

As on March 31, 2022, PPVP's total vehicle loan portfolio stood at Rs. 68.5 crore (including unmatured hire purchase charges; Rs. 49.4 crore excluding unmatured hire purchase charges). For FY2022, the combined entity reported a net profit of Rs. 0.7 crore on an asset base of Rs. 67.5 crore. As on March 31, 2022, PPVP's total net worth in relation to the total assets was 30.4%.

Key financial indicators (audited)

	FY2020	FY2021*	FY2022
Total income	36.4	32.4	38.7
Profit after tax	0.5	4.0	0.7
Net worth	17.8	19.2	20.5
Loan book – Excluding unmatured hire charges	44.0	44.1	49.4
Total managed assets	61.1	60.7	67.5
Return on managed assets	0.9%	6.6%	1.1%
Return on net worth	3.1%	21.8%	3.4%
Managed gearing (times)	2.4	2.2	2.3
Gross stage 3	NA	NA	NA
Net stage 3	NA	NA	NA
Solvency (Net stage 3/Net worth)	NA	NA	NA
CRAR	NA	NA	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

* Exceptional income of Rs. 6.50 crore (PP – Rs. 3.75 crore and VP – Rs. 2.75 crore) is estimated undisclosed income assessed by the Income Tax Department as a part of the income tax raid and is included in the books for FY2020-21. Tax on such income is paid as a part of self-assessment tax for FY2020-21 (AY2021-22)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2024)			Chronology of Rating History for the past 3 years			
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in	Date & Rating in	Date & Rating in	Date & Rating in
				Feb 15, 2024	Dec 22, 2022	Sep 30, 2021	Sep 30, 2020
Long-term 1 fund based – Cash credit	Long term	18.00	18.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term – Fund-based – Cash Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Long-term fund based - Cash credit	-	-	-	18.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING

Source: Sri Vishnu Priya Finance

Annexure-II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Sri Padma Priya Finance Corporation	100% [@]	Full Consolidation
Sri Vishnu Priya Finance	100% [@]	Full Consolidation

[@]Partners with 100% share in profits are common for both entities

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