July 13, 2021

SBFC Finance Private Limited: ICRA withdraws rating for PTCs issued under one loan against gold securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s during previous surv exercise (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Aura Trust June 2020	PTC Series A	62.16	NA	0.00	[ICRA]AA(SO); withdrawn

**Instrument details are provided in Annexure-1*

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under one gold loan securitisation transaction originated by SBFC Finance Private Limited (SBFC), as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payment are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale is available at the following link: click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

SBFC Finance Private Limited (SBFC) is a non-banking finance company that provides loans against property, gold loans and personal loans. Backed by the Clermont Group and the Arpwood Group, the company commenced operations in September 2017 after acquiring the performing loans in KFSL's retail portfolio. Following the acquisition, SBFC focussed on building adequate systems and processes and on the on-boarding of experienced professionals in the management team before rebooting the lending business. It leverages technology and analytics to provide customers with easy access to credit and to assess their credit behaviour through their digital footprint. In June 2019, the company acquired a pool of Rs. 2,365.6 crore via a PTC transaction. The total pool in the structure was Rs. 2,957.02 crore, of which Series A PTCs of Rs. 2,365.6 crore were issued to SBFC, wholly financed by long-term borrowings. DHFL holds the Series B PTCs of the remaining amount of Rs. 591.4 crore (20% of Series A PTCs; in line with the RBI's guidelines pertaining to minimum retention).

SBFC reported a PAT of Rs. 24 crore on total assets of Rs. 4,342 crore in Q1 FY2021 compared to a PAT of Rs. 4 crore on total assets of Rs. 4,141 crore in Q1 FY2020. In FY2020, the company posted a PAT of Rs. 35 crore on total assets of Rs. 4,208 crore compared to a PAT of Rs. 24 crore on total assets of Rs. 1,793 crore in FY2019.

Key financial indicators

	FY2019	FY2020	Q1 FY2021
	Ind-AS	**Ind-AS**	**Ind-AS**
Net Interest Income	124	176	54
Profit after Tax	24	35	24
Total AUM	1,153	1,548	1,530
Gross NPAs (%)	0.44%	2.28%	2.24%
Net NPAs (%)	0.12%	0.71%	0.79%

Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
					July 13, 2021	October 23, 2020^	July 02, 2020	-	-
1	Aura Trust June 2020	PTC Series A	62.16	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

^final rating assigned

Complexity level of the rated instrument

Trust name	Instrument	Complexity Indicator
Aura Trust June 2020	PTC Series A	Moderately Complex

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 analyzing 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: www.icra.in

Annexure-1: Instrument details

Issue Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Scheduled Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Aura Trust June 2020	PTC Series A	June 2020	9.20%	August 2022	0.00	[ICRA]AA(SO); withdrawn

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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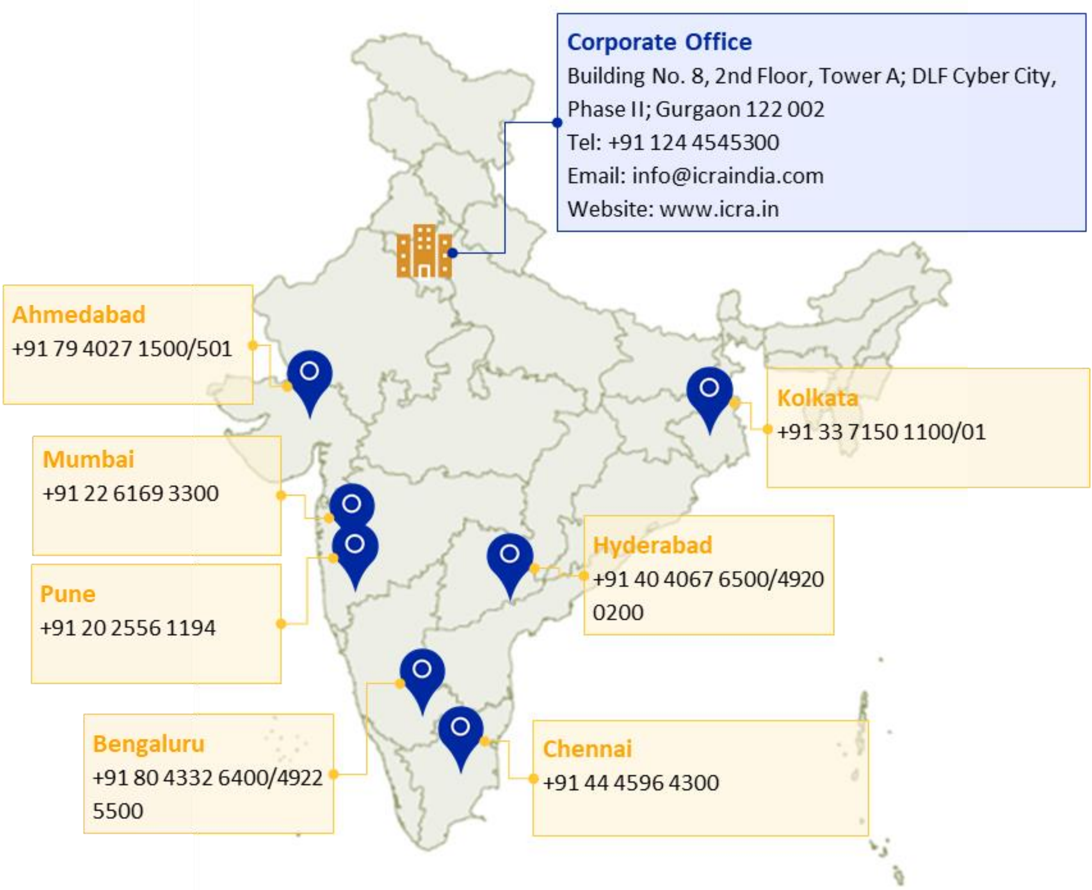

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