ICRA

March 26, 2021

SBFC Finance Private Limited: Rating withdrawn for PTCs issued under one loan against gold securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount Rated (Rs. crore)	Amount o/s after last surveillance (Rs. crore)	Current o/s Amount (Rs. crore)	Rating Action
Aura March 2020 Trust	PTC Series A	76.27	NA	0.00	[ICRA]AA(SO); Withdrawn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ICRA has withdrawn the rating for pass through certificates (PTCs) issued under one gold loan securitisation transaction originated by SBFC Finance Private Limited (SBFC), as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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 of surveillance exercise 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, *adjusted net worth i.e. (Net worth – Goodwill)*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)					Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018
					Mar 26, 2021	Oct 23, 2020	Mar 31, 2020	-	-
1	Aura March 2020 Trust	PTC Series A	76.27	0.00	[ICRA]AA(SO); Withdrawn	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website click here

Annexure-1: Instrument details

Issue Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Aura March 2020 Trust	PTC Series A	March 31, 2020	9.52%	April 16, 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:

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