



Press Release
RBA Finance Private Limited
November 16, 2023
Rating Upgraded & Withdrawn and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.90	ACUITE BB Upgraded & Withdrawn	-
Bank Loan Ratings	5.10	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	20.00	-	-

Rating Rationale

Acuite has upgraded and withdrawn the long term rating of '**ACUITE BB (Read as Acuite Double B)**' from **Acuite B+ (Read as Acuite B Plus)** on the Rs.14.90 Cr. bank facilities of RBA Finance Pvt. Ltd.

Acuite has withdrawn the long term rating on the Rs.5.10 Cr **proposed** bank facilities of RBA Finance Pvt. Ltd.

The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

Rationale for Upgrade

The upgrade takes into account NBFC's consistent growth in operations and profitability. The NBFC observed strong growth in its AUM at Rs.183.94 crores for FY23 (prov) and Interest Income at Rs.28.87 crores for FY23 (prov). NIM has improved year on year; at 17.56% for FY23 (prov) vis a vis 13.84% for FY22. With healthy CRAR at 28.87% for FY23 (prov); overall improvement is seen in the operations. On the other hand, RBAFPL's asset quality is moderate marked by GNPA and NNPA; stood at 4.12% and 3.53% respectively. However, the asset quality remains moderate despite improvement year on year. Going forward, movement in asset quality or profitability metrics and any deterioration in capital structure or capitalization levels will be key credit indicators.

About the company

RBA Finance Private Limited was incorporated in 1996, is a Delhi based non-deposit taking Non-Banking Financial Company (NBFC –ND) engaged in the business of two and three wheeler vehicle financing. The company is promoted and managed by Mr. Shayam S. Agarwal and has a presence in Uttar Pradesh, Rajasthan and Madhya Pradesh.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered a standalone view of the business and financial risk profile of RBA Finance Pvt Ltd. to arrive at the rating.

Strength

Established track record of operations

RBAFPL; running under the chairmanship of Mr. Radha Ballabh Agarwal since 1996 in the field of automobile financing. The management, having more than 2 decades of experience at RBA Finance Pvt Ltd. The directors Mr. Kapil Kumar Agarwal and CFO of RBAFPL, and director MR. S.K. Singh carrying out the recovery cell operations. The management together brings an extensive experience in the finance sector in the northern India especially Uttar Pradesh. The NBFC also finances three wheeler loans and micro credit facilities in northern India. The NBFC reported an AUM greater than Rs.200 crores in Q1FY24 (prov) and the disbursement levels stood at Rs.42.57 crores for Q1FY24 (prov).

Acuite believes that the company's growth prospects will be supported by the promoters experience in the industry along with their demonstrated track record of resource-raising ability.

Adequate Financial risk profile with growing operations

RBA Finance Pvt Ltd. reported AUM at Rs.183.94 crores for FY23 (prov). RBA Finance Pvt Ltd. reported a net worth of Rs.30.51 crores as on March 31, 2023 (prov). RBAFL's financial risk profile saw a marginal improvement as reflected by PAT levels of Rs.3.73 crore in FY23 as compared to Rs.3.45 crore in FY22. The financial risk profile of RBAFPL is adequate, where CRAR of the NBFC recorded at 28.87% for FY23 (prov) as against 24.98% for FY22. The NBFC's lender profile is strong; comprising banks, both private and public, and financial institutions. The average collection efficiency for last 12 months ended september 2023 stood over 100% with gross advances at Rs.102.74 crores for FY23 (prov).

Acuite believes going forward, that the ability of the company to mobilise low-cost funding through debt or sub-debt and its ability to deploy the funds profitably will be key factors to monitor. Fructification of new branches resulting in an improved earning profile would also be a key rating monitorable.

Weakness

Susceptibility to moderate asset quality, high gearing

The asset quality of RBAFPL is moderate, where GNPA and NNPA are reported high at 4.12% and 3.53% respectively for FY23 (prov). Albeit the improvement in asset quality year on year, the Net NPA stood high at 3.53% (90+dpd) for FY23. The gearing, despite improvement stood high at 2.47 times for FY23 (prov) vis a vis 2.99 times for FY22. RBAFPL's susceptibility to leverage and its moderate asset quality would be a key monitorable. The company operates in Northern India primarily in the state of Uttar Pradesh, Agra. The NBFC has network of over 7 branches spread across the Uttar Pradesh & Madhya Pradesh in Agra, Mathura and Aligarh; Firozabad, Hathras, Kanpur & Gwalior.

Rating Sensitivity

None

All Covenants

None

Liquidity Position

Adequate

Cash & Bank balance of the NBFC stood at Rs.4.92 crores for FY23 (prov); the NBFC maintains adequate cash & cash equivalents for disbursements and repayments.

Outlook:

Not Applicable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Prov)	FY22
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			(Actual)
Total Assets	Rs. Cr.	110.52	100.65
Total Income	Rs. Cr.	17.84	15.00
PAT	Rs. Cr.	3.73	3.45
Net Worth	Rs. Cr.	30.51	24.48
Return on Average Assets (RoAA)	(%)	3.54	3.09
Return on Average Net Worth (RoNW)	(%)	13.58	15.92
Debt/Equity	Times	2.47	2.99
Gross NPA	(%)	4.12	4.29
Net NPA	(%)	3.53	3.8

Status of non-cooperation with previous CRA (if applicable):

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Jul 2023	Working Capital Term Loan	Long Term	4.90	ACUITE B+ (Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	5.10	ACUITE B+ (Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE B+ (Issuer not co-operating*)
15 Apr 2022	Working Capital Term Loan	Long Term	4.90	ACUITE B+ (Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	5.10	ACUITE B+ (Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE B+ (Issuer not co-operating*)
13 Jan 2021	Working Capital Term Loan	Long Term	4.90	ACUITE B+ (Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE B+ (Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	5.10	ACUITE B+ (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB Upgraded & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	5.10	Not Applicable Withdrawn
Bank of India	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	4.90	ACUITE BB Upgraded & Withdrawn

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Soham Vaidya Analyst-Rating Operations Tel: 022-49294065 soham.vaidya@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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