



Press Release
Sai Point Finance Corporation Limited
May 29, 2023
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	150.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	40.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	40.00	-	-

Rating Rationale

Acuite has reaffirmed a long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.150.00 Cr. bank facilities of Sai Point Finance Corporation Limited (SPFC). The outlook remains '**Stable**'.

Acuite has withdrawn the rating on the Rs. 40.00 Cr. proposed bank facilities of Sai Point Finance Corporation Limited (SPFC). The withdrawal is on account of client's request and as per Acuite's policy on withdrawal of ratings. The rating is NA since the rating was allocated to the proposed bank facility and was never utilised.

The rating reaffirmation takes into account the experience of the management and resourceful promoters, the rating also factors in the healthy capitalization levels marked by Capital Adequacy Ratio (CAR) which stood at 32.11 percent as on March 31, 2023 (Provisional) (33.65 percent as on March 31, 2022). SPFC has a net worth of Rs. 62.35 Cr. as on March 31, 2023 (provisional) (Rs. 60.37 crore as of March 31, 2022). The rating also derives comfort from a proven track record of consistent funding received from banks and financial institutions.

The rating is, however, constrained due to the modest scale of operations and geographic concentration of portfolio. SPFC's loan portfolio marginally improved to Rs. 195.79 crore as on March 31, 2023 from Rs. 179.40 crore as of March 31, 2022. The disbursement levels during FY2023 also saw a marginal increase from Rs. 57.74 Cr. in FY2022 to Rs. 68.47 Cr.. The rating is also constrained due to moderate asset quality, as marked by GNPA of 3.39 percent as of March 31, 2023. The company has started marking NPAs at 90+ DPD in FY2023.

Going forward, the ability of the company to scale up its loan book, while maintaining asset quality and operating metrics will be key to monitoring.

About the company

Thane (Maharashtra)-based Sai Point Finance Corporation Limited was incorporated in 1995 as nondeposit taking NBFC. The company commenced operations in 2014 under the current management of Sai Point Group (SPG). The company is engaged in financing of two wheelers through a network of 46 branches across 5 regions of Maharashtra, namely Mumbai, Pune, Vidharbha, Nashik, Ratnagiri and Goa as on March 31, 2023. SPFC is promoted by Mr. Dilip Patil (Managing Director). SPG consists of Sai Point Automobiles Private Limited, Sai Point Cars Private Limited, and Sai Point NEXA. Sai Point Automobiles Private Limited is engaged in

Honda two wheeler dealership business. Sai Point Cars Private Limited and Sai Point NEXA are engaged in Maruti Suzuki four wheeler dealership business.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of SPFC to arrive at the rating.

Key Rating Drivers

Strength

Experienced promoter supported by the established presence of Sai Point Group in the two wheeler dealership segment:

Sai Point Group forayed into the auto dealership industry in 2001 with Sai Point Automobiles Private Limited (SPAPL), which is engaged in Honda two wheeler dealership business. Later in 2010, the group commenced four wheeler dealerships of Maruti Suzuki and Nexa by setting up Sai Point Cars Private Limited and Sai Point Nexa, respectively. Subsequently, SPFC was started in 2014 as two wheeler financing to customers sourced through their Honda two wheeler dealership company. All the entities are overseen by Mr. Dilip Patil (Managing Director). The group enjoys two decades of experienced promoters and an operational track record of entities in the auto dealership segment, which in turn has supported the business growth of SPFC. SPFC operates in Maharashtra with a network of 46 branches as on March 31, 2023. Around 35 percent of SPFC's portfolio is attributed to Sai Point Group's Honda two wheeler dealership business carried out under SPAPL, with the remaining 65 percent coming from financing for other dealers. The SPFC mainly finances Honda two-wheelers, which account for 60~65 percent of the portfolio financed, followed by 20 percent of Bajaj two-wheelers and 10-15 percent of TVS scooters and other brands. SPFC's capitalization levels stood healthy at 38.75 percent as on September 30, 2021, as against 30.71 percent as of March 31, 2021. The promoters infused Rs. 5 crore in H1 FY2022. This ensures adequate room is available for the future growth of the company.

Acuité believes that SPFC's business profile will continue to benefit from the established presence of Sai Point Group in the two-wheeler dealership industry, backed by experienced promoters and healthy capitalization levels.

Weakness

Moderation in asset quality and profitability metrics

SPFC's extend credit for vehicle financing, and the borrower segment in this asset class is more susceptible to economic downturns and hence more risky. Despite the downside asset quality risks, Acuite takes cognizance of the company's ability to curtail slippages. The asset quality of SPFC is moderate, with Gross Non-Performing Assets (GNPA calculated at 90+ days) at 3.39 percent as of March 31, 2023 from 4.53 percent as of March 31, 2022, and 5.95 percent as of March 31, 2021. The on-time portfolio stood at around 82 percent as of March 31, 2023. SPFC's loan portfolio marginally improved to Rs. 195.79 crore as of March 31, 2023 from Rs. 179.40 crore as of March 31, 2022. The disbursement levels during FY2023 also saw a marginal increase from Rs. 57.74 Cr. in FY2022 to Rs. 68.47 crore. The profitability metrics of SPFC are moderate. SPFC reported a PAT of Rs. 1.98 crore for FY2023 which decreased from Rs. 2.12 crore for FY 2022. Return on Average Assets (RoAA) declined to 1.03 percent as of March 31, 2023, as compared to 1.13 percent as of March 31, 2022.

Acuité believes that growth in the loan portfolio while improving asset quality and profitability metrics would be key credit monitorables.

Rating Sensitivity

- Movement in collection efficiency and asset quality
- Movement in liquidity buffers
- Movement in profitability parameters
- Changes in regulatory environment

Material Covenants

SPFC is subject to covenants stipulated by its lenders/investors in respect of various parameters like asset quality, leverage, among others.

Liquidity Position Adequate

SPFC's overall liquidity profile remains adequate as on December 31, 2022, with no cumulative negative mismatches in near to medium term. The company has maintained unencumbered cash and bank balances of Rs. 6.22 Cr. as on March 31, 2023. The company avails term loan facilities from Banks & NBFC/FIs and has also availed a cash credit facility for Rs. 11.00 Cr.

Outlook : Stable

Acuité believes that SPFC will maintain a 'Stable' outlook over the medium term supported by its established track record coupled with experienced promoter in auto dealership segment. The outlook may be revised to 'Positive' in case of higher than expected growth in AUM while maintaining key operating metrics and asset quality and liquidity. The outlook may be revised to 'Negative' in case of any headwinds faced in scaling up of operations or in case of any challenges in maintaining its asset quality, profitability metrics.

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Provisional)	FY22 (Actual)
Total Assets	Rs Cr.	195.49	189.94
Total Income*	Rs Cr.	18.82	18.41
PAT	Rs Cr.	1.98	2.12
Networth	Rs Cr.	62.35	60.37
Return on Average Assets (ROAA)	(%)	1.03	1.13
Return on Net Worth (RoNW)	(%)	3.22	3.75
Total Debt/Tangible Net Worth (Gearing)	Times	2.07	2.00
Gross NPA's	(%)	3.39	2.46**
Net NPA's	(%)	2.98	2.16**

*Total income equals to Net Interest Income plus other income

** GNPA and NNPA based on 180+ DPD

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

Infomercials Valuation and Rating Private Limited, vide its press release dated 25th November, 2021, placed the rating of SAI POINT FINANCE CORPORATION LIMITED under 'issuer non-cooperating' category.

Brickwork Rating, vide its press release dated 02nd December, 2020, placed the rating of SAI POINT FINANCE CORPORATION LIMITED under 'issuer non-cooperating' category.

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria->

[53.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, Acuité 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
28 Feb 2022	Proposed Long Term Loan	Long Term	40.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	25.00	ACUITE Provisional A- (Withdrawn)
	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Reaffirmed)
05 Feb 2021	Cash Credit	Long Term	50.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	25.00	ACUITE Provisional A- Stable (Assigned)
	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Reaffirmed)
20 Jan 2020	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.48	ACUITE BBB- Stable Reaffirmed
IDFC First Bank Limited	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.69	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	63.57	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	Not Applicable Withdrawn
IDFC First Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.43	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	9.81	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.93	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.00	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	11.00	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	44.09	ACUITE BBB- Stable Reaffirmed

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Basil Paul Manager-Rating Operations Tel: 022-49294065 basil.paul@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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