January 18, 2023

Poonawalla Fincorp Limited: Ratings withdrawn for PTCs and SLF under one tractor loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
MFL Securitisation Trust XCII	PTC Series A1	47.57	7.05	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2	1.47	0.22	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility (SLF)	1.59	1.59	0.00	[ICRA]A+(SO); Withdrawn

**Instrument details are provided in Annexure-I*

Rationale

ICRA has withdrawn the ratings for pass-through certificates (PTCs) tabulated above issued under one tractor loan securitisation transactions originated by Poonawalla Fincorp Limited. All the payouts to the investors in the above-mentioned instruments have been made and no further payments 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 previous rating exercise is available at the following link: Click here

Analytical approach

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

About the originator

Poonawalla Fincorp Limited (PFL, erstwhile Magma Fincorp Limited) was incorporated in 1988 and is registered with the Reserve Bank of India (RBI) as an asset-financing non-banking financial company (NBFC). Following the acquisition of controlling stake by Adar Poonawalla-led Rising Sun Holdings Private Limited in May 2021, the Company was renamed to Poonawalla Fincorp Limited in July 2021. As on March 31, 2022, Rising Sun Holdings Private Limited held 61.5% stake in PFL. Post the transaction, there has been a change in the management with Mr. Adar Poonawalla appointed as the Chairman along with a revamped senior management team.

PFL, on a consolidated basis had Assets under Management (AUM) of Rs. 16,579 crore as on March 31, 2022 out of which AUM of discontinued products (new car, CV, CE, used CV/CE, tractor) is Rs. 2,974 crore.

In FY2022, PFL on a consolidated basis, recorded a loss of Rs. 375 crore on asset base of Rs. 16,579 crore compared with a consolidated loss of Rs. Rs. 559 crore on a total consolidated asset base of Rs. 14,225 crore in FY2021. The loss was primarily on account of management overlay provisions created in light of Covid wave 2 and adoption of a conservative write-off policy resulting in elevated credit cost for Q4FY2021. Post equity infusion of Rs 3,456 crore, net worth of the company stood at Rs 6,058 crore, as on March 31, 2022. The gross and net stage 3 asset ratio stood at 2.7% and 1.1% respectively as on March 31, 2022 along with a healthy stage 3 provision cover of ~59%.

Key financial indicators (audited; consolidated)

Poonawalla Fincorp Limited	FY2021	FY2022	H1 FY2023
Total income	2,358	2,041	1,227
Profit after tax	-559	375	303
Total assets under management	14,225	16,579	18,560
% Gross Stage 3	3.7%	2.7%	1.8%
% Net Stage 3	1.2%	1.1%	0.9%

Source: Company, ICRA research; All ratios as per ICRA calculation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years			
	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
				January 18, 2023	September 22, 2022	October 28, 2021	November 26, 2020	November 20, 2019^	October 01, 2019*
MFL Securitisation Trust XCII	PTC Series A1	47.57	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)
	PTC Series A2	1.47	0.00	[ICRA]AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)
	Second Loss Facility	1.59	0.00	[ICRA]A+(SO); withdrawn	[ICRA]A+(SO)	[ICRA]BBB-(SO)	[ICRA]BBB-(SO)	[ICRA]BBB-(SO)	Provisional [ICRA]BBB-(SO)

** Initial rating assigned ^Final rating assigned*

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
MFL Securitisation Trust XCII	PTC Series A1	Simple
	PTC Series A2	Moderately Complex
	Second Loss Facility	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

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
MFL Securitisation Trust XCII	PTC Series A1	September 2019	9.30%	September 2024	0.00	[ICRA]AAA(SO); Withdrawn
	PTC Series A2		N.A.		0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility		N.A.		0.00	[ICRA]A+(SO); Withdrawn

Source: *Company*

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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