

March 22, 2021

## Saurashtra Gramin Bank: Rating withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Perpetual Debt Programme (Tier I Bonds)	200.00	200.00	[ICRA]A-(hyb)(Stable); Withdrawn
<b>Total</b>	<b>200.00</b>	<b>200.00</b>	

\*Instrument details are provided in Annexure-1

## Rationale

ICRA is withdrawing the rating assigned to Saurashtra Gramin Bank's (SGB) Rs. 200-crore perpetual debt programme. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. There is no amount outstanding against the bonds as the rated bonds were not issued. The key rating drivers, liquidity position, and rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#).

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA Rating Methodology for Banks</a> <a href="#">Impact of Parent or Group Support on an Issuer's Credit Rating</a>
Parent/Group Support	SGB was incorporated under the Regional Rural Banks Act, 1976 and is jointly owned by the Government of India (GoI), Government of Gujarat (GoG) and State Bank of India (SBI). Regional rural banks (RRBs) remain strategically important to the GoI and state governments, with sizeable direct or indirect sovereign ownership ensured under the RRB Act, 1976 at all times. ICRA expects SGB to receive financial support from its co-owners, if required.
Consolidation/Standalone	To arrive at the rating, ICRA has considered the standalone financials of SGB.

## About the company

Saurashtra Gramin Bank (SGB) came into existence on January 2, 2006 through the amalgamation of three erstwhile RRBs – Jamnagar Rajkot Gramin Bank, Surendranagar Bhavnagar Gramin Bank and Junagadh Amreil Gramin Bank. It operates in 11 districts in the Saurashtra region of Gujarat and has a network of 260 branches and 4 regional offices. The head office is in Rajkot.

SGB reported a profit after tax (PAT) of Rs. 34 crore in FY2020 (Rs. 31 crore in FY2019) on a total asset base of Rs. 7,150 crore as on March 31, 2020 (Rs. 6,677 crore as on March 31, 2019), translating into a return on assets (RoA) of 0.49% (0.49% as on March 31, 2019).

## Key financial indicators (audited)

Saurashtra Gramin Bank	FY2018	FY2019	FY2020
Net interest income	195	240	256
Profit before tax	102	39	52
Profit after tax	68	31	34
Net advances	3,392	4,118	4,641
Total assets	5,700	6,677	7,150
% CET I	9.58%	9.31%	8.91%
% Tier I	0%	0%	0%
% CRAR	10.99%	10.70%	10.27%
% Net interest margin	3.59%	3.87%	3.70%
% PAT / ATA	1.25%	0.49%	0.49%
% Return on net worth	22.51%	9.17%	9.24%
% Gross NPAs	0.82%	0.97%	1.54%
% Net NPAs	0.00%	0.00%	0.00%
% Provision coverage excl. technical write-offs	100%	100%	100%
% Net NPA/ Core equity capital	-	-	-

**Note:** Amount in Rs. crore; All calculations are as per ICRA research

Total assets and net worth exclude revaluation reserves

Source: SGB, ICRA research

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 as of March XX, 2021 (Rs. crore)	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018
					March 22, 2021	March 17, 2020	-	-
1	Perpetual Debt - Tier I Bonds	Long Term	200	0.0	[ICRA]A-(hyb)(Stable); Withdrawn	[ICRA]A-(hyb)(Stable); Assigned	-	-

### 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](https://www.icra.in)

*Annexure-1: Instrument details*

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Perpetual Debt	-	-	-	200.00	[ICRA]A-(hyb)(Stable); Withdrawn

**Source:** SGB

*Annexure-2: List of entities considered for consolidated analysis*

**Not Applicable**

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