

August 19, 2021

Ess Kay Fincorp Limited: Rating withdrawn for PTCs issued under a vehicle loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s during previous surv exercise (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Initium 2019	PTC Series A1	100.82	13.79	0.00	[ICRA]AA(SO); Withdrawn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ICRA has withdrawn the rating for pass through certificates (PTCs) issued under a vehicle loan receivables transaction originated by Ess Kay Fincorp Limited (Ess Kay), as tabulated above. All the payouts to the investors in the above-mentioned instrument 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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

Ess Kay was incorporated in 1994 and is registered with the Reserve Bank of India (RBI) as an asset financing non-banking financial company (NBFC-AFC). It primarily provides finance for used commercial vehicles, used multi-utility vehicles, cars, tractors and two-wheelers. Its corporate and registered office is in Jaipur, Rajasthan. The company started its own lending business in September 2010. Ess Kay has a track record of around 10 years of lending on its own books and of 26 years in the asset financing segment. The management also has significant experience in this field as a sourcing, collection and have good knowledge of the local market. Ess Kay operates through a network of 359 branches across 7 states – Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Punjab, Haryana and Chhattisgarh as of March 2021. However, the portfolio concentration remains high in Rajasthan at about 66%.

Key financial indicators (Audited)

Ess Kay Fincorp Limited	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Total Income (Rs. crore)	381	582	691
PAT (Rs. crore)	63	79	91
Assets under Management (Rs. crore)	2,002	2,986	3,417
Gross stage 3 (%)	4.2%	4.0%	4.0%
Net NPA (%)	2.6%	2.4%	1.9%

Source: Company, ICRA research, All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Trust Name	Current Rating (FY2022)				Chronology of Rating History for the past 3 years				
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2021	Date & Rating in FY2020			Date & Rating in FY2019
					Aug 19, 2021	Feb 18, 2021	Jan 31, 2020	May 02, 2019^	Apr 02, 2019*	-
1	Initium 2019	PTC Series A1	100.82	0.00	[ICRA]AA(SO) withdrawn	[ICRA]AA(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-

*Initial rating assigned

^Final rating assigned

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Initium 2019	PTC Series A1	Moderately Complex

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 analyzing 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: www.icra.in

Annexure-1: Instrument details

Issue Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Initium 2019	PTC Series A1	March 2019	12.00%	October 2023	0.00	[ICRA]AA(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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