April 08, 2025

RBSG Capital Private Limited: [ICRA]BBB- (Stable) assigned to NCDs; ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
NCD programme	-	30	[ICRA]BBB- (Stable); assigned
Long-term fund based – Term loan	125	125	[ICRA]BBB- (Stable); reaffirmed
NCD programme	10	10	[ICRA]BBB- (Stable); reaffirmed
Total	**135**	**165**	

**Instrument details are provided in Annexure I*

Rationale

The rating factors in RBSG Capital Private Limited's (RBSG) adequate capitalisation for the current scale of operations and its demonstrated ability to increase the scale with assets under management (AUM) of Rs. 292 crore as on December 31, 2024 (Rs. 236 crore as on March 31, 2024). The net worth stood at Rs. 72 crore with a managed gearing of 3.5 times as on December 31, 2024. The capitalisation profile has been supported by regular capital raising (most recently Rs. 18.3 crore in FY2025 and Rs. 21 crore in FY2024). Nonetheless, RBSG would need to raise capital at regular intervals in a timely manner to grow as per business plans, given its high growth plans and muted internal capital generation.

The rating is constrained by the muted profitability, limited portfolio seasoning, high portfolio vulnerability arising out of the modest credit profile of the target customer segment, consisting of low-income borrowers who are more prone to income shocks, and the limited diversification in the resource profile. RBSG's asset quality is characterised by gross non-performing advances (GNPAs; 150+ days past due (dpd) basis), as a percentage of the gross loan book, of 6.9%[1] as on December 31, 2024 (5.6%[2] as on March 31, 2024). Going forward, the company's ability to control slippages will remain a key monitorable, especially given its high growth plans.

Notwithstanding the growth in its AUM, the company's scale remains modest and geographically concentrated with a presence in only two states, i.e. Maharashtra and Gujarat. Due to its ongoing growth phase, it has high operating expenses, resulting in muted, albeit improving, profitability in 9M FY2025 with a return on average managed assets (RoMA) of 0.4% (0.2% in FY2024). On the funding side, RBSG relies heavily on high-cost borrowings from other larger non-banking financial companies (NBFCs), which constituted 38% of its total borrowings as on December 31, 2024 (38% as on March 31, 2024).

The Stable outlook reflects ICRA's expectation that the company would be able to improve its scale of operations profitably while maintaining adequate capitalisation and controlling its asset quality indicators.

[1] GNPA (150+ dpd basis), as a percentage of AUM, stood at 3.9% as on December 31, 2024
[2] GNPA (150+ dpd basis), as a percentage of AUM, stood at 3.2% as on March 31, 2024

Key rating drivers and their description

Credit strengths

Adequate capitalisation for current scale of operations; need for external capital remains high – The company is adequately capitalised for its current scale, with a net worth of Rs. 72 crore (Rs. 53 crore as on March 31, 2024) and a managed gearing of 3.5 times as on December 31, 2024 (3.7 times as on March 31, 2024). While internal capital generation is muted, RBSG's capitalisation profile is supported by regular equity raise with most recent one being Rs. 18.3 crore by way of compulsorily convertible preference shares (CCPS) in 9M FY2025 (Rs. 21 crore in FY2024). This provides it with some cushion to absorb any asset-side shocks. ICRA notes that RBSG has outlined a road map for strong growth, which is likely to increase the leverage from the current level. Hence, the timely receipt of external capital is important.

Credit challenges

Modest scale of operations; high operating expenses leading to muted profitability – RBSG finances used commercial and passenger vehicles and has a presence in Maharashtra and Gujarat through 31 branches. Although improving, the scale of operations is modest with AUM of Rs. 292 crore as on December 31, 2024 (Rs. 236 crore as on March 31, 2024) compared with Rs. 135 crore as on March 31, 2023. Given the low base, the portfolio is geographically concentrated with Gujarat accounting for 64% as on December 31, 2024 and Maharashtra for the balance. As for profitability, the net interest margin (NIM) improved to 7.0% in 9M FY2025 (6.8% in FY2024) from 6.7% in FY2023 due to the decline in the average cost of funds. However, owing to the significantly high operating expenses (6.7% of average managed assets in 9M FY2025 and 7.6% in FY2024) due to the nascent stage of operations and the growth phase led to muted profitability with RoMA of 0.4% in 9M FY2025 (0.2% in FY2024) compared with -1.3% in FY2023. A sustained improvement in the earnings as the business scales up would be key from a rating perspective, going forward.

High portfolio vulnerability likely to keep asset quality volatile; limited seasoning of portfolio – RBSG's portfolio is granular but susceptible to the underlying risk profile of its borrower segment as it gives loans to first-time borrowers, single vehicle owners, and small business owners who are vulnerable to economic shocks and have limited income buffers. Its asset quality indicators have been elevated with GNPAs (150+ dpd basis), as a percentage of the gross loan book, of 6.9%[3] as on December 31, 2024 (5.6%[4] as on March 31, 2024) compared with 5.6%[5] as on March 31, 2023. Given the pressure on the asset quality in 9M FY2025, RBSG's solvency (Net NPA (NNPA)/Net worth) weakened to 12.6% as on December 31, 2024 from 11.5% as on March 31, 2024. Further, disbursements in 9M FY2025 formed 49% of the outstanding AUM as on December 31, 2024, reflecting limited portfolio seasoning. Going forward, the company's ability to control fresh slippages will remain a key monitorable, especially given its high growth plans.

Limited financial flexibility – RBSG has limited, albeit improving, financial flexibility and relies heavily on high-cost borrowings. It has co-lending arrangements with a few partners, whereby it will keep 10% of the loans while the partner will take the balance exposure (90%) on their books. RBSG's borrowing profile mainly consists of floating rate loans while lending is fixed in nature. This exposes it to interest rate risk to some extent. Given its growth plans, the company would need to continuously expand its funding relationships and look at more competitive sources of funding.

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[3] GNPA% (150+ dpd basis), as a percentage of AUM, stood at 3.9% as on December 31, 2024

[4] GNPA% (150+ dpd basis), as a percentage of AUM, stood at 3.2% as on March 31, 2024

[5] GNPA% (150+ dpd basis), as a percentage of AUM, stood at 2.9% as on March 31, 2023

Liquidity position: Adequate

RBSG's asset-liability maturity (ALM) profile is characterised by positive cumulative mismatches across all buckets up to 1 year. As per the ALM profile on December 31, 2024, the company has debt maturities of Rs. 84.57 crore for the 12-month period ending December 31, 2025 against scheduled inflows from performing advances of Rs. 56.92 crore and investment of Rs. 4.92 crore maturing during this period. RBSG's liquidity profile is supported by unencumbered cash & equivalents of Rs. 22.1 crore as on December 31, 2024. Additionally, liquidity profile supported by Rs, 10 crore line of credit from promoters, of which Rs. 8 crore is unutilised as on December 31, 2024.

Rating sensitivities

Positive factors – A significant scale-up of the operations, while improving the asset quality and earnings profile, would be a positive factor.

Negative factors – A significant deterioration in the asset quality indicators or an increase in the managed gearing to more than 6 times on a sustained basis could exert pressure on the rating. Weaking of the liquidity profile would also be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[ICRA's Credit Rating Methodology for Non-banking Finance Company (NBFCs)]
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

RBSG Capital Private Limited (RBSG; brand name – Automony) was incorporated in December 2017 and received its NBFC licence in May 2018. It is a Reserve Bank of India (RBI) registered non-deposit taking non-systemically important NBFC (NBFC-ND-NSI), focused on providing loans secured by hypothecation against commercial vehicles and passenger cars. The company currently operates only in Maharashtra and Gujarat and has a network of 31 branches covering 35 districts. As on December 31, 2024, its AUM stood at Rs. 292 crore and it reported a net profit of Rs. 0.9 crore for 9M FY2025. For the year ended March 31, 2024, RBSG reported a net profit of Rs. 0.3 crore compared with a net loss of Rs. 1.7 crore in FY2023. As on December 31, 2024, used passenger vehicle financing constituted ~54% of the AUM while used commercial vehicle financing constituted ~46%.

Key financial indicators

RBSG	FY2023^	FY2024*	9M FY2025*
	Audited	Audited	Provisional
Accounting Standard	IGAAP	IGAAP	IGAAP
Total managed assets	149	264	340
Total income	21.3	29.5	31.8
Profit after tax	-1.7	0.3	0.9
Managed gearing (times)	3.3	3.7	3.5
CRAR	28.6%	33.0%	36.7%
Return on average managed assets	-1.3%	0.2%	0.4%
GNPA (new IRAC#; % of advances)	5.6%	5.6%	6.9%
GNPA (new IRAC#; % of AUM)	2.9%	3.2%	3.9%

Source: Company data, ICRA Research; Amount in Rs. crore; # IRAC – Income Recognition and Asset Classification; ^ NPA recognition on 180 dpd basis
** NPA recognition has changed to 150+ dpd basis*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Apr 08, 2025	Date	Rating	Date	Rating	Date	Rating
Long-term fund based – Term loan	Long term	125.00	[ICRA]BBB- (Stable)	Nov-04-2024	[ICRA]BBB- (Stable)	May-17-2023	[ICRA]BB+ (Stable)	Oct-14-2022	[ICRA]BB+ (Stable)
				-		Mar-08-2024	[ICRA]BB+ (Positive)	-	-
NCD programme	Long term	10.00	[ICRA]BBB- (Stable)	Nov-04-2024	[ICRA]BBB- (Stable)	May-17-2023	[ICRA]BB+ (Stable)	-	-
				-	-	Mar-08-2024	[ICRA]BB+ (Positive)	-	-
NCD programme	Long term	30.00	[ICRA]BBB- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
NCD programme	Very 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 are available on ICRA's website: Click Here

Annexure I: Instrument details as on April 04, 2025

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term fund based – Term loan^**	NA	NA	NA	125	[ICRA]BBB- (Stable)
NA	**NCD programme***	NA	NA	NA	10	[ICRA]BBB- (Stable)
NA	**NCD programme***	NA	NA	NA	30	[ICRA]BBB- (Stable)

*Source: RBSG; * Yet to be placed; ^ Unallocated/Proposed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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