

July 05, 2019

Bussan Auto Finance India Private Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper Programme	30.00	30.00	[ICRA]A1+; withdrawn
Total	30.00	30.00	

*Instrument details are provided in Annexure-1

Rationale

There is no outstanding amount against the Rs. 30-crore commercial paper programme of Bussan Auto Finance India Private Limited (BAF). Hence, the rating has been withdrawn at the request of the company and in accordance with ICRA's policy on withdrawal and suspension. The rating for BAF derived significant strength from the company's strong parentage and the demonstrated financial and management support from its shareholders. While Mitsui & Co. Ltd. holds an 80% stake in BAF, the balance (20%) is held by Yamaha Motor Co. Ltd. Further, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

Outlook: Not applicable

Key rating drivers

The key rating drivers have not been captured as the rated instrument(s) are being withdrawn.

Liquidity position

The liquidity position has not been captured as the rated instrument(s) are being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

About the company

BAF was incorporated in April 2007 as a joint venture between Bussan Automotive Singapore Pte. Ltd. (ultimately owned by Mitsui & Co. Ltd.), Axis Bank and Yamaha Motor Asia Pte. Ltd. with an original shareholding of 64%, 26% and 10%, respectively. BAF is registered as a non-deposit taking systemically important Non-Banking Financial Company (NBFC-ND-SI) with the Reserve Bank of India. In FY2015, the Mitsui Group acquired Axis Bank's stake in the company. In September 2015, Mitsui & Co. Ltd. and Yamaha Motor Co. Ltd. together infused equity of Rs. 150 crore, following which the shareholding stood at 54% for Bussan Automotive Singapore Pte. Ltd., 26% for Mitsui & Co., Ltd., 14% for Yamaha Motor Co. Ltd. and 6% for Yamaha Motor Asia Pte. Ltd. On March 30, 2016, Bussan Automotive Singapore Pte. Ltd. transferred its shares to Mitsui & Co. Ltd. At present, Mitsui & Co. Ltd. holds 80% while Yamaha Motor Co. Ltd. holds 14% and Yamaha Motor Asia Pte. Ltd. (a 100% subsidiary of Yamaha Motor Co. Ltd.) holds 6%.

As on September 30, 2017, BAF had a total advance base of Rs. 741 crore (Rs. 770 crore as on March 31, 2017), of which 97% was deployed towards Yamaha-manufactured two-wheeler loans, 1% towards four-wheeler financing with the balance 2% towards the personal loan segment.

For FY2017, the company reported a profit after tax (PAT) of Rs. 8.3 crore on an asset base of Rs. 823.3 crore compared to PAT of Rs. 11 crore on an asset base of Rs. 709 crore in FY2016. For H1 FY2018, BAF reported a loss of Rs. 5.0 crore on an asset base of Rs. 814.6 crore. As on September 30, 2017, the company had a net worth of Rs. 316.3 crore, capital adequacy of 39.2%, gross NPA of 4.1% and net NPA of 1.1%.

Key financial indicators

	FY2016	FY2017	H1FY2018
	Audited	Audited	Provisional
Total income (Rs. crore)	185.65	214.14	107.57
PAT (Rs. crore)	11.00	8.31	(5.02)
Net worth (Rs. crore)	312.65	321.26	316.34
Total managed assets (Rs. crore)	709.19	823.31	814.62
Return on assets (%)	1.71	1.08	-1.23
Return on equity (%)	4.75	2.62	-3.15
Gearing (times)	1.16	1.42	1.37
Gross NPA (%)	2.74	4.21	4.11
Net NPA (%)	0.72	1.44	1.12
Net NPA/Net worth (%)	1.50	3.27	2.62
Capital adequacy ratio (%)	44.18	38.92	39.24

Source: BAF and ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating July 2019	Date & Rating in FY2019 Apr 2018	Date & Rating in FY2017 Jan 2017	Date & Rating in FY2016 Jan 2016
1 Commercial Paper Programme	Short Term	30.00	0.00	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	-
2 Bank Lines Programme	Long Term	80.00	0.00	-	-	-	[ICRA]A+; withdrawn

Source: ICRA research

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 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
NA	Commercial Paper Programme	NA	NA	7-365 days	30.00	[ICRA]A1+; withdrawn

Source: BAF

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