

September 26, 2019

India Factoring and Finance Solutions Private Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short -term Bank Lines	750.00	750.00	[ICRA]A2+; withdrawn
Total	750.00	750.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the short-term rating of [ICRA]A2+ (pronounced as ICRA A two plus) on the Rs. 750 crore short term bank lines of India Factoring and Finance Solutions Private Limited (IFFSPL) at the request of the company and based on the no objection certificate provided by its bankers. The rating has been withdrawn in accordance with ICRA's policy on withdrawal and suspension.

Key rating drivers and their description

Key rating drivers have not been captured as the rated instrument is being withdrawn.

Liquidity position

Liquidity position has not been captured as the rated instrument is being withdrawn.

Rating sensitivities

Rating sensitivities have not been captured as the rated instrument is being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies ICRA Policy on Withdrawal and Suspension of Credit Ratings
Parent/Group Support	Parent / Investor: FIMBank p.l.c. The rating factors in the capital support (total capital infusion of ~Rs. 215 crore since April 2014), operational synergies and management support received from the parent, FIMBank, a Malta-based specialised trade finance bank (stake of ~86% as on December 31, 2018).
Consolidation / Standalone	The ratings are based on the standalone financial statements of the issuer.

About the company

India Factoring and Finance Solutions Private Ltd

India Factoring and Finance Solutions Private Ltd (IFFSPL) was incorporated in December 2009, with Malta-based FIMBank (49%), Punjab National Bank (30%), and Italy-based Banca IFIS (10%) as the key shareholders. In March 2014, FIMBank acquired PNB's stake and became the majority shareholder with 79% stake. With further capital infusion during FY2015 and FY2016, FIMBank's stake in the company increased to ~86% as on December 31, 2018. The company provides factoring services, encompassing finance and allied value-added services. The company's head office is in Mumbai, with branch offices in Delhi, Chennai, Bangalore, and Pune. IFFSPL has a NBFC- Factor and Category III Authorised Dealer license issued by the RBI.

FIMBank p.l.c.

FIMBank p.l.c. is a public limited company incorporated in accordance with the laws of Malta and listed on the Malta Stock Exchange. It is a licensed credit institution under the Banking Act, 1994 and its principal activities are the provision of international trade finance services to corporate traders and financial institutions, international banking transactions, factoring and loan syndications. FIM Factors BV, a wholly owned subsidiary of FIMBank p. l. c. has a controlling interest in Menafactors Limited ("Menafactors" – 100% shareholding), CIS Factors Holdings B.V. ("CIS Factors" – 80% shareholding) and India Factoring and Finance Solutions Limited ("India Factoring" – 86% shareholding). During 2018, FIMBank p.l.c. reported a consolidated profit of \$6.05 million as compared to a profit of \$4.1 million in 2017.

United Gulf Bank B.S.C. (Moody's rating: Ba2/Ba3/stable/D- withdrawn) has a 61.2% stake and Burgan Bank S.A.K. (Moody's rating: A3/stable/D+/P-2) has a 19.7% stake in FIMBank. Kuwait Projects Co (KIPCO) (Moody's rating: Baa3/negative/P-3) has controlling stake in both United Gulf Bank B.S.C. and Burgan Bank S.A.K. and is the ultimate parent of India Factoring.

Key financial indicators (audited)

	FY2018	FY2019
Net interest income	19.77	17.34
Operating income	32.55	36.64
Profit before tax	1.99	2.13
Profit after tax	1.99	1.29
Total portfolio (Funds in use)	504.55	646.49
Net worth	122.20	158.49
Total assets	539.48	678.26
% CRAR	25.53%	25.61%
Gearing	2.84	2.70
% Net profit/average total assets (annualised)	0.41%	0.21%
% Return on net worth	1.64%	0.92%
% Gross NPAs	5.59%	12.16%
% Net NPAs	0.87%	8.55%
Net NPA/Net worth	3.43%	33.50%

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Instrument	Current Rating (FY2020)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	26-Sep 2019	FY2019	FY2018	FY2017
						25-Feb 2019	08-Mar 2018	31-Dec 2016
1	Short-term Bank Lines	Short Term	750	-	[ICRA]A2+; withdrawn	[ICRA]A2+; revised from [ICRA]A1	[ICRA]A1; revised from [ICRA]A2+	[ICRA]A2+; revised from [ICRA]A2

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 - None

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