

October 30, 2020 ^{Revised}

NCML Finance Private Limited: Ratings reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture Programme	100.00	0.00	[ICRA]A (Stable); reaffirmed and withdrawn
Commercial Paper Programme	50.00	0.00	[ICRA]A1; reaffirmed and withdrawn
Total	150.00	0.00	

*Instrument details are provided in Annexure-1

Rationale

The ratings outstanding of [ICRA]A (Stable) and [ICRA]A1 have been withdrawn at the company's request, since no amount is outstanding against the rated instruments. This is in accordance with ICRA's Policy on Withdrawal and Suspension of Credit Rating.

Key rating drivers and their description

Key rating drivers have not been captured as the rated instrument(s) are being withdrawn.

Liquidity position: Not applicable

Rating sensitivities: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Consolidation and Rating Approach ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Consolidated view of (National Collateral Management Services Limited (NCML) and NCML Finance Private Limited (NFPL) owing to the common management, clientele, infrastructure sharing between the companies and the strategic importance of NFPL to NCML.

About the company

NCML Finance Private Limited was formed by acquiring an existing non-functional NBFC called T G Finance. This acquisition happened on February 12, 2016. NCML Finance Private Limited is a 100% subsidiary of National Collateral Management Services Limited (NCML) which is majorly held by Fairfax India Holdings (~90% as on March 31, 2020) with a 50% representation of Fairfax nominees on its board. The company is involved in warehouse receipt financing for the commodities (~63% as on September 30, 2020) stored at its parent's warehouse along with some proportion of LAP (~37% as on March 31, 2020) which they started in FY2019.

NFPL reported a profit after tax (PAT) of Rs. 4.7 crore in FY2020 on a total asset base of Rs. 202 crore as on March 31, 2020 as against a PAT of Rs. 4.7 crore in FY2019 on a total asset base of Rs. 291 crore as on March 31, 2019. The net worth of the company as on March 31, 2020 stood at Rs. 117.7 crore as against Rs. 113.0 crore as on March 31, 2019 and a net worth of Rs. 109.2 crore as on March 31, 2018.

Key financial indicators – NFPL (Audited)

	FY2019	FY2020
Profit after Tax	4.7	4.7
Net Worth	113.0	117.7
AUM	285.9	159.0
Total Assets	290.8	202.1
Return on Average Assets	1.5%	1.9%
Return on Net Worth	4.2%	4.1%
Gearing (times)	1.52	0.67
Gross NPA %*	3.0%	0.9%
Net NPA %	2.7%	0.3%
% Net NPA/Net Worth	6.8%	0.3%

Source: NFPL, ICRA research; Amount in Rs. crore; *180+ dpd

About the company

National Collateral Management Services Limited (NCML) was incorporated in year 2004 and is one of the country's largest private sector agri-logistics companies, with presence in Supply Chain Management, Warehouse Services, Collateral Management, Non-banking Financial Services, Silo Construction & Operations, Testing and Certification, Weather Intelligence, Crop Intelligence, Online Marketplace for Commodities and Consultancy Services. NCML operates a pan-India network of warehouses with more than 1.3 million MT storage capacity. Initially promoted by various financial institutions and public-sector entities, largest shareholding in NCML, after the exit of some of the earlier shareholders lies with Fairfax Financial Holdings Group (FFH), which holds 89.5% stake. FFH was founded in 1985 by Mr. V. Prem Watsa and is headquartered in Toronto, Canada. The group has business interests in insurance, reinsurance and investment management and is managing operations across multiple countries.

On a consolidated basis, the Group reported a PAT of Rs. 15.7 crore in FY2019 on a total asset base of Rs. 1,819.8 crore as on March 31, 2019 as against Rs. 35.5 crore on a total asset base of Rs. 1,925.8 crore as on March 31, 2018. The consolidated net worth of the company stood at Rs. 747.2 crore as on March 31, 2019 as against Rs. 731.5 crore on March 31, 2018.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument		Current Rating (FY2021)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	FY2021	FY2020		FY2019	FY2018
					Oct-30-2020	Sep-25-2019	Aug-30-2019	Sep-03-2018	-
1	Commercial Paper	Short Term	50.00	-	[ICRA]A1; withdrawn	[ICRA]A1	[ICRA]A1	[ICRA]A1+	-
2	NCD	Long Term	100.00	-	[ICRA]A (Stable); withdrawn	[ICRA]A (Stable)	-	-	-

Source: ICRA research; Amount in Rs. crore

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](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper	NA	NA	NA	50.00	[ICRA]A1; withdrawn
NA	NCD	NA	NA	NA	100.00	[ICRA]A (Stable); withdrawn

Source: ICRA

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
NCML Finance Private Limited	100%	Full Consolidation
NCML Mktyard Private Limited	100%	Full Consolidation
NCML Basti Private Limited	100%	Full Consolidation
NCML Varanasi Private Limited	100%	Full Consolidation
NCML Faizabad Private Limited	100%	Full Consolidation
NCML Batala Private Limited	100%	Full Consolidation
NCML Chhehreatta Private Limited	100%	Full Consolidation
NCML Deoria Private Limited	100%	Full Consolidation
NCML Palwal Private Limited	100%	Full Consolidation
NCML Bettiah Private Limited	100%	Full Consolidation
NCML Bhattu Private Limited	100%	Full Consolidation
NCML Jalalabad Private Limited	100%	Full Consolidation
NCML Sonapat Private Limited	100%	Full Consolidation
NCML KB Private Limited	100%	Full Consolidation
NCML Madhepura Private Limited	100%	Full Consolidation
NCML Saran Private Limited	100%	Full Consolidation
NCML Motihari Private Limited	100%	Full Consolidation
NCML Agribusiness Consultants Private Limited	100%	Full Consolidation

Source: ICRA

Corrigendum

Document dated October 30, 2020 has been corrected with revisions as detailed below:

‘Annexure-2: List of entities considered for consolidated analysis’ has been captured on Page 3.

ANALYST CONTACTS

Karthik Srinivasan

+91-22-6114 3444

karthiks@icraindia.com

Manushree Saggar

+91-124-4545 316

manushrees@icraindia.com

Abhinav Hans

+91-124-4545 383

abhinav.hans@icraindia.com

Neha Kadiyan

+91-124-4545 300

neha.kadiyan@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 020 6606 9999

© Copyright, 2020 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.