

Northern Arc 2019 CV Banksy

Originator: Kanakadurga Finance Limited

August 04, 2021

Ratings

Transaction	Instrument	Rating	Remarks
Northern Arc 2019 CV Banksy	Series A1 PTC	--	Withdrawn
	Series A2 PTC		

Detailed Rationale & Key Rating Drivers

CARE has withdrawn the rating assigned to the above-mentioned instruments issued by Northern Arc 2019 CV Banksy backed by Three-Wheeler and Four-Wheeler loan receivables originated by Kanakadurga Finance Limited (KFL) with immediate effect. The rating is withdrawn as all the payouts have been made to the investors in full and there is no amount outstanding as on date.

Detailed description of the key rating drivers

Not Applicable

Analytical approach:

Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

KFL (Kanakadurga Finance Limited, rated as CARE BBB/Stable) was incorporated as a private limited company in 1994 to take over the auto financing business of the proprietary concerns floated by the promoters. The company was converted into a public company (closely held) in 1996. During May 2015, the name of the company was changed to Kanakadurga Finance Limited (KFL) from the earlier name of Kanakadurga Leasing & Finance Limited (KLFL). KFL is registered as an Investment and Credit Company NBFC-ICC with RBI and is primarily engaged in the business of auto financing and gold loans.

The company has presence in 5 states (Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and Gujarat) and one Union Territory (Pondicherry) through a network of 102 branches as on June 30, 2021.

KFL is promoted by Mr. Sandireddy Lakshmi Narayana who has been involved in the auto financing business for more than three decades. During FY18, Private Equity (PE) investor, BanyanTree Growth Capital II, LLC acquired 15.49% stake in the company through purchase of shares from promoters. Further, the PE fund had invested Rs.20.0 crore in the company in the form of Compulsorily Convertible Debentures (CCDs) during March 2017, which has been converted into equity during FY19. As on December 31, 2020, Banyan Tree Capital stake stood at 28.83%.

Key Financial Indicators – KFL

Brief Financials (Rs. crore)	FY20 (A)	FY21 (Prov.)
Total income	127.47	109.25
PAT	7.23	7.32
CAR (%)	21.80	32.56
Total Assets	475.24	429.41
ROTA (%)	1.27	1.37

A- Audited; Prov.: Provisional

Status of non-cooperation with previous CRA:

Not Applicable

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Pass Through Certificates	-	-	-	0.00	Withdrawn
Pass Through Certificates	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Pass Through Certificates	LT	-	-	-	1)CARE A+ (SO) (19-Feb-21)	1)CARE A+ (SO) (17-Feb-20) 2)CARE A+ (SO) (29-May-19) 3)Provisional CARE A+ (SO) (01-Apr-19)	-
2.	Pass Through Certificates	LT	-	-	-	1)CARE A (SO) (19-Feb-21)	1)CARE A- (SO) (17-Feb-20) 2)CARE A- (SO) (29-May-19) 3)Provisional CARE A- (SO) (01-Apr-19)	-

Annexure-3: Detailed explanation of covenants of the rated instrument /facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No	Name of Instrument	Complexity Level
1	Pass through Certificates	Highly Complex

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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