

May 12, 2023^(Revised)

RBSG Capital Private Limited: Rating confirmed as final for PTCs backed by vehicle loan receivables.

Summary of rating action

| Trust Name | Instrument* | Initial rated amount (Rs Crore) | Current Rated Amount (Rs. crore) | Rating Action |
|----------------|---------------|---------------------------------|----------------------------------|--|
| Nomius 03 2023 | PTC Series A1 | 9.82 | 9.77 | [ICRA]BBB(SO); provisional rating confirmed as final |

*Instrument details are provided in Annexure I

Rationale

In March 2023, ICRA had assigned a provisional rating to PTC Series A1 under a securitisation transaction originated by RBSG Capital Private Limited {RBSG/Autonomy; [ICRA]BB+(Stable)}. The pass-through certificates (PTCs) were backed by a pool of Rs. 10.67-crore (pool principal; receivables of Rs. 13.49 crore) of vehicle loans. Subsequently there has been a revision in the pool size to Rs. 10.62 crore (receivables of Rs. 13.43 crore) and thus the PTC amount has reduced to Rs. 9.77 crore from Rs. 9.82 crore earlier. Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

A summary of the performance of the pool after the April 2023 payout month has been provided below.

| Parameter | Nomius 03 2023 |
|--|----------------|
| Months post securitisation | 1 |
| Pool amortisation | 3.70% |
| PTC Series A1 amortisation | 4.03% |
| Cumulative collection efficiency | 95.41% |
| Loss-cum-0+ dpd | 4.38% |
| Loss cum 30+ dpd | 0.00% |
| Loss cum 90+ dpd | 0.00% |
| Cumulative prepayment rate | 0.54% |
| Cumulative credit collateral utilisation | 0.00% |

Key rating drivers

Credit strengths

- Availability of credit enhancement in the form of excess interest spread (EIS), subordination and cash collateral (CC)
- All contracts in the pool are current as on pool cut-off date
- Average seasoning of ~9 months as on the pool cut-off date

Credit challenges

- High share (~88%) of contracts with high IRR (>19%) in the overall pool as on cut off date
- High geographical concentration in the pool at the state level with top state (Gujarat) accounting for ~64% share in the initial pool principal
- Pools' performance will remain exposed to macroeconomic shocks/business disruptions, if any

Description of key rating drivers highlighted above

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payment to PTC Series A1 at the predetermined interest rate on the principal outstanding. The principal repayment to PTC Series A1 is promised on the final maturity date (August 2026). During the tenure of PTC Series A1, the collections from the pool, after making the promised interest payouts, will be used to make the expected principal payouts to PTC Series A1. This principal payout is not promised and any shortfall in making the expected principal payment to PTC Series A1 would be carried forward to the subsequent payout. The first line of support for PTC Series A1 in the transaction is in the form of a subordination of 8.00% of the pool principal. Further credit support is available in the form of an EIS of 13.21% and a CC of 7.00% of the initial pool principal to be provided by RBSG in the transaction.

There were no overdues in the pool and weighted average seasoning of the pool was ~9 months as on the cut-off date. It had high geographical concentration with contracts from only two states with the top state (Gujarat) accounting for ~64% of the initial pool principal. At the district level, the top district accounted for ~13% of the initial pool principal while the top 10 districts accounted for ~65%. Also, the performance of the pool would remain exposed to macroeconomic shocks/business disruptions, if any.

Performance of past rated pools: ICRA has previously rated one pool originated by RBSG. The performance of the pool has been healthy till date with a cumulative collection efficiency of ~94% and nil CC utilisation till the April 2023 payout.

Key rating assumption

ICRA's cash flow modelling for rating asset-backed securitisation (ABS) transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The mean and the coefficient of variation (CoV) are calibrated on the basis of the values observed in the analysis of the past performance of the originator's loan portfolio. ICRA has also taken into account the credit quality experience of RBSG and ICRA's expectation of the credit quality for the asset classes involved. The resulting collections from the pool – after incorporating the impact of losses and prepayments as above – are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction. Various possible scenarios are simulated and the incidences of default to the investor as well as the extent of losses are measured. These are then compared with ICRA's internal benchmarks for the target rating.

For the current pool, after adjusting for key features like seasoning, overdues, loan-to-value (LTV), IRR and geographical distribution separately for each asset class in the pool, ICRA estimates the shortfall in pool principal collection within the pool's tenure at 5.0-6.0%, with certain variability around it. The variability is based on the static pool analysis of RBSG's portfolio for each asset class in the pool as well as on ICRA's observation on the performance of the respective asset class for other originators. ICRA's estimation of the variability also factors in the long and established track record of RBSG. The prepayment rate for the underlying pool is estimated to be in the range of 12.0-18.0% per annum

Liquidity position: Adequate

As per the transaction structure, only the interest amount is promised to the PTC holders on a monthly basis while the principal amount is promised on the scheduled maturity date of the transaction. The cash flows from the pool and the available credit enhancement are expected to be adequate to meet the promised payouts to PTC Series A1 investors.

Rating sensitivities

Positive factors – The rating could be upgraded based on sustained strong collection performance of the underlying pool contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and on an increase in the cover available for future PTC payouts from the credit enhancements.

Negative factors – The rating could be downgraded based on sustained weak collection performance of the underlying pool (monthly collection efficiency <90%) leading to higher-than-expected delinquency levels and credit enhancement utilization levels.

Analytical approach

The rating actions are based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | Rating Methodology for Securitisation Transactions |
| Parent/Group Support | Not Applicable |
| Consolidation/Standalone | Not Applicable |

About the originator

RBSG Capital Private Limited (RBSG; brand name: Autonomy) was incorporated in December 2017 and received its non-banking financial company (NBFC) licence in May 2018. It is a Reserve Bank of India (RBI) registered non-deposit taking non-systemically important NBFC focused on providing loans secured by hypothecation against commercial vehicles (CVs) and passenger cars. The company currently operates only in Maharashtra and Gujarat. It has a network of 20 branches covering about 75 districts. Its assets under management (AUM) stood at Rs. 121 crore as of December 2022. RBSG's focus is on used CVs and used passenger vehicles (PVs). The primary aim is to fund customers where the asset is an income-generating asset. Thus, personal usage vehicles form a small fraction of its portfolio. The product offering and the loan amount and rate are decided based on the borrower's profile, background, location, vehicle type, model, etc. The viability and usage of the vehicle is factored in before deciding on the case. The ticket size for small CVs, used cars, light CVs and medium CVs averages between Rs. 2 lakh and Rs. 8 lakh.

Key financial indicators (audited)

| | FY2021 (Audited) | FY2022 (Audited) | 9M FY2023 (Audited) |
|----------------------|---------------------|---------------------|------------------------|
| Total income | 14.69 | 15.66 | 15.73 |
| Profit after tax | 0.43 | (1.86) | (1.15) |
| Total Managed Assets | 80 | 101 | 121 |
| Gross stage 3 | 1.13% | 2.66% | 3.18% |
| Net stage 3 | 0.95% | 2.28% | 2.61% |

Amount in Rs. crore

Source: Company's financial statements, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Sr No | Trust Name | Current Rating (FY2024) | | | | Chronology of Rating History for the Past 3 Years | | |
|-------|-----------------------|-------------------------|--------------------------|--------------------------------|---------------|---|-------------------------|-------------------------|
| | | Instrument | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating | Date & Rating in FY2023 | Date & Rating in FY2022 | Date & Rating in FY2021 |
| | | | | | May 12, 2023 | March 29,2023* | - | - |
| 1 | Nomius 03 2023 | PTC Series A1 | 9.77 | 9.77 | [ICRA]BBB(SO) | Provisional [ICRA]BBB(SO) | - | - |

*Provisional rating assigned

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|---------------|----------------------|
| PTC Series A1 | Moderately Complex |

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

| Trust Name | Instrument | Date of Issuance / Sanction | Coupon Rate | Maturity Date* | Amount Rated (Rs. crore) | Current Rating |
|-----------------------|---------------|--------------------------------|----------------|----------------|-----------------------------|----------------|
| Nomius 03 2023 | PTC Series A1 | March 2023 | 12.40% | August 2026 | 9.77 | [ICRA]BBB(SO) |

* Scheduled PTC maturity date at transaction initiation; may change on account of prepayments

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

Corrigendum:

Document dated May 12, 2023 has been corrected with revisions as detailed below:

1. Sections where revision has been made:

- o Rationale on Page 1

2. Revision made:

- o The standalone rating of the originator RBSG has been corrected to [ICRA]BB+(Stable) (instead of [ICRA]BBB(SO) earlier) and the summary of performance of the pool has been added.

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About ICRA Limited:

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