

December 29, 2023

## Chaitanya India Fin Credit Private Limited: Rating upgraded for PTCs backed by microfinance loan receivables issued by Nimbus 2022 MFI Starfox

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Nimbus 2022 MFI Starfox	Series A1 PTC	54.55	NA	0.42	[ICRA]AAA(SO); Upgraded from [ICRA] AA-(SO)

\*Instrument details are provided in Annexure I

### Rationale

ICRA has upgraded the rating for the pass-through certificates (PTCs) issued under the securitisation transaction, Nimbus 2022 MFI Starfox, backed by a pool of microfinance loan receivables originated by Chaitanya India Fin Credit Private Limited (Chaitanya). The rating upgrade is on account of the significant amortisation in the pool, which has led to the build-up of the credit enhancement (CE) cover over the future PTC payouts in the transaction. The breakeven collection efficiency is also comfortable compared to the actual collection level observed in the pool.

A summary of the performance of the pool till the November 2023 collection month (December 2023 payout) has been tabulated below.

### Pool performance summary

Particulars	Nimbus 2022 MFI Starfox
Pool amortisation	84.84%
Series A1 PTC amortisation	99.00%
Cumulative collection efficiency <sup>1</sup>	94.67%
Loss-cum-30+ dpd <sup>2</sup> (% of initial pool)	0.76%
Loss-cum-90+ dpd <sup>3</sup> (% of initial pool)	0.63%
Cumulative cash collateral utilisation	0.00%
Cumulative prepayment rate	3.92%
Breakeven collection efficiency <sup>4</sup> for Series A1 PTC	Nil
Cash collateral (% of balance pool)	39.58%
Principal subordination (% of balance pool) for Series A1 PTC	95.56%
Excess interest spread (EIS; <sup>3</sup> % of balance pool) for Series A1 PTC	6.16%

<sup>1</sup> (Cumulative current and Overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

<sup>2</sup> Inclusive of Unbilled and Overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal<sup>3</sup>  
Inclusive of Unbilled and Overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal<sup>4</sup>  
(Balance cash flows payable to investor – CC available)/Balance pool cash flows

<sup>3</sup> (Pool cash flows – Cash flows to PTC investors – Originator's residual share)/Pool principal outstanding

## Key rating drivers

### Credit strengths

- High amortisation of pool resulting in significant build-up of CE cover available for balance PTC payouts
- Healthy collections observed in the pools

### Credit challenges

- Not applicable

## Description of key rating drivers highlighted above

The performance of the pool has been healthy with a cumulative collection efficiency of ~95% as of the December 2023 payout month. The loss-cum-30+ days past due (dpd) stood at 0.8% for the pool as of the December 2023 payout month. There has been no CC utilisation in the transaction till date. Healthy collections and significant pool amortisation of ~85% have led to high build-up of the CE in the pool such that the entire future PTC payouts are covered by the cash collateral. Hence, the breakeven collection efficiency is nil for Series A1 PTC.

Overall, the CE available for meeting the balance payouts to the investors is sufficient to upgrade the rating to the current level in the transaction. ICRA will continue to monitor the performance of the pool. Any further rating action will be based on the performance of the pool and the availability of CE relative to ICRA's expectation. Given the marginal borrower profile, the pool's performance could also be exposed to natural calamities and political and communal risks.

## Key rating assumptions

ICRA's cash flow analysis of asset-backed securitisation (ABS) transactions involves the simulation of potential delinquencies, losses (shortfall in principal collection during the balance tenor of the pool) and prepayments in the pool. The assumptions for loss and coefficient of variation (CoV) are arrived at after considering the past performance of the originator's portfolio and rated pools as well as the performance and characteristics of the specific pool being evaluated. Additionally, the assumptions may be adjusted to factor in the current operating environment and any industry-specific factors that ICRA believes could impact the performance of the underlying pool of contracts.

## Liquidity position: Superior

The liquidity of the rated transaction is expected to be superior as the cash collateral covers the future payouts entirely.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – The rating is unlikely to be downgraded as the available cash collateral covers the entire balance PTC payouts.

## Analytical approach

The rating action is based on the performance of the pool till November 2023 (collection month), the present delinquency levels and the CE available in the pool, and the performance expected over the balance tenure of the pool.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable

**Consolidation/Standalone**

Not Applicable

## About the originator

Chaitanya India Fin Credit Private Limited (Chaitanya) is a microfinance institution (MFI), which started operations from October 2009. It is a wholly-owned subsidiary of Navi Finserv Private Limited (NFPL). It was promoted by Mr. Anand Rao and Mr. Samit Shetty and became a part of the Navi Group in October 2019. Chaitanya lends to women, primarily in rural areas, under the Grameen Bank group lending model. It offers microfinance loans under the joint liability group (JLG) model as well as individual loans. As of June 2022, Chaitanya operated in 151 districts in 11 states with an overall portfolio of Rs. 3,200 crore.

Incorporated on February 14, 2012, NFPL is a part of the Navi Group, which is promoted by Mr. Sachin Bansal (ex-co-founder of Flipkart). It was incorporated in 2012 as Chaitanya Rural Intermediation Development Services Private Limited and was acquired by Mr. Bansal, who bought a majority stake in the company post a capital infusion of Rs. 600 crore in October 2019. Subsequently, Mr. Bansal transferred his stake in NFPL to Navi Technologies Private Limited (NTPL; which now serves as the main holding company of the Navi Group), with NFPL becoming a wholly-owned subsidiary of NTPL. NFPL is engaged in digital lending and holds an equity stake in Chaitanya. On a standalone basis, NFPL had a gross portfolio of Rs. 1,770 crore as on December 31, 2021 (Rs. 830 crore as on September 30, 2021 and Rs. 626 crore as on March 31, 2021).

## Key financial indicators (audited)

	FY2022 (audited)	FY2023 (audited)	H1 FY2024
<b>Total income</b>	361	763	274
<b>Profit after tax</b>	52	148	65
<b>AUM</b>	2,654	4,910	5,180
<b>Gross NPA</b>	1.30%	0.30%	0.20%
<b>Net NPA</b>	0.40%	0.10%	0.03%

Source: Company, ICRA Research; Amount in Rs. crore

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Trust Name	Instrument	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years				
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023			Date & Rating in FY2022	Date & Rating in FY2021
					Dec 29, 2023	Dec 13, 2022	Oct 06, 2022		
1 <b>Nimbus 2022 MFI Starfox</b>	Series A1 PTC	54.55	0.42	[ICRA]AAA(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-	-	

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTC	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
<b>Nimbus 2022 MFI Starfox</b>	Series A1 PTC	September 2022	8.90%	June 2024	0.42	[ICRA]AAA(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

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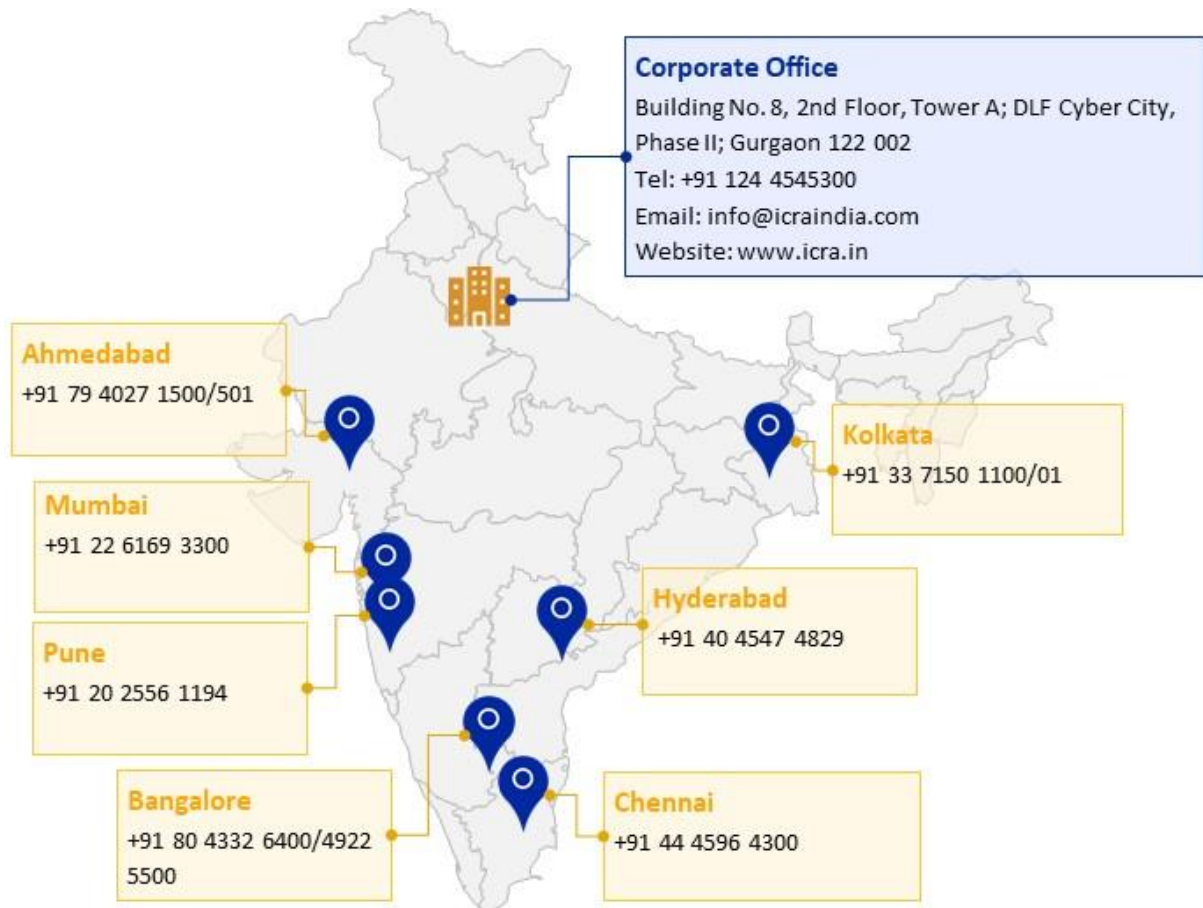
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