

May 27, 2024

RBSG Capital Private Limited: Rating reaffirmed for PTCs issued under a vehicle loan securitisation transaction

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
Nomius 03 2023	PTC Series A1	9.82	NA	3.49	[ICRA]BBB(SO); reaffirmed

[^] The trust have been referred to Nomius

^{*} Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by a pool of vehicle loan receivables originated by RBSG Capital Private Limited {RBSG/Originator; rated [ICRA]BB+ (Positive)}.

The rating reaffirmation takes into account the healthy collections and low delinquencies observed in the pool as well as the build-up of credit enhancement in the transaction. The breakeven collection efficiency is also comfortable compared to the actual collection levels observed in the pool.

Pool performance summary

Particulars	Nomius
Payout month	April 2024
Months post securitisation	13
Pool amortisation	59.28%
PTC Series A1 amortisation	64.24%
Cumulative collection efficiency ¹	95.04%
Loss-cum-30+ dpd ² (% of initial pool)	9.80%
Loss-cum-90+ dpd ³ (% of initial pool)	2.16%
Cumulative cash collateral (CC) utilisation	0.00%
Cumulative prepayment rate	18.28%
Breakeven collection efficiency ⁴ for PTC Series A1	55.52%
CC (% of balance pool)	17.19%
Principal subordination (% of balance pool) for PTC Series A1	19.20%
Excess interest spread (EIS ⁵ ; % of balance pool) for PTC Series A1	11.81%

Reset of credit enhancement

¹ (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

² Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal

³ Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal

⁴ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁵ (Pool cash flows – Cash flows to PTC investors – Originator's residual share)/Pool principal outstanding

At RBSG request for resetting the credit enhancement, ICRA has analysed the Nomius transaction at a CC of 5.16% of the balance pool principal (i.e. Rs. 4.33 crore) against the currently available CC of 17.19% of the balance pool principal (after April 2024 payouts). Based on the pool's performance, the rating for the PTCs will remain unchanged even after the reset of the CC amount. The CC reset shall be subject to the approval of the PTC investors. However, as per regulatory guidelines, the amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA.

Key Rating Drivers and their description

Credit strengths

Healthy collections observed in the pool – The pool performance has been healthy with cumulative collection efficiency of the pool at ~95% post the April 2024 payout. The delinquency levels remain at reasonable levels post ~60% amortisation of the pool with limited roll forward into the 90+ dpd bucket.

Increased credit enhancement cover – The rating is supported by the build-up in the credit enhancement cover with the cash collateral (without the proposed reset) and subordination increasing to 17% and 19% of the balance pool principal, respectively. The EIS provides additional credit support to the transaction. The breakeven collection efficiency has thus declined to 55% for the balance period of the transaction which is substantially lower than the monthly collections being currently seen.

Credit challenges

High geographical concentration: The pool has high geographical concentration with the top state, viz. Gujarat, contributing 66% of the balance pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business: The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. Performance of vehicle loans also remains exposed to fuel price fluctuations.

Increase in delinquent contracts in overall portfolio: Rise in delinquencies for the Originator's portfolio is a concern especially since most of the vintages have not completed the entire loan cycle. Additionally, significant book building has only taken place in the past few years.

Past rated pools' performance: ICRA has rated two securitisation transactions backed by vehicle loan receivables for RBSG. Currently, there is only one live pool, which has reported healthy collections with nil CC utilisation up to the April 2024 payout.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation 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 assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 3.75% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Liquidity position: Superior

The liquidity for PTC Series A1 is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~8.25 times the estimated loss in the pool.

Rating sensitivities

Positive factors: The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the CE would result in a rating upgrade.

Negative factors: The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher CE utilisation levels, could result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till March 2024 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

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 “Automony”) was incorporated in December 2017 and received its NBFC license in May 2018. It is an RBI-registered non-deposit taking non-systemically important NBFC (NBFC-ND-NSI) focused on providing loans secured by hypothecation against commercial vehicles and passenger cars. The company currently operates only in Maharashtra and Gujarat and has a network of 30 branches covering 31 districts. As on December 31, 2023, the company had an AUM of Rs. 204 crore and profit of Rs. 0.2 crore (March 23: AUM of Rs. 135 crore and loss of Rs. 1.8 crore).

Key financial indicators

Consolidated	FY2022	FY2023	9M FY2024
	Audited	Audited	Provisional
Total income	15.66	21.35	21
Profit after tax	-1.86	-1.75	0.18
Total managed assets	121	149	232
Gross stage 3	2.73%	3.89%	2.77%
CRAR	31.77%	28.64%	37.95%

Source: Company data, 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

S. No.	Trust Name	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years			
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
					May 27, 2024	May 12, 2023	March 29, 2023	-
1	Nomius 03 2023	PTC Series A1	9.82	3.49	[ICRA]BBB(SO)	[ICRA]BBB(SO)	Provisional [ICRA]BBB(SO)	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Nomius 03 2023	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	3.49	[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

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About ICRA Limited:

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