

September 16, 2025

Annapurna Finance Private Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Nimbus MFI Trust 05 2025

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Nimbus MFI Trust 05 2025	Series A1 PTC	113.68	[ICRA]AA+(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by Nimbus MFI Trust 05 2025 under a securitisation transaction originated by Annapurna Finance Private Limited {AFPL/Originator; rated [ICRA]A- (Stable)}. The PTCs are backed by a pool of microfinance loan receivables originated by AFPL with an aggregate principal outstanding of Rs. 131.43 crore (pool receivables of Rs. 158.99 crore). AFPL is also the servicer of the transaction.

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.

Pool performance summary

Parameter	Nimbus MFI Trust 05 2025
Payout month	August 2025
Months post securitisation	3
Pool amortisation	13.71%
PTC Series A1 amortisation	15.92%
Cumulative prepayment rate	0.26%
Cumulative collection efficiency	99.52%
Loss-cum-0+ days past due (dpd)	0.91%
Loss-cum-30+ dpd	0.52%
Loss-cum-90+ dpd	0.00%
Cumulative cash collateral (CC) utilisation	0.00%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (86.50% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

For every month when the portfolio at risk (PAR) 90+ of the pool exceeds 5% of the initial principal outstanding for any month, then 100%EIS shall be utilised towards the repayment of the principal payout to the Series A1 investors.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 6.00% of the initial pool principal, amounting to Rs. 7.89crore, be provided by the Originator, (ii) over-collateralization of 13.50% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 14.76% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 30,460 contracts, with no single borrower exceeding 0.1% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Further, ~83% of the pool principal have borrowers which have never been delinquent since disbursement, which is a credit positive.

Seasoned contracts in the pool – The pool has moderate amortisation of ~16% as on the cut-off date thereby reflecting the borrowers' better credit profile, repayment track record and buildup of borrower equity.

Adequate servicing capability of Annapurna – Annapurna, which would also be servicing the loans in the transaction, has an established track record in the micro finance lending business of over two decades and has adequate underwriting policies and collection procedures.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Bihar, Rajasthan and Uttar Pradesh, contributing ~58% to the initial 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. Nonetheless, the contracts are well-diversified across multiple districts with the top 10 districts not exceeding 16% of the pool amount, which alleviates the concentration risk to some extent.

Increasing delinquencies in microfinance sector – The microfinance sector has seen a decline in collections and consequently rise in delinquencies in the current fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in the collection teams. Any sustained impact of these factors on the collections from the pool would be a key monitorable.

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. The performance of microfinance loans would also be exposed to political and communal risks.

Key rating assumption

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 4.50%, with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3.0% to 9.0% 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Nimbus MFI Trust 05 2025
Originator	Annapurna Finance Private Limited
Servicer	Annapurna Finance Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	Axis Bank Limited
Collection and payout bank	ICICI bank Limited

Liquidity position: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~6.50 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 credit enhancement 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 credit enhancement utilisation levels, would 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 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	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Annapurna Finance Private Limited (AFPL), formerly known as Annapurna Microfinance Private Limited (AMPL), was promoted by People's Forum, a society registered in Odisha. People's Forum has been engaged in various socio-economic development programmes, including microfinance, since 1990. In November 2009, it acquired an NBFC, Gwalior Finance and Leasing Company Private Limited, which was renamed AMPL in February 2010.

AFPL provides microcredit for mostly income-generating activities to women using the group lending model. It also offers other products such as individual loans to provide financial assistance to the micro, small and medium enterprise (MSME) segment, home and home improvement loans, consumer durable loans, etc. As on March 31, 2025, AFPL was catering to more than 29.3 lakh borrowers through a network of 1,636 branches spread across 439 districts in 21 states while managing a portfolio of Rs. 11,034 crore.

Key financial indicators (standalone)

AFPL	FY2024	FY2025	Q1 FY2026*
Total income	2,074	2,183	515
Profit after tax	232	69	7.3
Total managed assets	11,943	12,588	13,241
Gross stage 3	2.9%	2.7%	3.5%
CRAR	25.5%	29.6%	30.7%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history For the past 3 years			
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024
				September 16, 2025	June 09, 2025	-	-
Nimbus MFI Trust 05 2025	Series A1 PTC	113.68	113.68	[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 name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
Nimbus MFI Trust 05 2025	Series A1 PTC	May 31, 2025	8.35%	February 17, 2027	113.68	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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