

March 18, 2025

Kogta Financial India Limited: Rating upgraded for SNs issued under vehicle loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
MIAMI 10 2022	Series A1 SN	81.00	22.80	0.93	[ICRA]AAA(SO); upgraded from [ICRA]AA+(SO)

*Instrument details are provided in Annexure I

Rationale

The securitisation notes (SNs) are backed by vehicle loan receivables originated by Kogta Financial India Limited {Kogta/Originator; rated [ICRA]A+ (Stable)}. Kogta is also the servicer of the rated transaction. The rating for Series A1 SN has been upgraded on account of the significant amortisation in the pool, which has led to the cash collateral (CC) covering the entire future SN payouts. Also, the breakeven collection efficiency was nil as of the February 2025 payout month.

Pool performance summary

Parameter	MIAMI 10 2022
Payout month	February 2025
Months post securitisation	28
Pool amortisation	88.8%
Series A1 SN amortisation	98.9%
Cumulative collection efficiency ¹	97.0%
Loss cum 30+ days past due (dpd; % of initial pool principal) ²	4.4%
Loss-cum-90+ dpd (% of initial pool principal) ³	2.8%
Loss-cum-180+ dpd (% of initial pool principal) ⁴	2.4%
Breakeven collection efficiency ⁵ for Series A1 SN)	Nil
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC (as % of balance pool principal)	62.6%
Subordination for A1 SN (as % of balance pool principal)	89.4%
Excess interest spread (EIS; as % of balance pool): Series A1 ⁶	13.1%
Cumulative prepayment rate	25.0%

¹ (Cumulative current and overdue collections till date)/(Cumulative billing till date)

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

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

⁴ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal

⁵ (Balance SN cash flows – Cash collateral available)/Balance pool cash flows

⁶ (Balance pool cash flows – Balance cash flows to SN – Originator's residual share)/Pool principal outstanding

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout to Series A1 SN (90% of the pool principal billed). The balance principal (10%) is expected to be paid on a monthly basis until the maturity of Series A1 SN. Any surplus 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 Series A1 SN principal.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement cover with the CC fully covering the future SN payouts as of the February 2025 payout month.

Healthy pool performance – The pool's performance has been strong with a monthly collection efficiency of more than 96% till the February 2025 payout month. This has resulted in low delinquencies in the pool with the 90+ and 180+ days past due (dpd) at 2.8% and 2.4%, respectively. The breakeven collection efficiency is nil as the CC is covering the entire future SN payouts. Further, there have been no instances of CC utilisation for the transaction till date owing to the strong collection performance and the presence of EIS in the transaction.

Servicing capability of originator – The company has adequate processes for the servicing of the loan accounts in the securitised pool. It has a long track record of regular collections and recoveries across a wide geography and multiple economic cycles.

Credit challenges

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.

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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	MIAMI 10 2022
Originator	Kogta Financial India Limited
Servicer	Kogta Financial India Limited
Trustee	Catalyst Trusteeship Limited
CC bank	IDFC First Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Superior

The liquidity is superior since the available CC fully covers the entire balance SN payouts.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The rating is unlikely to change as the CC covers the entire balance SN payouts.

Analytical approach

The rating action is based on the performance of the pool till the February 2025 payout month (January 2025 collection month), the present delinquency profile of the pool, the credit enhancement available in the transaction, 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

Kogta Financial India Limited (KFIL), incorporated in 1996, is a non-banking financial company (NBFC), which primarily finances new and used commercial vehicles, multi-utility vehicles, cars, tractors and construction equipment. It also provides micro, small and medium enterprise (MSME) loans and loan against property (LAP). The company is headquartered in Jaipur and operates through a network of more than 252 branches (as on September 30, 2024) spread across Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Delhi NCR, Punjab & Haryana, Uttar Pradesh & Chhattisgarh.

Following the equity infusion in June 2024, the promoter group, viz. the Kogta family, has a 30.22% equity stake (including warrants) in the company on a fully-diluted basis, while the balance is held by Ontario Limited (22.95%), Multiples Private Equity (12.31%), Creador Advisors India LLP (12.04%), Morgan Stanley Private Equity Asia (10.75%) and Javelin Investments (7.7%).

Key financial indicators

	FY2023 (audited)	FY2024 (audited)	H1 FY2025 (provisional)
Total income	521.9	770.3	440.3
Profit after tax	85.5	140.9	53.3
Total managed assets	4,419.9	6,075.5	6,874.9
Gross NPA	3.3%	2.6%	3.8%
CRAR	34.1%	27.1%	38.2%

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

Trust name	Current rating (FY2025)				Chronology of rating history		
	Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2025	for the past 3 years		
				March 18, 2025	March 14, 2024	March 13, 2023	November 03, 2022
MIAMI 10 2022	Series A1 SN	81.00	0.93	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 SN	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 type	Date of issuance	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
MIAMI 10 2022	Series A1 SN	October 28, 2022	8.65%	March 17, 2027	0.93	[ICRA]AAA(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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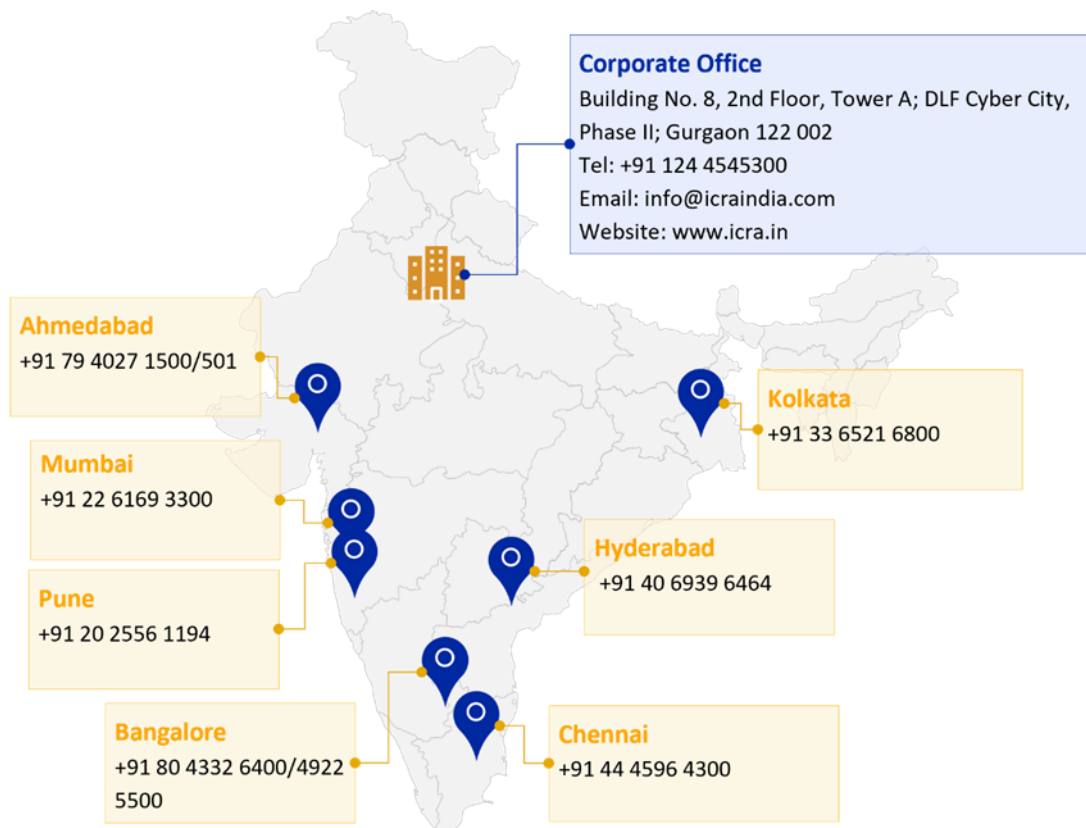


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