

April 22, 2025

Kogta Financial India Limited: Rating reaffirmed 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
Bali 01 2024	Series A1 SN	119.57	119.57	38.28	[ICRA]AA(SO); reaffirmed

*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 reaffirmation factors in the build-up of the credit enhancement cover over the future SN payouts on account of significant amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pool till the March 2025 payout month.

Pool performance summary

Parameter	Bali 01 2024
Payout month	March 2025
Months post securitisation	14
Pool amortisation (as % of initial pool principal)	61.8%
SN amortisation	68.0%
Cumulative collection efficiency ¹	96.7%
Loss-cum-90+ (% of initial pool principal) ²	2.2%
Loss-cum-180+ (% of initial pool principal) ³	1.5%
Breakeven collection efficiency ⁴	56.8%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC available (as % of balance pool principal)	13.2%
Excess interest spread (EIS; as % of balance pool principal)	13.5%
Cumulative prepayment rate ⁵	15.9%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (91% of the pool principal billed). The balance principal (9% of the pool principal billed) is expected to be paid on a monthly basis until the maturity of Series A1 SN. 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 Series A1 SN principal.

¹ Cumulative current and overdue collections till date / Cumulative billings till date

² POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

³ POS on contracts aged 180+ dpd + Overdues / Initial POS on the pool

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

⁵ Sum of prepayment of contracts prepaid till date / Initial pool principal

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the transaction and the underlying pool. As per ICRA's analysis, the cash collateral (CC) required to maintain the present rating is Rs. 3.97 crore (7.9% of balance pool principal) against the existing CC of Rs. 6.61 crore (13.2% of balance pool principal). Based on the pool's performance, the rating for the SNs will remain unchanged even after the CC amount is reset. However, as per regulatory guidelines, the maximum 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. The CC reset shall be subject to the approval of the SN investor.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up of the credit enhancement as of the March 2025 payout month, with the CC increasing to ~13% of the balance pool principal from 5.0% at the time of the securitisation of the transaction. Internal credit support is also available through the scheduled EIS and subordination.

Adequate servicing capability of Kogta – Kogta has sufficient processes for servicing 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.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 3.00% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% 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	Bali 01 2024
Originator	Kogta Financial India Limited
Servicer	Kogta Financial India Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Strong

The liquidity for the SN instrument is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be ~5.25 times the estimated loss in the pool.

Rating sensitivities

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

Negative factors – The sustained weak collection performance of the underlying pool (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 performance of the pool till the March 2025 payout month, the present delinquency profile of the pool, the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	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 250 branches (as on September 30, 2024) spread across Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Delhi NCR, Punjab & Haryana, Uttar Pradesh and Chhattisgarh.

Following the equity infusion in June 2024, the promoter group, viz. the Kogta family, holds 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 (audited)

Kogta Financial India Limited	FY2023	FY2024	9M FY2025*
Total income	522	770	703
PAT	86	141	93
Total managed assets	4,419.9	6,075.5	7,279.0
Gross NPA	3.3%	2.6%	3.7%
CRAR	34.1%	27.1%	36.1%

Source: Company, ICRA Research; *Provisional numbers; 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 (FY2026)			Chronology of rating history for the past 3 years			
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Apr 22, 2025	Apr 25, 2024	Feb 01, 2024	-
Bali 01 2024	Series A1 SN	119.57	38.28	[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/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
Bali 01 2024	Series A1 SN	January 31, 2024	9.20%	June 17, 2028	38.28	[ICRA]AA(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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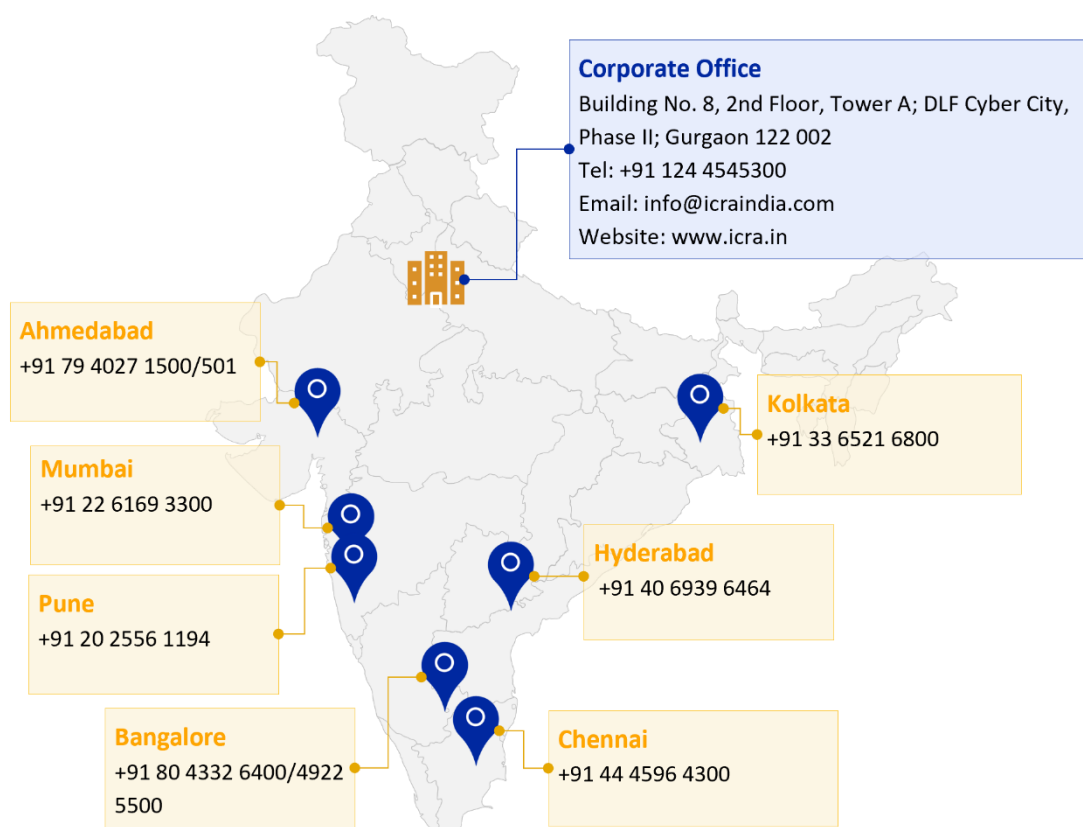


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