May 12, 2025

Vivriti Capital Limited: Provisional ratings assigned to PTCs backed by unsecured personal loan receivables (originated under co-lending partnerships) issued by Hazel 04 2025

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Hazel 04 2025	Series A1 PTC	71.82	Provisional [ICRA]AA-(SO); assigned
	Series A2 PTC	1.60	Provisional [ICRA]A(SO); assigned

**Instrument details are provided in Annexure I*

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates (PTCs) are backed by a pool of unsecured personal loan receivables originated by Vivriti Capital Limited {VCL/Originator; rated [ICRA]A+ (Stable)} through co-lending partnerships. The pool has an aggregate principal outstanding of Rs. 79.80 crore (pool receivables of Rs. 92.20 crore). VCL will also be servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The ratings are subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

As per the transaction structure, till Series A1 PTC is outstanding, the monthly cash flow schedule comprises the promised interest payout to Series A1 PTC. Series A1 PTC principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Interest payout to Series A2 PTC is also to be made on expected basis. Following the full redemption of Series A1 PTC, the monthly cash flow schedule will comprise the promised interest payout to Series A2 PTC. Series A2 PTC principal is then expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date.

Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal, followed by Series A2 PTC principal. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. However, on the occurrence of any predefined trigger events, the entire residual EIS every month shall be utilised for accelerating the principal payment due to Series A1 PTC until it is fully redeemed. The key triggers are (i) the rating of Series A1 PTCs is downgraded below AA-(SO), (ii) the existing credit rating of the Seller or any of VCL's origination partners is downgraded below the current rating level by any Securities and Exchange Board of India (SEBI) accredited credit rating agency, and (iii) the portfolio at risk (PAR) >30 in the pool exceeds 5.00% of the initial pool principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 8.00% of the initial pool principal, amounting to Rs. 6.38 crore, provided by the Originator, (ii) subordination of 10.00% of the initial pool principal for Series A1 PTCs and 8.00% of the initial pool principal for Series A2 PTCs, and (iii) the EIS of 8.85% and 8.49% of the initial pool principal for Series A1 and A2 PTCs, respectively.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 6,740 contracts, with the top 10 obligors forming only 0.48% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC and EIS would absorb some of the losses in the pool and provide support in meeting the PTC payouts.

Seasoned contracts in the pool with no overdues – The pool has a weighted average seasoning of ~8 months with no delinquent contracts as on the cut-off date. This reflects the relatively better credit profile of the borrowers, which is a credit positive.

Track record of co-lending operations – VCL has a record of over three years of co-lending in the unsecured personal loans category. It has adequate underwriting policies and collection procedures across a wide geography. The company has adequate processes for servicing the loan accounts in the securitised pool. The collections are carried out entirely in the digital mode, which significantly reduces the commingling risk with the co-lending partners.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Tamil Nadu and Karnataka, contributing ~37% to the initial pool principal. 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. It is exposed to the inherent credit risk associated with the unsecured nature of the asset class. Moreover, recoveries from delinquent contracts tend to be lower.

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 5.50% 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 ratings for the instruments.

Liquidity position: Strong

The liquidity for Series A1 PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~4.25 times the estimated loss in the pool.

The liquidity for Series A2 PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~3.75 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The ratings could be upgraded on the strong collection performance of the underlying pool (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of the credit enhancement cover for the remaining payouts.

Negative factors – Pressure on the ratings could emerge due to sustained weak collection performance of the underlying pool (monthly collection efficiency of <90%), leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer (VCL) could also exert pressure on the ratings.

Analytical approach

The rating action is based on the analysis of the performance of VCL's unsecured personal loan portfolio with its co-lending partners till December 2024, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned ratings are provisional and would be converted into final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Legal opinion
4. Trustee letter
5. Chartered Accountant's know your customer (KYC) certificate
6. Any other documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

VCL is a registered non-deposit taking systemically important non-banking financial company (NBFC-ND-SI). Promoted by Mr. Vineet Sukumar and Mr. Gaurav Kumar in June 2017, VCL provides diverse debt financing solutions including loans, working capital finance and trade finance to NBFCs and other enterprises. It has also expanded its presence in the retail segment through various co-lending partnerships with other NBFCs.

VCL currently has stakes in two Group entities – Viviriti Asset Management (VAM) and CredAvenue Private Limited (CAPL). VAM, a ~70% subsidiary (diluted basis), manages alternative investment funds (AIFs). It is currently managing nine funds with combined assets under management (AUM) of Rs. 2752.2 crore as of March 2024. VCL holds 49.92% in its associate company, CAPL, which is in the syndication platform business. In June 2024, VCL announced a composite scheme of arrangement, which would separate its online platform business from its NBFC and asset management company (AMC) businesses. The NBFC as well as the AMC business would become 100% subsidiaries of Vivriti Next Private Limited. The scheme of arrangement is subject to regulatory approvals.

Key financial indicators

Vivriti Capital Limited	FY2023	FY2024	9M FY2025
Total income	671.2	1,050.7	987.7
Profit after tax	129.3	191.3	160.2
Assets under management	6,821.1	9,521.5	8,649.5
Gross non-performing assets (NPA)	0.3%	1.1%	1.9%
Capital-to-risk weighted assets ratio	25.7%	21.3%	22.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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
				May 12, 2025	-	-	-
Hazel 04 2025	Series A1 PTC	71.82	71.82	**Provisional [ICRA]AA-(SO)**	-	-	-
	Series A2 PTC	1.60	1.60	**Provisional [ICRA]A(SO)**	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	Moderately complex
Series A2 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 type	Date of issuance/ sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
Hazel 04 2025	Series A1 PTC	May 05, 2025	10.10%	September 19, 2027	71.82	Provisional [ICRA]AA-(SO)
	Series A2 PTC		11.00%		1.60	Provisional [ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Sumit Pramanik
+91 22 6114 3400
sumit.pramanik@icraindia.com

Anubha Rustagi
+91 22 6114 3456
anubha.rustagi2@icraindia.com

Swapnali Chavan
+91 22 6114 3412
swapnali.chavan@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Ahmedabad
+91 79 4027 1500/501

Mumbai
+91 22 6169 3300

Pune
+91 20 2556 1194

Bangalore
+91 80 4332 6400/4922 5500

Kolkata
+91 33 6521 6800

Hyderabad
+91 40 6939 6464

Chennai
+91 44 4596 4300