July 18, 2025

Jacinth Finvest Limited: Rating confirmed as final for securitisation notes backed by unsecured MSME loan receivables issued by Emerald March 2025

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Emerald March 2025	Series A1 SN	5.09	[ICRA]BBB(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I*

Rationale

ICRA had assigned a provisional rating to the securitisation notes (SNs) issued by Emerald March 2025 under a securitisation transaction originated by Jacinth Finvest Limited (JFL/Originator). The SNs are backed by a pool of unsecured MSME loan receivables originated by JFL with an aggregate principal outstanding of Rs. 5.65 crore (pool receivables of Rs. 7.05 crore). JFL 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	Emerald March 2025
Payout month	June 2025
Months post securitisation	3
Pool amortisation	12.9%
Series A1 SN amortisation	13.0%
Cumulative prepayment rate	0.8%
Cumulative collection efficiency[1]	100.0%
Loss-cum-0+ days past due (dpd)[2]	0.0%
Loss-cum-30+ dpd[3]	0.0%
Loss-cum-90+ dpd[4]	0.0%
Cumulative cash collateral (CC) utilisation	0.0%

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 (90% 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 SN principal. The transaction has certain trigger events defined, on occurrence of which the residual cash flows would be passed on to Series A1 SN investors.

[1] *(Cumulative current collections and overdue collections) / (Cumulative billings + Opening overdues at the time of securitisation)*

2 Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

[3] *Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation*

[4] *Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation*

The credit enhancement available in the structure is in the form of (i) a CC of 7.00% of the initial pool principal, amounting to Rs. 0.40 crore, to be provided by the Originator, (ii) principal subordination of 10.00% of the initial pool principal for Series A1 SN and (iii) EIS of 12.05% of the initial pool principal for Series A1 SN.

Key rating drivers and their description

Credit strengths

Granular pool supported by the presence of credit enhancement – The pool is granular in nature, with top 10 obligors forming only 1.6% of the initial 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 investor 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. Also, none of the contracts have never been overdue since origination which is a credit positive.

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

Credit challenges

High geographical concentration: The pool has high geographical concentration with the top 1 state, viz. Andhra Pradesh contributing ~79% 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.

Risks associated with lending business: The performance of the pool 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. Further, pool will exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower

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 6.00% of the pool principal 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Emerald March 2025
Originator	Jacinth Finvest Limited
Servicer	Jacinth Finvest Limited
Trustee	Axis Trustee Services Limited
CC holding bank	Union Bank of India
Collection and payout bank	ICICI Bank Limited

Liquidity position: Strong

The liquidity for Series A1 SN is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~4.00 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 (Jacinth) 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

Jacinth Finvest Limited is non-deposit taking – NBFC and started secured business loan product in FY2007. Business loans are extended to individuals based on their business and family income and repayment capacity by accepting their property as collateral security. The loan is offered to meet his working capital or purchase/improve business asset. The company is spread across 55 branches located in five states. (i.e. Andhra Pradesh, Chhattisgarh, Karnataka, Maharashtra, Telangana) as of March 31, 2025. The portfolio stands at Rs. 138.7 crores with total number of borrowers of 6,878 as of March 31, 2025.

Key financial indicators (Rs. crore; audited)

Jacinth Finvest Limited	FY2023	FY2024	FY2025
Total Income	12.6	14.3	20.1
Profit after tax	1.3	2.5	2.6
Asset under management (AUM)	84.5	93.9	138.7
GNPA (%)	4.8%	6.4%	1.7%
CRAR	59.6%	57.6%	41.8%

Source: Company data

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	Date & rating in FY2023
				July 18, 2025	March 29, 2025	-	-
Emerald March 2025	Series A1 SN	5.09	5.09	**[ICRA]BBB(SO)**	**Provisional [ICRA]BBB(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

ISIN	Trust name	Instrument name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
NA	**Emerald March 2025**	Series A1 SN	March 28, 2025	15.50%	January 11, 2027	5.09	[ICRA]BBB(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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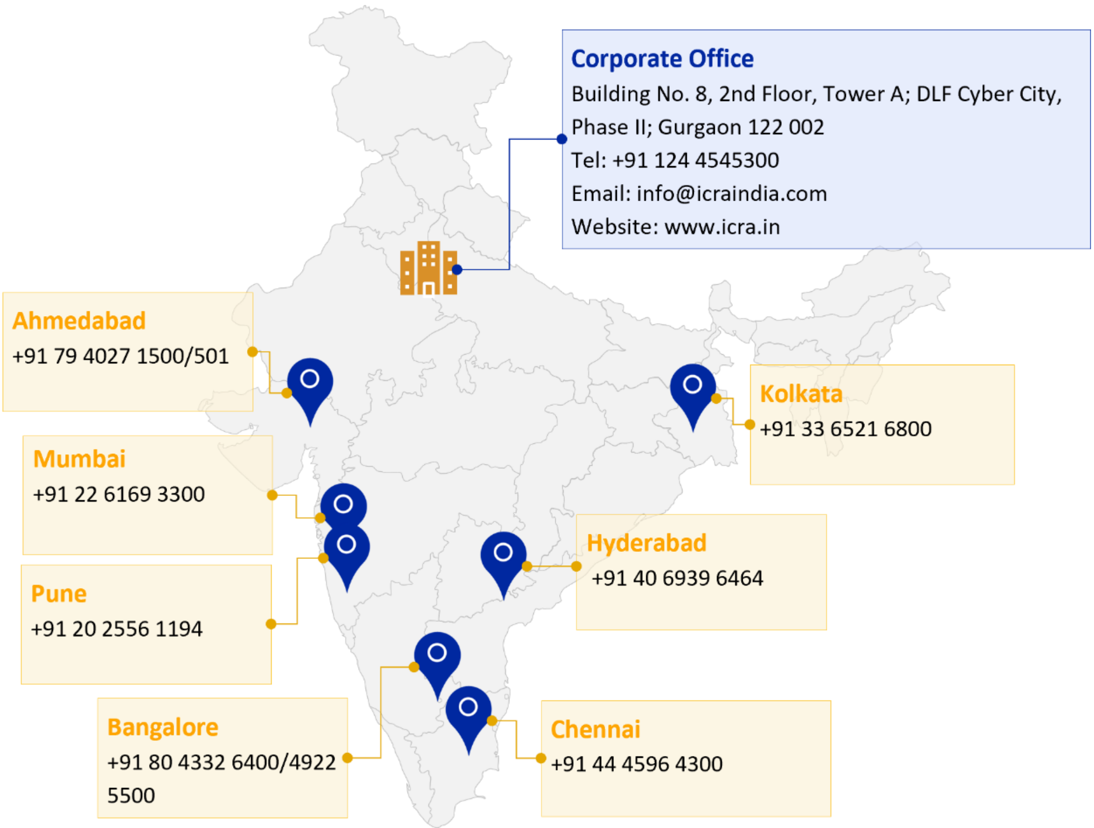

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