

December 03, 2025

Chaitanya India Fin Credit Private Limited: Provisional [ICRA]AA+(SO) assigned to PTC Series A1 issued by South Pole 2025, backed by a pool of microfinance loan receivables

Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
South Pole 2025	PTC Series A1	73.92	Provisional [ICRA]AA+(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
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Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Chaitanya India Fin Credit Private Limited (CIFCPL) with an aggregate principal outstanding of Rs. 84.48 crore (pool receivables of Rs. 100.91 crore). CIFCPL would be acting as the servicer for the transaction.

The provisional rating is 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 provisional rating is 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, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. The residual cash flows from the pool, 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 PTC Series A1 principal. The transaction has certain predefined trigger events on the occurrence of which the residual cash flows would be passed on to PTC Series A1 investors.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 7.00% of the initial pool principal, amounting to Rs.5.91 crore, to be provided by the Originator, (ii) principal subordination of 12.50% of the initial pool principal for PTC Series A1 and (iii) the excess interest spread (EIS) of 14.60% of the initial pool principal for PTC Series A1.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 15,911 contracts with no contract exceeding 0.01% 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.

Seasoned contracts in the pool – The pool has amortised by around 25% as on the cut-off date with no delinquencies seen in any of the contracts, post loan disbursement, thereby reflecting the borrowers' relatively better credit profile.

Adequate servicing capability of the originator – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of over a decade of regular collections across multiple geographies.

Credit challenges

High geographical concentration - The pool has high geographical concentration with the top 3 states, viz. Uttar Pradesh, Bihar and Jharkhand contributing ~76% 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 pool 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.

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

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 4.00% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3% to 9% 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.

Liquidity position: Superior

The liquidity for PTC Series A1 is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is around ~7 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 (CIFCPL) could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of CIFCPL's microfinance loan portfolio till September 2025, 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 rating is provisional and would be converted into a final rating upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of Attorney
4. Servicing Agreement
5. Accounts Agreement
6. Legal opinion
7. Trustee letter
8. KYC Chartered Accountant's certificate
9. 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

Chaitanya India Fin Credit Private Limited (CIFCPL) was incorporated on March 31, 2009 and provides microcredit to women borrowers, for income-generating activities, under the joint liability group (JLG) lending model. It was registered under the NBFC - Micro Finance Institution (Reserve Bank) Directions, 2011, via an RBI letter dated September 5, 2013. On November 23, 2023, Chaitanya became a subsidiary of Svantra Microfin following the acquisition of its entire equity shares from Navi Technologies Limited and Navi Finserv Limited.

Key financial indicators

CIFCPL	FY2023	FY2024	FY2025
Total income	758	1,240	1,561
Profit after tax	148	296	256
Total managed assets	5,506	7,393	8,413
Gross NPA	0.3%	0.3%	1.6%
CRAR	22.3%	22.3%	23.6%

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

S. no.	Trust name	Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Instrument	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				December 03, 2025			
1	South Pole 2025	PTC Series A1	73.92	Provisional [ICRA]AA+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
PTC Series A1	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	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
NA	South Pole 2025	PTC Series A1	November 28, 2025	7.65%	May 17, 2028	73.92	Provisional [ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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