

September 23, 2021

## Indel Money Private Limited: Rating confirmed as final for PTCs backed by gold loan receivables issued by Credavenue Israel 06 2021

### Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Credavenue Israel 06 2021	PTC Series A1	12.27	[ICRA]A1+(SO); provisional rating confirmed as final
	PTC Series A2	0.51	[ICRA]A1(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure-1

### Rationale

In July 2021, ICRA had assigned a Provisional [ICRA]A1+(SO) and Provisional [ICRA]A1(SO) rating to PTC Series A1 and PTC Series A2 respectively, issued by Credavenue Israel 06 2021. The pass-through certificates (PTCs) are backed by a pool of Rs. 17.42 crore gold loan receivables (underlying pool principal of Rs. 15.33 crore) originated by Indel Money Private Limited (IMPL). 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 ratings have now been confirmed as final.

A summary of the pool performance after the August 2021 payout is shown in the table below:

Parameter	CredAvenue Israel 06 2021
Months post securitisation	1
Pool amortisation	3.29%
PTC Series A1 Amortisation	4.16%
PTC Series A2 Amortisation	0.00%
Cumulative collection efficiency	100.00%
Loss cum 0+ dpd	0.00%
Loss cum 90+ dpd	0.00%
Monthly prepayment rate	0.00%

### Key rating drivers

#### Credit strengths

- Availability of credit enhancement in the form of subordination and EIS
- No overdue contracts in the pool as on pool cut-off date

#### Credit challenges

- High geographical concentration in the pool at the state level
- Moderate share of high loan-to-value (LTV) contracts in pool
- Pool performance will remain exposed to any fresh disruptions cause by Covid-19 pandemic

## Description of key rating drivers highlighted above

The first line of support for PTC Series A1 in the transaction is in the form of a subordination/over-collateralisation of 20.00% of the pool principal (includes the principal payable to PTC Series A2). After PTC Series A1 has been fully paid, over-collateralisation of 16.67% of the pool principal could be available for PTC Series A2. Further credit support is available in the form of an EIS of 9.64% for PTC Series A1 and 9.35% for PTC Series A2.

As per the transaction structure, the collections from the pool, after making the expected interest payouts to PTC Series A1, will be used to make the expected principal payouts to PTC Series A1, followed by the expected interest payout to PTC Series A2. The entire interest and principal repayment to PTC Series A1 is promised on the scheduled maturity date. PTC Series A2 payouts are completely subordinated to PTC Series A1. The entire interest and principal repayment to PTC Series A2 is promised on the scheduled maturity date. The EIS available after meeting the expected PTC payments shall flow back to the originator on every payout date.

There are no overdues in the pool as on the cut-off date. The pool consists of loans that have moderate seasoning with a weighted average seasoning of 4.2 months. It has a moderate LTV profile with an average LTV of around 70% at the time of loan disbursement. The pool has high geographical concentration with the top state contributing around 57% to the pool principal. The performance of the pool will remain exposed to any fresh disruptions caused by the Covid-19 pandemic.

**Past rated pools performance:** ICRA has rated two other PTC transaction for IMPL. The live transaction has shown collection efficiency of 100% after Aug-21 payout.

## Key rating assumptions

ICRA's cash flow modelling for rating asset-backed securitisation (ABS) transactions involves the simulation of potential delinquencies (shortfall in principal collection during the tenor of the pool) and prepayments in the pool. The assumptions for the shortfall in collections are arrived at after taking into account the past performance of the originator's portfolio and the rated pools as well as the characteristics of the current pool being evaluated. Additionally, the assumptions may be adjusted to account for the current macroeconomic situation as well as any industry-specific factors that ICRA believes could impact the performance of the underlying pool contracts.

After making these adjustments, the expected mean shortfall in principal collection during the tenure of the current pool is estimated at 4.5-5.5% with certain variability around it.

## Liquidity position: Strong

As per the transaction structure, the interest and the principal are promised on both series of PTCs on the scheduled maturity date of the transaction. The cash flows expected to be received from the underlying pool and the available credit enhancement are expected to be comfortable to meet the promised payouts to the investors for both series of PTCs.

## Rating sensitivities

**Positive factors (for PTC Series A2 tranche)** – The ratings could be upgraded on the sustained strong collection performance of the underlying pool of contracts, leading to low delinquency levels and substantial cover for the future PTC payouts from the credit enhancement.

**Negative factors** – The ratings could be downgraded on the sustained weak collection performance of the underlying pool of contracts, leading to high delinquency levels and a decrease in the cover available for the future PTC payouts from the credit enhancement.

## Analytical approach

The rating actions are 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	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the company

Originally incorporated in 1986, Indel Money Private Limited (IMPL; erstwhile Payal Holdings Private Limited) was based in Mumbai and was acquired by the promoters in 2013. IMPL is registered as a non-deposit taking non-banking financial company (NBFC) with the Reserve Bank of India (RBI) and is primarily engaged in the business of gold loans and unsecured loans. The company is mainly present in Kerala, Karnataka, Tamil Nadu and Puducherry and it expanded to Telangana and Andhra Pradesh in FY2021. Its assets under management (AUM) stood at Rs. 336.3 crore and Rs. 513.5 crore as on March 31, 2020 and March 31, 2021, respectively.

IMPL is a wholly-owned subsidiary of M/s. Indel Corporation Private Limited, a closely-held entity of the family members of Mr. Mohanan Gopalakrishnan. It is an asset holding company with multiple commercial properties in Kerala and investments in Group entities. The Group is in the financial services, hospitality, automotive dealership and infrastructure businesses.

## Key financial indicators

Particulars	FY2020 (audited)	FY2021 (Provisional)
Total Income	63.07	94.27
Profit after Tax	2.31	11.08
Assets under Management	336.30	513.50
Gross NPA%	0.36%	0.20%
Net NPA%	0.01%	0.00%

Source: IMPL & ICRA research; Amounts 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 (FY2022)			Chronology of Rating History for the Past 3 Years				
		Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					September 23, 2021	July 05, 2021			
1	Credavenue Israel 06 2021	PTC Series A1	12.27	12.27	[ICRA]A1+(SO)	Provisional [ICRA]A1+(SO)	-	-	-
		PTC Series A2	0.51	0.51	[ICRA]A1(SO)	Provisional [ICRA]A1(SO)	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	Moderately Complex
PTC Series A2	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: [www.icra.in](http://www.icra.in)

**Annexure-1: Instrument details**

Trust Name	Instrument Type	Date of Issuance	Coupon Rate (XIRR)	Maturity Date*	Amount Rated (Rs. crore)	Current Rating and Outlook
Credavenue Israel 06 2021	PTC Series A1	June 2021	8.00%	June 2022	12.27	[ICRA]A1+(SO)
	PTC Series A2		13.00%		0.51	[ICRA]A1(SO)

\*Scheduled maturity at transaction initiation; may change on account of prepayments

Source: Company

**Annexure-2: List of entities considered for consolidated analysis**

Not Applicable

## ANALYST CONTACTS

**Abhishek Dafria**

+91 22 6114 3440

[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Gaurav Mashalkar**

+91 22 6114 3431

[gaurav.mashalkar@icraindia.com](mailto:gaurav.mashalkar@icraindia.com)

**Ritu Rita**

+91 22 6114 3409

[ritu.rita@icraindia.com](mailto:ritu.rita@icraindia.com)

**Yuvraj Handa**

+91 22 6114 3400

[yuvraj.handa@icraindia.com](mailto:yuvraj.handa@icraindia.com)

## RELATIONSHIP CONTACT

**Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

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

[info@icraindia.com](mailto: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](http://www.icra.in)

## ICRA Limited



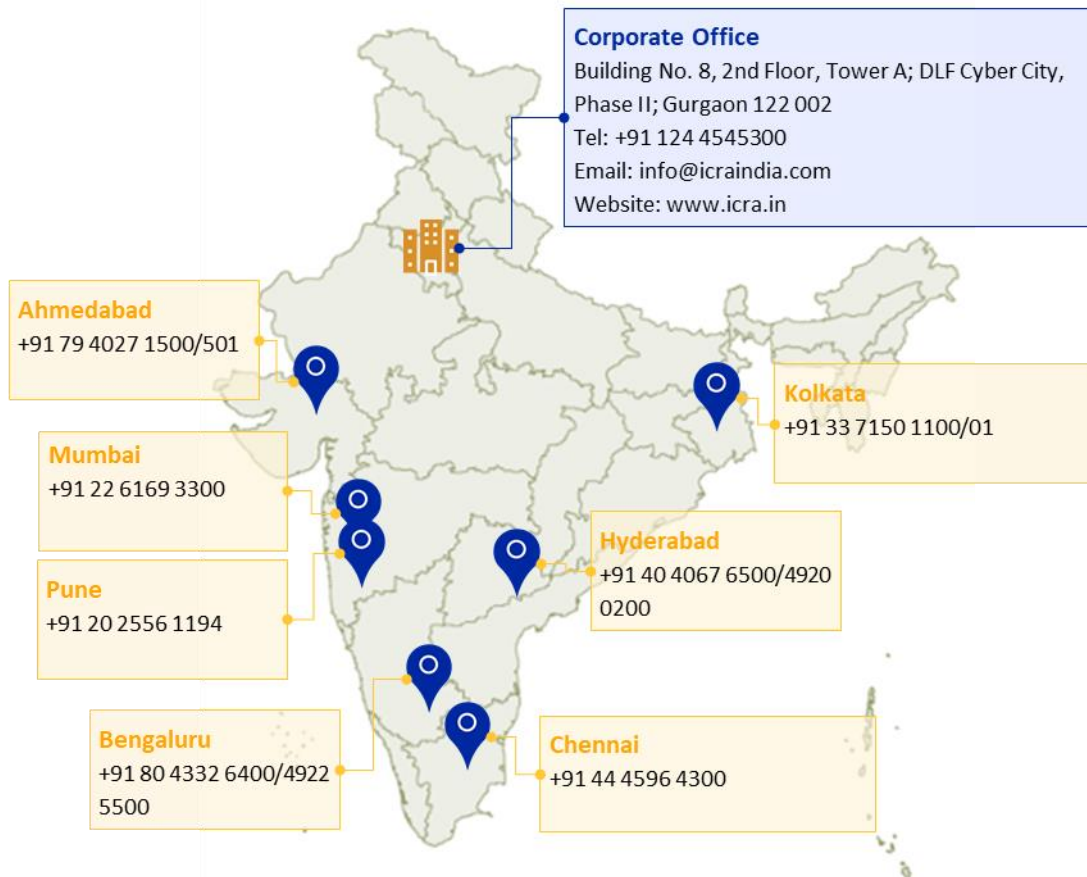
### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2021 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.