



Press Release

Gemini 11 2022

(Originator: Save Microfinance Private Limited)

February 01, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term – Series A1 (a) PTCs (Senior)	1.11*	IVR A (SO) / Stable [IVR A (Structured Obligation) with Stable Outlook]	Reaffirmed	Complex
Long Term – Series A1 (b) PTCs (Subordinated)	2.20*	IVR BBB+ (SO) / Stable [IVR Triple B Plus (Structured Obligation) with Stable Outlook]	Reaffirmed	Complex
Total	3.31 (Rupees Three Crores and Thirty-One Lakhs Only)			

***Outstanding as on 31st December 2023**

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Ratings has affirmed 'IVR A(SO)/Stable' rating to Series A1 (a) pass-through certificates (PTCs) – Senior in nature and 'IVR BBB+(SO)/Stable' rating to Series A1 (b) pass-through certificates (PTCs) – subordinate in nature issued by 'Gemini 11 2022' against loans backed by micro finance loan receivables originated by Save Microfinance Private Limited (SMPL) (rated @ IVR BBB+/Stable).

The rating continues to derive strength from credit support available in the structure, adequacy of credit enhancement and compliance of regulatory requirements. However, the ratings are constrained by high risk profile of underlying asset class, borrower profile concentration and geographical concentration.



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The pool performance as on 31st December 2023 are mentioned below:

Pool Performance	Till December 2023 collections
Months post Securitization	12
Pool Amortization %	77.65%
PTC Amortization %	87.5%
Cumulative Prepayment %	2.80%
30+ Overdue Principal as a % of Balance PTCs	0.0%
30+ Overdue (Principal + Interest) as a % of Balance PTCs	0.0%
90+ Overdue Principal as a % of Balance PTCs	0.0%
90+ Overdue (Principal + Interest) as a % of Balance PTCs	0.0%
30+DPD as a % of initial PTCs	0.0%
90+DPD as a % of initial PTCs	0.0%
Cash Collateral as a % of Balance PTCs	5%
Cash Collateral Utilization %	Nil
Cumulative Collection Efficiency %	97.72%

Transaction Structure: According to the transaction structure, the loan receivables will be transferred “at par” to a special purpose vehicle (SPV) and the trust will issue the PTCs to the investors. The transaction will have a timely interest timely principle (TITP) structure. series A1 (a) PTC holders are entitled to receive timely interest and principal on a monthly basis, while series A1 (b) PTC holders are entitled to receive timely interest and the principal payment will be paid only after series A1 PTCs are fully redeemed/repaid.

Credit support available in the transaction is as follows:

- Over collateralization of 12.50% of the outstanding pool principal.
- Cash collateral of 5.00% of the outstanding pool principal.
- Excess Interest Spread of 11.12% of the outstanding pool principal.



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Payment Mechanism: Series A1 (a) PTCs have a senior claim over the cash flows of the pool, excess interest spread and cash collateral. 100% cash flows of the underlying pool are made available for servicing series A1 PTCs and once the series A1 (a) PTCs are fully paid, the cash flows can be utilised to make payments to series A1 (b) PTCs which have subordinated claim over cash flows of the pool.

Key Rating Sensitivities:

Upward Factors

- The sustained strong collection performance of the underlying pool, leading to lower-than-expected delinquency levels, an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.
- Sharp upgrade in the rating of the originator coupled with substantial increase in the credit enhancement available (both external and internal).

Downward Factors

- The sustained weak collection performance of the underlying pool, leading to higher-than-expected delinquency levels, cash collateral levels decreasing below 5% of the outstanding PTCs, would result in a rating downgrade.
- Steep downgrade in the rating of the originator, external credit enhancement coming below 5% of the PTCs as stipulated and non-compliance of key transaction terms and conditions.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Credit support available in the structure:

Credit collateral of 5% of the outstanding pool principal provides credit support to series A1 PTCs (both series A1 (a) and series A1 (b) PTCs). The PTCs also benefit from scheduled cashflow subordination for series A1 PTCs and over collateralisation of 12.50%. As per the waterfall mechanism, the entire cash flows are available for servicing series A1 (a) PTCs and only after the series A1 (a) PTCs are fully paid, the cash flows can be utilised for paying



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the principal of series A1 (b) PTCs (principal subordination). The pool has an average IRR of ~22.00% when compared to ~14% IRR on PTCs which results in excess interest spread which is available throughout the tenure of the PTCs.

Adequacy of Credit enhancement: The credit enhancement available in the transaction is 5% of the outstanding pool principal in the form of fixed deposits. The transaction also has excess interest spread of ~11% available over the tenure of the PTCs which provided additional liquidity comfort.

Compliance of regulatory requirement: The transaction complies with the regulatory requirements such as minimum retention ratio, minimum holding period and all the loans in the pool are on time with no overdue.

Key Rating Weaknesses

High risk profile of underlying asset class: The pool consists of micro finance loans which have shown a tendency towards elevated delinquency rates and susceptibility to external factors.

Borrower profile concentration: The pool has a high degree of concentration in the rural segment which indicates performance and outcomes of the asset pool are intricately linked to the conditions and developments specific to rural regions.

Geographical Concentration: The pool is concentrated in terms of geography. Top 3 states- Bihar - ~65%, Uttar Pradesh – ~20% and Haryana- ~10% account for ~95% of the pool. This high concentration in specific states implies that any region-specific events, regulatory changes, or economic trends in Bihar, Uttar Pradesh, and Haryana could disproportionately impact the overall health and performance of the asset pool.



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Analytical Approach: The rating is based on the analysis of the past performance of SMPL's portfolio, key characteristics and composition of the current pool, performance expected over the balance tenure of the pool and the credit enhancement available in the transaction.

Applicable Criteria:

[Rating Methodology - Securitization Transactions](#)

[Criteria of assigning rating outlook](#)

Liquidity – Adequate

The credit enhancement available in the transaction is 5% of the outstanding pool principal in the form of fixed deposits. The transaction also has excess interest spread of 11.12% available over the tenure of the PTCs which provided additional liquidity comfort.

Key Rating Assumptions: To assess the collection shortfalls and gross default rates for this transaction, IVR has analysed the pool characteristics vis-a-vis the overall portfolio of the company, the performance of static pool and dynamic pool of MIFSPL's loan portfolio and the current operating environment that could impact the performance of the underlying pool contracts and the prepayment rates. IVR expects the base case peak shortfall in the pool (based on the dynamic pool), to be in the range of 2.00% to 4.00% of pool principal. IVR expects the prepayments in the range of 1.00% to 2.00% per month. IVR Ratings does not envisage any risk arising on account of commingling of cash flows given the waterfall mechanism of the transaction. IVR has adequately factored in the risks arising on account of counterparties (refer to counterparty details provided below).



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Capacity	Counterparty Name	Counterparty rating/Track record	Impact on credit ratings in case of non-performance
Originator	Save Microfinance Private Limited	IVR BBB+/Stable	Negligible
Collection and servicing agent	Save Microfinance Private Limited	IVR BBB+/Stable	Significant
Trustee	Beacon Trusteeship Limited	Adequate track record	Negligible

About the pool:

The pool securitised comprises micro finance loan receivables. The pool has weighted average seasoning of 18 months. The pool is geographically concentrated with top three states accounting for ~95% of pool principal. Average ticket size is Rs ~30,000 with average interest rate of ~22.00%. All the contracts in the pool were current as on cut-off date (December 31, 2023). IVR has adequately factored all these aspects in its rating analysis.

About the Originator:

Save Microfinance Private Limited (SMPL) was incorporated in August 2016 as a NBFC-MFI based in Bihar (headquartered in Gaya). It received its NBFC license in October 2017 and commenced lending in November 2018. SMPL is a wholly owned subsidiary of Save Solutions Private Limited (SSPL). As on September 30, 2023, the company was operating in 11 states in India through a network of 240 branches catering to 4.41 lakh borrowers.



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Financials (Standalone):

Rs. Crore

For the year ended/ As on*	31-03-2022 Audited	31-03-2023 Audited
Total operating income	61.33	170.15
PAT	3.50	17.14
Total Debt	430.74	790.70
Tangible Net-worth	116.11	168.16
Total Loan assets / AUM	512.98	986.63
Overall gearing (Times)	3.71	4.70
Total CAR (%)	21.18	15.79
Gross NPA (%)	1.26	1.00
Net NPA (%)	0.26	0.05

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information:

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating – Feb 01, 2024	Date(s) & Rating(s) assigned in 2022-23 – Feb 06, 2023	Date(s) & Rating(s) assigned in 2022-23 – Dec 02, 2022	Date(s) & Rating(s) assigned in 2021-22
1.	Series A1 (a) PTCs	Long Term	1.11	IVR A (SO) / Stable	IVR A (SO) / Stable	Provisional IVR A (SO)/Stable	-
2.	Series A1 (b) PTCs	Long Term	2.20	IVR BBB+(SO) / Stable	IVR BBB+(SO) / Stable	Provisional IVR BBB+(SO)/Stable	-



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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities:

Name of Facility/Instrument	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Series A1 (a) PTCs	November 29, 2022	13.75%	July 10 2024	1.11	IVR A (SO) / Stable
Series A1 (b) PTCs	November 29, 2022	14.20%	July 10 2024	2.20	IVR BBB+ (SO)/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details – Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Payment Mechanism:

On every Paying Date, the Trustee will determine the adequacy of the funds lying in the Collection and Payout Account to make the Investor Payouts to the Investors and other payments set out here below on every Payout Date. If the funds in the Collection and Payout Account are inadequate or insufficient to make certain Investor Payouts as indicated below, the Trustee will utilize External Credit Enhancement as indicated below to meet such shortfall. On each Payout Date, the funds lying in the Collection and Payout Account, along with any amounts withdrawn by the Trustee from External Credit Enhancement, the clean-up purchase consideration (if any), and any amounts recovered pursuant to legal proceedings [(including for the enforcement of any security interest in respect of the secured assets)], will be utilized in the following order of priority:

A. Till March 10, 2024, as the Series A1 PTCs are outstanding:

- for payment of all statutory and regulatory dues.
- for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents. PROVIDED THAT the Servicing Fee shall only be appropriated from the EIS component, and if, in any Collection Period the EIS is insufficient to make a complete payment of the Servicing Fee, then the deficit portion of the Servicing Fee shall be paid out



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- in the next occurring Collection Period(s);
- iii. for yield payment to the holders of Series A1 PTCs (to be distributed on Pari passu basis to the holders of Series A1(a) PTCs, and Series A1(b) PTCs) set out to be made on any preceding Payout Dates as per the Expected Payout Schedule but remains unpaid. Provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilize the External Credit Enhancement to meet such shortfall.
 - iv. for yield payment to the holders of Series A1 PTCs (to be distributed on Pari passu basis to the holders of Series A1(a) PTCs, and Series A1(b) PTCs) set out to be made on the given Payout Date as per the Expected Payout Schedule. Provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilize the External Credit Enhancement to meet such a shortfall.

till the time Series A1(a) PTCs are outstanding, for payment towards redemption of Series A1(a) PTCs as set out to be made on the given Payout Date as per the Expected Payout Schedule and the preceding Payout Dates but remains unpaid and after the redemption of Series A1(a) PTCs in full, for redemption of Series A1(b) PTCs as set out to be made on the given Payout Date as per the Expected Payout Schedule and the preceding Payout Dates but remains unpaid. Provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilize the External Credit Enhancement, up to the amount of External Credit Enhancement available, on the Series A1(a) Final Maturity Date to redeem the Series A1(a) PTCs and on the Series A1(b) Final Maturity Date to redeem the Series A1(b) PTCs in full on respective date in case there is any shortfall.
 - vi. any prepayments will be utilized for accelerated redemption of Series A1 PTCs, in such a manner so that the redemption of PTCs take place in the following order: (1) firstly, Series A1(a) PTCs till complete redemption; and lastly, Series A1 (b) PTCs till complete redemption.
 - vii. for reimbursement of the External Credit Enhancement (to the extent drawn on any Payout Date and not replenished already); and
 - viii. All balance amounts shall be paid to the Residual Beneficiary.
- B. From March 11, 2024, till the Final Maturity Date, as the Series A1 PTCs are outstanding:
- i. for payment of all statutory and regulatory dues.
 - ii. for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents. [PROVIDED THAT the Servicing Fee shall only be appropriated from the EIS component, and if, in any Collection Period the EIS is insufficient to make a complete payment of



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the Servicing Fee, then the deficit portion of the Servicing Fee shall be paid out in the next occurring Collection Period(s)];

for yield payment to the holders of Series A1 PTCs (to be distributed on pari passu basis to the holders of Series A1(a) PTCs, and Series A1(b) PTCs) set out to be made on any preceding Payout Dates as per the Expected Payout Schedule but remains unpaid.[Provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilize the External Credit Enhancement to meet such shortfall.]

- iv. for yield payment to the holders of Series A1 PTCs (to be distributed on Pari passu basis to the holders of Series A1(a) PTCs, and Series A1(b) PTCs) set out to be made on the given Payout Date as per the Expected Payout Schedule. Provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilize the External Credit Enhancement to meet such shortfall.
- v. for payment towards redemption of Series A1(a) PTCs and Series A1(b) PTCs on pari passu basis of their respective amounts outstanding. Provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilise the External Credit Enhancement, up to the amount of External Credit Enhancement available, on the Series A1(a) Final Maturity Date to redeem the Series A1(a) PTCs and on the Series A1(b) Final Maturity Date to redeem the Series A1(b) PTCs in full on respective date in case there is any shortfall.
- vi. any prepayments will be utilized for accelerated redemption of Series A1 PTCs, in such a manner so that the redemption of Series A1(a) PTCs and Series A1(b) PTCs is on a Pari passu basis of the respective amounts outstanding till complete redemption.
- vii. for reimbursement of the External Credit Enhancement (to the extent drawn on any Payout Date and not replenished already); and
- viii. all balance amounts shall be paid to the Residual Beneficiary.

C. Upon complete redemption of the Series A1 PTCs:

Payment of any Statutory or Regulatory dues with respect to the Receivables, if any, in case not paid by the Originators, as originally envisaged; and towards expected payment for redemption of the equity tranche PTCs all balance amounts to be paid to residual beneficiary.

For the avoidance of doubt, it is clarified that all principal and interest payments on the Pool will be used to make payments towards principal of Equity Tranche PTCs only after entire interest and principal to the Series A PTCs are paid in full.



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

