

April 03, 2025

Sriffin Credit Private Limited: Rating confirmed as final for PTCs issued under a microfinance loan receivables securitisation transaction

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Spartan 11 2024	Series A1 PTC	8.29	[ICRA]BBB+(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by Spartan 11 2024 under a securitisation transaction originated by Sriffin Credit Private Limited (Sriffin/Originator). The PTCs are backed by a pool of microfinance loan receivables originated by Sriffin with an aggregate principal outstanding of Rs 8.91-crore (pool receivables of Rs 10.28-crore). Sriffin is also the servicer of the rated 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.

A summary of the performance of the pool has been provided below.

Parameter	Spartan 11 2024
Payout month	February 2025
Months post securitisation	3
Pool amortisation	21.3%
Series A1 PTC amortisation	22.9%
Cumulative prepayment rate	0.8%
Cumulative collection efficiency ¹	93.2%
Loss cum 0+ dpd ²	12.1%
Loss cum 30+ dpd ³	8.0%
Loss cum 90+ dpd ⁴	0.0%
Cumulative cash collateral 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 (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 be flow back to the originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

The credit enhancement (CE) available in the structure is in the form of (i) a CC of 8.00% of the initial pool principal, amounting to Rs. 0.71 crore, to be provided by the Originator, (ii) principal subordination of 7.00% of the initial pool principal for Series A1 PTC and (iii) the excess interest spread (EIS) of 8.46% of the initial pool principal for Series A1 PTC.

¹ Cumulative collections (incl. advances) / (Cumulative billings + Opening overdue 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

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 2,674 contracts, with no contract exceeding 1% of the pool principal, thereby reducing the exposure to any single borrower. Further, the CE 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 almost 24% 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.

Credit challenges

High geographical concentration-The pool has high geographical concentration with the top state, viz. Karnataka, contributing ~36% 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. Also, the contracts are highly concentrated in terms of districts-wise concentration with the top 10 districts constituting around 78% of the pool amount, which increases the concentration risk.

Increasing delinquencies in microfinance sector – The microfinance sector has seen a decline in collections and consequently rise in delinquencies in the current 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.

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.

Limited track record of servicing capability of Srifin – The Originator is in the nascent stage of operations. It started disbursements in October 2023 and its loan book is yet to see a full cycle.

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 5.25% 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 CE to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction is as follows:

Transaction name	Spartan 11 2024
Originator	Sriffin Credit Private Limited
Servicer	Sriffin Credit Private Limited
Trustee	Axis Trustee Service Limited
CC holding Bank	Suryoday Small Finance Bank
Collection and payout account Bank	ICICI Bank Limited

Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the CE available to meet the promised payouts to the investor. The total CE is ~3.75 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 CE 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 CE utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (Sriffin) 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	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the Originator

Sriffin is a Hyderabad-based NBFC-microfinance institution (NBFC-MFI) registered with the Reserve Bank of India. The company began operations in August 2023 as a business correspondent (BC) for Suryoday Small Finance Bank and subsequently added Axis Bank and Yes Bank as BC Partner during last and current financial year respectively. After obtaining an RBI license on October 18, 2023, for NBFC-MFI, the company started building its own portfolio. Sriffin focuses on serving low-income households by providing unsecured micro-credit facilities, primarily to women.

Sriffin provides loans to women entrepreneurs primarily in the rural and semi-urban areas of Uttar Pradesh, Karnataka, Jharkhand, Rajasthan, and Bihar. As of September 30, 2024, the company had an AUM of Rs. 157.2 crore, with Rs. 85.6 crore belonging to its own portfolio and Rs. 71.6 crore coming from the business correspondent business. Its operations are concentrated in a few states: Uttar Pradesh (63%), Karnataka (16%), and Bihar (17%).

Sriffin's entire portfolio for the company has been under the Joint Liability Group (JLG) model. Typical purposes for which loans are offered include microbusiness, agriculture, livestock, fisheries, land and tree leasing, tailoring, etc.

Key Financial Indicators (standalone)

Srfin	FY2024	H1 FY2025*
Total income	1.9	8.1
PAT	(9.0)	(9.5)
Total managed assets	101.4	191.0
Gross NPA	0.0%	0.24%
CRAR	177.8%	49.3%

Source: Company, ICRA Research; *Provisional numbers; 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
				April 03, 2025	December 04, 2024	-	-
Spartan 11 2024	Series A1 PTC	8.29	8.29	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 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

ISIN	Trust name	Instrument	Date of issuance / sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
NA	Spartan 11 2024	Series A1 PTC	November 28, 2024	13.75%	February 12, 2026	8.29	[ICRA]BBB+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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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.

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