

May 20, 2025

## Share Microfin Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Grip X Coral Jan 2025

### Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Grip X Coral Jan 2025	Series A1 PTCs	11.72	[ICRA]A(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure I

### Rationale

ICRA had assigned provisional rating to Series A1 PTCs issued by GripX Coral Jan 2025 under a securitisation transaction originated by Share Microfin Limited (SML/Originator). The PTCs are backed by a pool of microfinance loan receivables originated by SML with an aggregate principal outstanding of Rs. 13.95 crore (pool receivables of Rs. 15.77 crore).

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.

### Pool performance summary:

Parameter	Grip X Coral Jan 2025
Payout month	April 2025
Months post securitisation	3
Pool amortisation	38.0%
Series A1 PTC Amortisation	45.3%
Monthly Collection Efficiency	99.9%
Cumulative collection efficiency (including advance collections) <sup>1</sup>	99.9%
Cumulative Prepayment rate	0.6%
Loss-cum-0+ days past due (dpd) <sup>2</sup>	0.1%
Loss-cum-30+ dpd <sup>3</sup>	0.1%
Loss-cum-90+ dpd <sup>4</sup>	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 (100% 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 PTCs principal.

<sup>1</sup> Cumulative collections/ (Cumulative billings + Opening overdues at the time of securitisation)

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

<sup>3</sup> Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>4</sup> 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 cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 0.70 crore, provided by the Originator, (ii) over-collateralisation of 16.00% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 8.96%<sup>5</sup> of the initial pool principal for Series A1 PTC.

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement** – The pool is granular, consisting of 5,484 contracts, with no contract exceeding 1% of the pool principal (or top 10 contracts forming only 0.26% of the pool principal), thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, over-collateral and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**Seasoned contracts in the pool** – The pool has amortised by almost 48% as on the cut-off date with no delinquencies observed in any of the contracts, post loan disbursement, thereby reflecting the borrowers' relatively better credit profile.

**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. Further, none of the contracts in the pool have ever been delinquent, which is credit positive.

**Adequate servicing capability** – The company has adequate processes for servicing the loan accounts in the securitised pools. It has a demonstrated track record of more than two decades of regular collections and recovery in the microfinance portfolio. Further, company founder and previous MD, Mr. M. Udaia Kumar, has over 35 years of experience in the field of financial inclusion as well as sustainable and development financing.

### Credit challenges

**Moderate geographical concentration** – The pool has moderate geographical concentration with the top 3 states, viz. Uttar Pradesh, Bihar and Madhya Pradesh contributing ~61% 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. Nonetheless, the contracts are well-diversified across multiple districts with the top 10 districts not exceeding 25% of the pool amount, which alleviates the concentration risk to some extent.

**Risks associated with lending business** – The pool's 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 in the current fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in the collection teams. Any sustained impact of these factors on the collections from the pool would be a key 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 based on 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

<sup>5</sup>There is a change in initial EIS as there was a change in first payout date, earlier the EIS was 9.21% and as per final trust deed the EIS is 8.96%.

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 3.50% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3.0% to 9.0% 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 mentioned below:

Transaction Name	Grip X Coral Jan 2025
Originator	Share Microfin Limited
Servicer	Share Microfin Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank Limited
Collection and payout account Bank	ICICI Bank Limited

## Liquidity position: Superior

The liquidity for Series A1 PTC is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be 6.50 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 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	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the originator

SML is a non-deposit accepting non-banking financial company-microfinance institution (NBFC-MFI), incorporated as a public limited company in 1999. It provides microfinance loans to women from the weaker sections of society under the joint liability group (JLG) model. Mr. M. Udaia Kumar was the founder of the company. Currently, the company is managed by an independent professional management team headed by Mr. KV Rao since July 2024. Prior to joining SML, Mr. KV Rao has over 35 years of experience in Banking and financial services sector.

SML was impacted by the Andhra Pradesh Microfinance Institutions Ordinance 2010 as it had sizeable exposure in the state. The company was admitted to CDR in September 2011 and has since been making payments accordingly. Subsequently, a Scheme of Arrangement, approved by the High Court of Hyderabad, was implemented. While SML was vested with the non-Andhra Pradesh (AP) & Telangana (TS) business, the AP and TS business was vested with another entity–Asmitha Microfin Limited (Asmitha). Subsequently, the company, through the proceeds from a DA transaction, paid all its debt obligations (debt principal, interest, OCCRPS, OCCRPS redemption premium) to all the lenders on March 29, 2023, as laid down by the payment agreement with these lenders.

SML's operations are geographically diversified with a presence in 18 states across 294 districts and 717 branches. Its AUM stood at Rs. 298.1 crore as of December 2024 (Rs. 550.0 crore as of March 2024).

### Key financial indicators

Share Microfin (Standalone)	Ind-AS	Ind-AS	Ind-AS
	Audited	Audited	Provisional
	FY2023	FY2024	9M FY2025
Total income	163.0	87.7	56.8
Profit after tax	4.3	2.1	(111.5)
Total managed assets	722.0	675.9	359.8
Gross stage 3	0.9%	1.4%	3.8%
CRAR	78.2%	69.4%	59.9%

Source: Company, ICRA Research; 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 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
				May 20, 2025	February 05, 2025	-	-
Grip X Coral Jan 2025	Series A1 PTCs	11.72	11.72	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTCs	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

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)*	Maturity Date	Amount Rated (Rs. crore)	Current Rating
<b>Grip X Coral Jan 2025</b>	Series A1 PTCs	January 29, 2025	12.25%	July 17, 2026	11.72	[ICRA]A(SO)

\*Fixed coupon rate

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

## ANALYST CONTACTS

**Manushree Sagar**

+91 124 4545316

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

**Anubhav Agarwal**

+91 22 6114 3439

[anubhav.agarwal@icraindia.com](mailto:anubhav.agarwal@icraindia.com)

**Samratsingh Hazari**

+91 22 61143420

[samratsingh.hazari@icraindia.com](mailto:samratsingh.hazari@icraindia.com)

**Sachin Joglekar**

+91 22 6114 34670

[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Mrugesh Trivedi**

+91 22 6114 3436

[mrugesh.trivedi@icraindia.com](mailto:mrugesh.trivedi@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6169 3304

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

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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.

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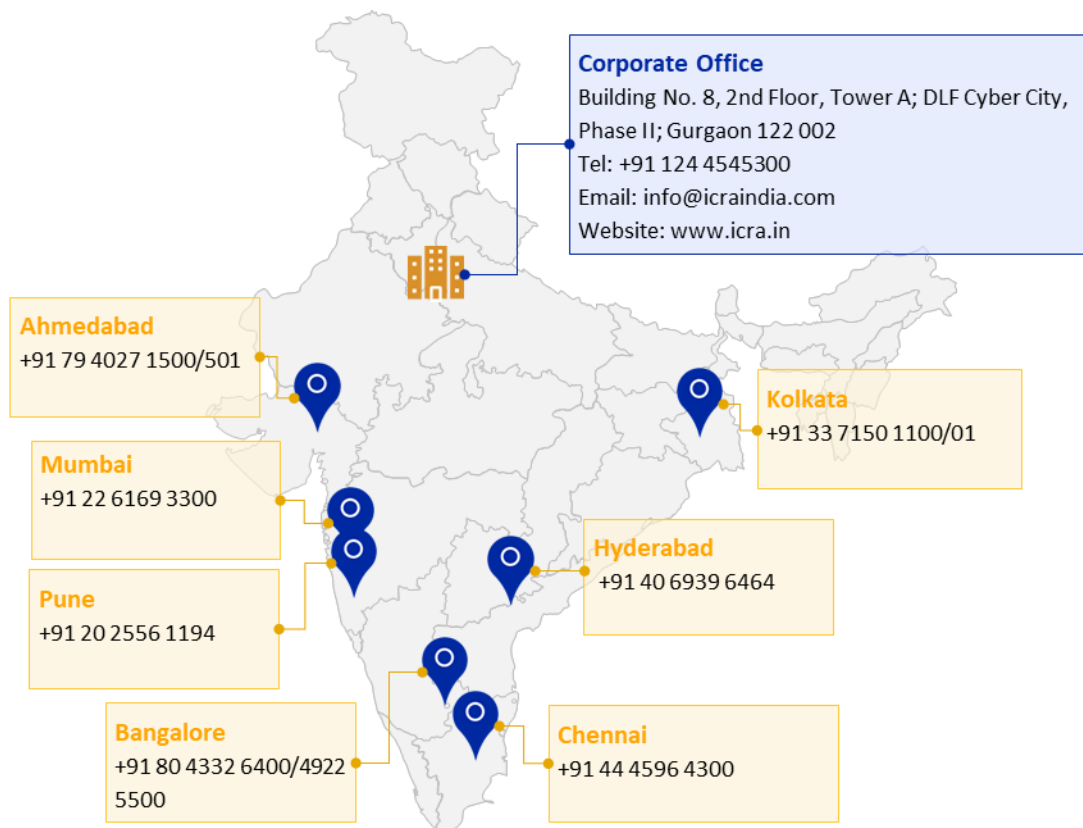


### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



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