

June 05, 2025

Shiksha Financial Services India Private Limited: Provisional [ICRA]A-(SO) assigned to PTCs backed by Loan against property receivables issued by LoanX Sabal May 2025

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
LoanX Sabal May 2025	Series A1 PTCs	10.84	Provisional [ICRA]A-(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 loan against property (LAP) receivables originated by Shiksha Financial Services India Private Limited (Shiksha) with an aggregate principal outstanding of Rs. 12.90 crore (pool receivables of Rs. 21.61 crore). Shiksha would also be the servicer for the rated transaction.

The provisional ratings are 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 ratings are 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 be used for the prepayment of Series A1 PTC principal. Any prepayment in the pool would be used for the prepayment of Series A1 PTCs principal.

The credit enhancement available in the structure is in the form of (i) a CC (Cash collateral) of 5.00% of the initial pool principal, amounting to Rs. 0.65 crore, provided by the Originator, (ii) subordination of 16.00% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 52.92% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by availability of credit enhancement – The pool is granular, consisting of 379 contracts, with the top 10 contracts accounting for ~6% of the pool principal as on the cut-off date, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb a part 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 were no overdue contracts as on the cut-off date.

Contracts backed by self-occupied residential properties – The entire pool is backed by self-occupied residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Adequate track record of servicing capability – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of almost a decade of collections across a wide geography.

Credit challenges

High geographical concentration – The pool has very high geographical concentration with 100% of the pool originating from single state, viz. Tamil Nadu. 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'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.

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 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 6.00% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 7.0% to 27.0% 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 ratings for the instruments.

Liquidity position

For Series A1 PTCs: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 10 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 analysis of the performance of Shiksha's portfolio till March 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	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 ratings are provisional and would be converted into a final rating upon the execution of:

1. Trust deed
2. Assignment agreement
3. Legal opinion
4. Trustee letter
5. Chartered Accountant's know your customer (KYC) certificate
6. 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

Shiksha Financial Services India Private Limited is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). Initially focused on education loans, the company has diversified into loan against property (LAP) and business correspondence (BC) for microfinance products. As of March 31, 2025, Shiksha operated 32 branches across five Indian states—Tamil Nadu, Karnataka, Maharashtra, Andhra Pradesh, and Telangana. In November 2023, Shiksha incorporated a wholly owned subsidiary, Shiksha Business Services Private Limited, to expand its BC operations, which became operational from April 1, 2024.

Shiksha Financial Services India Private Limited has a diversified shareholding structure. As of March 31, 2025, the majority stake—72%—is held by private equity investors, including Lightrock (formerly Aspada Investment Company), the Michael and Susan Dell Foundation (MSDF), and Zephyr Peacock India Growth Fund Ltd, while Promoters hold 11% of the equity.

Key financial indicators

Shiksha	FY2023	FY2024	FY2025**
	Audited	Audited	Provisional
Accounting as per	IGAAP	IGAAP	IGAAP
Total income*	21.3	18.2	20.7
Profit after tax	(16.9)	0.7	0.9
Total managed assets#	130.6	159.5	163.4
GNPA	43.4%	35.2%	28.5%
CRAR%	88.9%	87.5%	67.2%

Source: Company, ICRA Research; Amount in Rs. Crore, *Excluding recoveries from write-off and provision reversals, #Total managed assets = Net assets+ ECL provision+ off-book loan assets, **Consolidated

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
				Jun 05, 2025			
LoanX Sabal May 2025	Series A1 PTCs	10.84	10.84	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
LoanX Sabal May 2025	Series A1 PTCs	May 30, 2025	12.75%	October 28, 2031	10.84	Provisional [ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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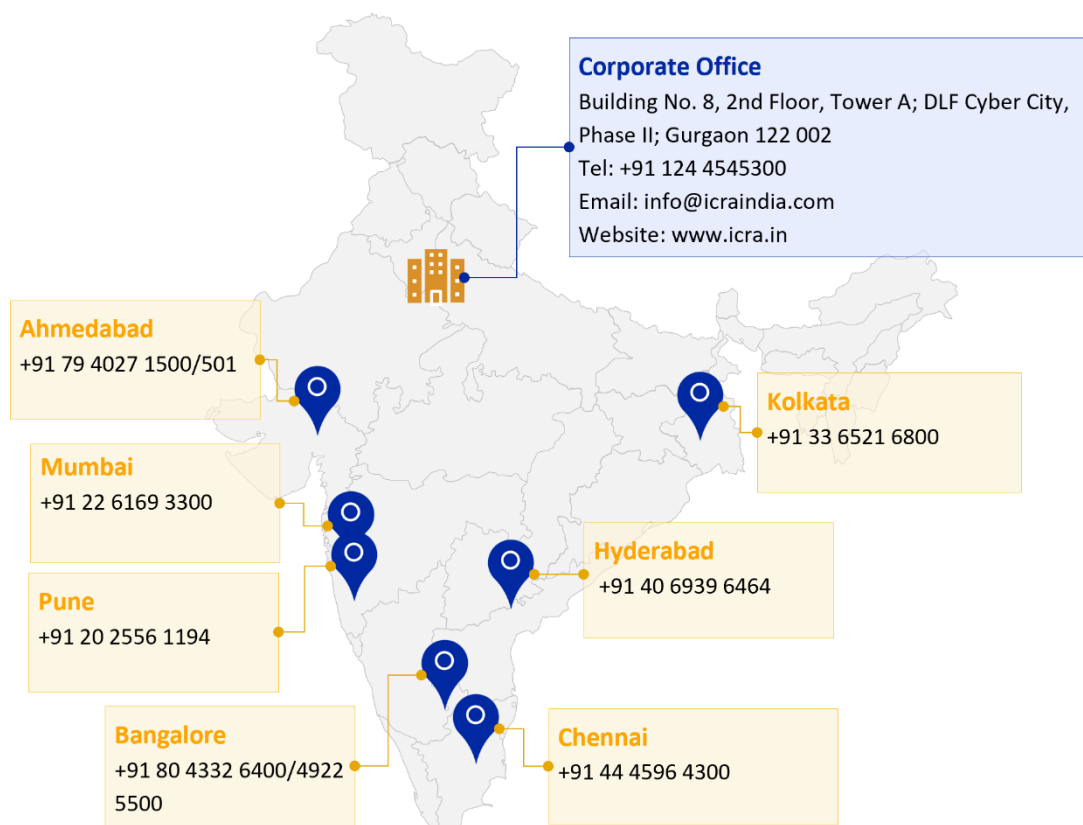


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