

June 10, 2025

## Srifin Credit Private Limited: Rating downgraded and placed on Watch with Negative Implications for PTCs issued under microfinance loan receivables securitisation transaction

### Summary of rating action

Trust name <sup>^</sup>	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Spartan 11 2024	Series A1 PTC	8.29	NA	4.61	[ICRA]BBB(SO); downgraded from [ICRA]BBB+(SO) and placed on Rating Watch with Negative Implications

<sup>^</sup> The transaction has been referred to as Spartan in this rationale

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Srifin Credit Private Limited (Srifin/Originator). Srifin is also the servicer for this transaction.

The rating has been downgraded and placed on Rating Watch with Negative Implications on account of the weaker-than-expected performance of the pool with the monthly collection efficiency dropping to ~82% from the initial level of ~97%. The roll-forward to harder delinquency buckets has been high as collections from overdue contracts remain subdued. Thus, the 90+ days past due (dpd) increased to 9.9% after the May 2025 payout from 3.0% after the March 2025 payout. As the delinquencies are higher than ICRA's initial expectations, Srifin's (servicer) ability to strengthen its collection efforts in the near term, thereby recovering higher amounts from delinquent borrowers and ensuring a sizeable improvement in the collection efficiency, remains a key monitorable.

ICRA will continue to monitor the performance of the pool and any further rating action will be on the basis of the future collection efficiency and delinquency movement.

### Pool performance summary

Particulars	Spartan
Payout month	May 2025
Months post securitisation	6
Pool amortisation	43.1%
PTC amortisation – Series A1 PTC	44.4%
Cumulative collection efficiency <sup>1</sup>	88.6%
Loss-cum-30+ days past due (dpd <sup>2</sup> ; % of initial pool)	14.7%
Loss-cum-90+ dpd <sup>3</sup> (% of initial pool)	9.9%
Cumulative cash collateral (CC) utilisation	0.00%
Cumulative prepayment rate	1.8%
Breakeven collection efficiency <sup>4</sup>	
Series A1 PTC	74.6%
CC available (as % of balance pool principal)	14.1%
Principal subordination (% of balance pool)	
Series A1 PTC	9.1%

<sup>1</sup> (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdue at the start of the transaction)

<sup>2</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal

<sup>3</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal

<sup>4</sup> (Balance cash flows payable to Series A1 PTC investor – CC available)/Balance pool cash flows

Particulars	Spartan
Excess interest spread (EIS <sup>5</sup> ; % of balance pool) Series A1 PTC	4.4%

## 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 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 PTC principal.

## Key rating drivers and their description

### Credit strengths

**Build-up of credit enhancement available in the structure** – The pool had amortised by ~43% after the May 2025 payout. This has led to an increase in the credit enhancement cover available for the balance payouts to the PTC investors with the CC increasing to 14.1% of the balance pool principal from 8.0% at the time of securitisation.

### Credit challenges

**Decline in collection efficiency** – The pool has reported sharp deterioration in the collection efficiency in the past few months on account of higher exposure in two underperforming districts in Karnataka, i.e. Kalaburagi and Belagavi. The performance of these two districts has deteriorated significantly with the collection efficiency dropping below 50% in the May 2025 payout month. The pool's monthly collection efficiency declined to 82% in the May 2025 payout month from the previous level of 90% till the February 2025 payout. The pool thus exhibits higher delinquency levels with the loss-cum-0+ dpd at ~17% and the loss-cum-90+ dpd close to 10% as of the May 2025 payout month. Srifin's ability to strengthen its collection efforts in the near term, thereby recovering higher amounts from delinquent borrowers and ensuring a sizeable improvement in the collection efficiency, remains a key monitorable.

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

**Increasing delinquencies in microfinance sector** – The microfinance sector witnessed a decline in collections and a consequent rise in delinquencies in the previous fiscal on account of multiple factors like heat waves, general elections, borrower overleveraging and attrition in collection teams. The sustained impact, if any, of these factors on the pool's collections would be monitorable.

**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.

<sup>5</sup> (Pool cash flows – Cash flows to Series A1 PTC – Originator's residual share)/Pool principal outstanding

## 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 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 11.00% of the initial pool principal 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 follows:

Transaction name	Spartan
Originator	Srfin Credit Private Limited
Servicer	Srfin 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: Stretched

The liquidity for the PTC instrument is stretched after factoring in the credit enhancement available to meet the promised payouts to the investors. The total credit enhancement is ~1.50 times the estimated loss in the pool for Series A1 PTC.

## Rating sensitivities

**Positive factors** – The rating could be upgraded if the performance of the pools were to witness significant improvement in collection performance leading to material improvement in the delinquency levels.

**Negative factors** – The rating could be downgraded if the collection efficiency continued to remain weak such that the delinquency levels further increase from the current levels. Further, weakening in credit profile of the servicer could also exert pressure on the ratings.

## Analytical approach

The rating action is based on the performance of the pool till May 2025 (payout month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the originator

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

The company gives loans to women entrepreneurs primarily in the rural and semi-urban areas of Uttar Pradesh, Karnataka, Jharkhand, Rajasthan, and Bihar. As on March 31, 2025, its assets under management (AUM) stood at Rs. 200.0 crore, with own portfolio accounting for Rs. 84.7 crore and the BC segment accounting for Rs. 115.4 crore. Sriffin's operations are concentrated in a few states: Uttar Pradesh (67%), Bihar (15%), and Karnataka (10%).

The company's entire portfolio is under the joint liability group (JLG) model. Loans are usually offered for microbusiness, agriculture, livestock, fisheries, land and tree leasing, tailoring, etc.

## Key financial indicators (standalone)

Sriffin	FY2024	FY2025*
Total income	2.8	28.1
PAT	(9.0)	(13.1)
Total managed assets	101.4	228.1
Gross NPA**	0.0%	9.1%
CRAR	177.8%	34.1%

Source: Company, ICRA Research; \*Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; \*\* Own book

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years				
		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
				June 10, 2025	April 03, 2025	December 04, 2024	-	-
Spartan 11 2024	Series A1 PTC	8.29	4.61	[ICRA]BBB(SO); placed on Rating Watch with Negative Implications	[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**

Trust name	Instrument name	Date of issuance	Coupon rate (p.a.p.m.)	Final maturity date	Amount rated (Rs. crore)	Current rating
<b>Spartan 11 2024</b>	Series A1 PTC	November 28, 2024	13.75%	February 12, 2026	4.61	[ICRA]BBB(SO); placed on Rating Watch with Negative Implications

Source: Company

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

Not applicable

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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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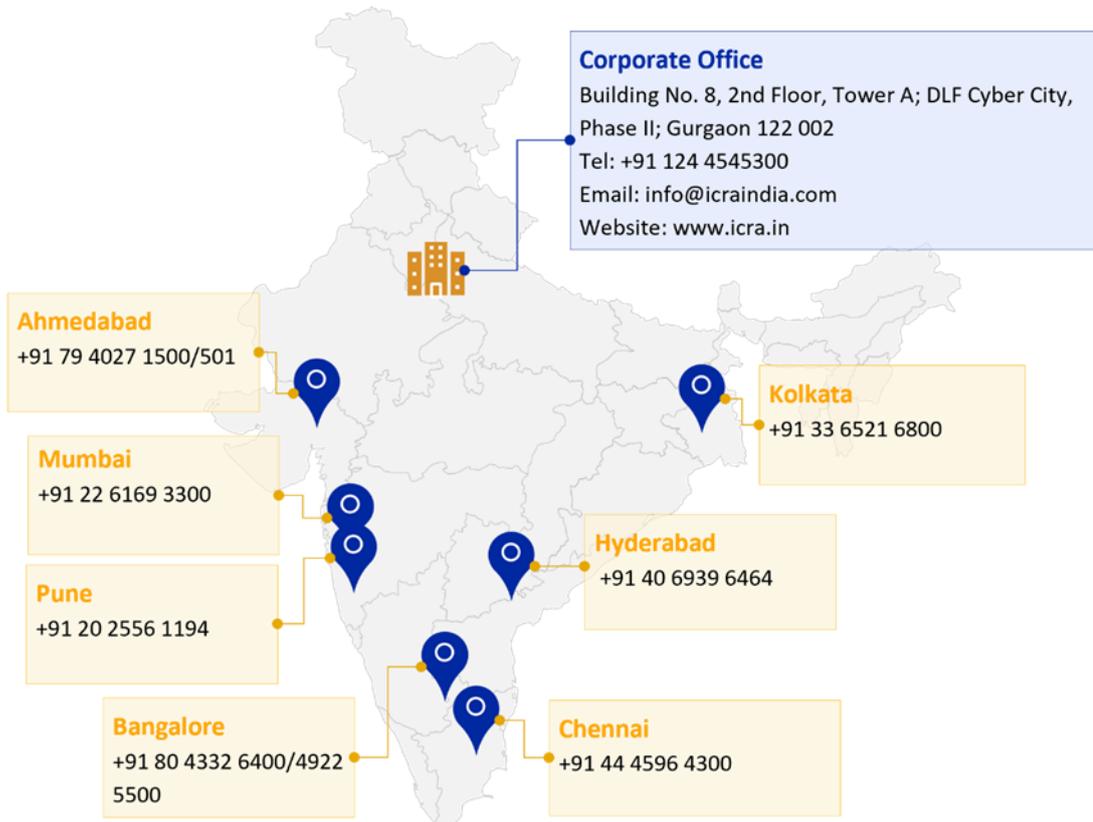


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