

July 25, 2025

Share Microfin Limited: Rating reaffirmed for PTCs backed by microfinance loan receivables securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Coral May 2024	Series A1 PTCs	11.57	11.57	0.93	[ICRA]A(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Share Microfin Limited {SML/Originator;}.

The rating has been reaffirmed on account of the healthy collections with high pool amortisation, which has led to significant build-up of the credit enhancement cover over the future PTC payouts in the transaction. The rating also draws comfort from the fact that the breakeven collection efficiency is much lower than the actual collection level observed in the pool till the June 2025 payout month.

Pool performance summary

Parameter	Coral May 2024
Payout month	June 2025
Months post securitisation	12
Pool amortisation	80.94%
PTC amortisation – Series A1 PTCs	91.98%
Cumulative collection efficiency ¹	99.06%
Loss-cum-30+ days past due (dpd ² ; % of initial pool)	1.14%
Loss-cum-90+ dpd ³ (% of initial pool)	0.81%
Cumulative cash collateral (CC) utilisation	0.0%
Breakeven collection efficiency ⁴ for Series A1 PTCs	10.18%
CC (% of balance pool)	25.20%
Over-collateralisation (% of balance pool) ⁵	60.47%
Excess interest spread (EIS; % of balance pool) ⁶	7.29%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout to Series A1 PTCs. 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) available 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 Series A1 PTC principal.

¹ (Cumulative current and overdue collections till date)/Cumulative billing till date

² Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁴ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁵ (Pool principal – PTC principal)/Pool principal outstanding

⁶ (Pool cash flows – PTC cash flows)/Pool principal outstanding

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. 0.66 crore, provided by the Originator, (ii) over-collateralisation of 12.00% of the initial pool principal for Series A1 PTCs and (iii) the EIS of 9.30% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement cover with the CC increasing to ~25% of the balance pool principal from 5% at the time of securitisation. Further internal credit support is available through the scheduled EIS and subordination.

Healthy pool performance – The pool's performance has been strong with a cumulative collection efficiency of ~99%. This has resulted in low delinquencies in the pool with the 90+ days past due (dpd) at 0.81% as of the June 2025 payout month. The breakeven collection efficiency is much lower than the monthly collection efficiency observed in the pool. Further, there have been no instances of CC utilisation in the pool owing to the strong collection performance and the presence of EIS in the transaction.

Credit challenges

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 saw 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 the collection teams. The sustained impact, if any, 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 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 1.50% 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	Coral May 2024
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 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 rating could be upgraded when the CC covers the entire balance PTC payouts to the investors.

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 (SML) could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of the pool till May 2025 (collection 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	Securitisation Transactions
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. Since July 2024, it is being managed by an independent professional management team headed by Mr. KV Rao. Before joining SML, Mr. Rao had over 35 years of experience in the banking and financial services sector.

Subsequently, a Scheme of Arrangement, approved by the High Court of Hyderabad, was implemented with SML being vested with the non-Andhra Pradesh (AP) and Telangana (TS) business while the AP and TS business was vested with another entity – Asmitha Microfin Limited (Asmitha). The company, through the proceeds from a direct assignment (DA) transaction, paid all the debt obligations (debt principal, interest, optionally convertible redeemable preference shares (OCCRPS), OCCRP redemption premium) to all the lenders on March 29, 2023, as per the payment agreement with these lenders.

SML's operations are geographically diversified with the company having a presence in 18 states across 295 districts and 720 branches. Its assets under management (AUM) stood at Rs. 298.1 crore as of December 2024 (Rs. 550 crore as of March 2024). The company reported a loss of Rs. 111.5 crore on a managed asset base of Rs. 167 crore in 9M FY2025 compared to a net

profit of Rs. 2.1 crore on a managed asset base of Rs. 676 crore in FY2024. As of March 2025, SML's MFI portfolio stood at around Rs. 209 crore with gross non-performing advances (GNPAs) and net NPAs (NNPAs) of 5.63% and 1.78%, respectively.

Key financial indicators

Share Microfin Limited	FY2023	FY2024	9M FY2025
Total income	163.0	87.7	56.8
Profit after tax	4.3	2.1	(111.5)
AUM	628	550	298
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	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
				Jul 25, 2025	Jul 16, 2024	Jun 06, 2024		
Coral May 2024	Series A1 PTCs	11.57	0.93	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

Complexity level of the rated instruments

Trust name	Instrument	Complexity indicator
Coral May 2024	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	Current amount rated (Rs. crore)	Current rating
Coral May 2024	Series A1 PTCs	May 26, 2024	12.50%	February 17, 2026	0.93	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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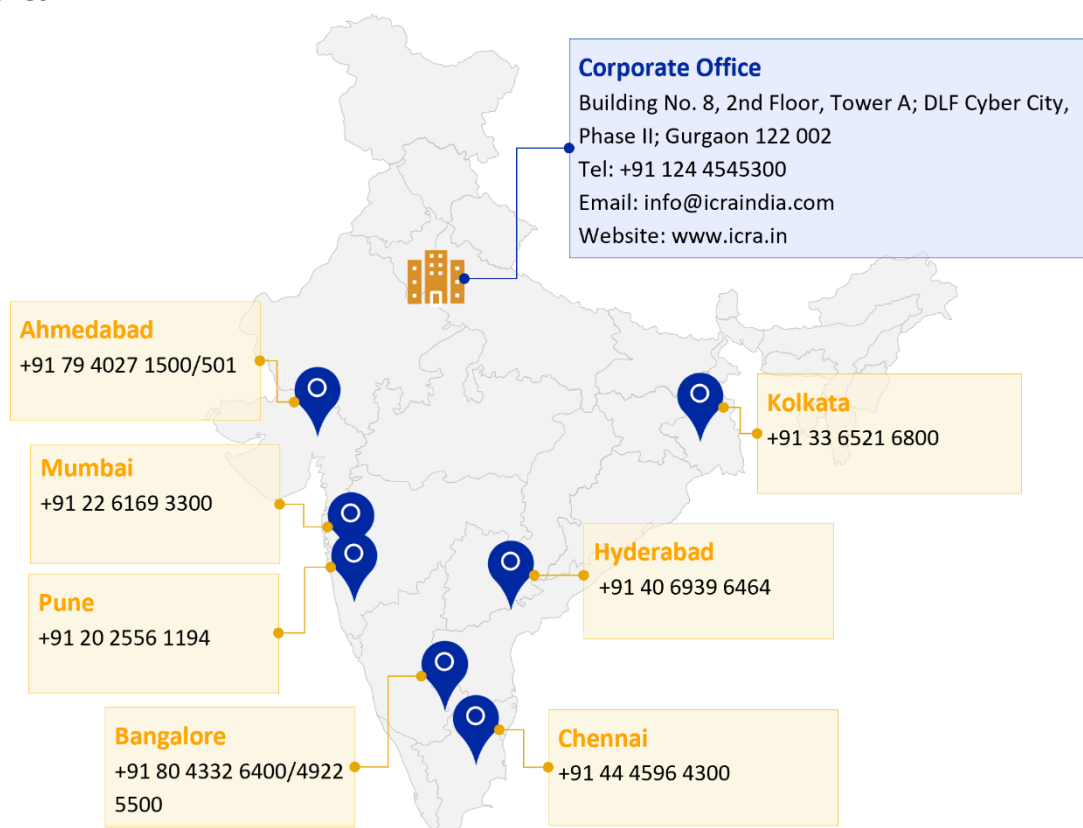


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