October 17, 2025

Shiksha Financial Services India Private Limited: Rating confirmed as final for PTCs backed by Loan against property receivables issued by LoanX Sabal May 2025

Summary of rating action

Trust Name	Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. crore)	Rating Action
LoanX Sabal May 2025	Series A1 PTCs	10.84	10.80^	[ICRA]A-(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I, ^Underlying pool has reduced on account of removal of one loan account as on settlement date*

Rationale

ICRA had assigned Provisional [ICRA]A-(SO) rating to Series A1 pass-through certificates (PTCs) issued by LoanX Sabal May 2025. The PTCs are backed by a pool of loan against property (LAP) receivables originated by Shiksha Financial Services India Private Limited (Shiksha/Originator) with an aggregate principal outstanding of Rs. 12.86 crore (pool receivables of Rs. 21.54 crore). Shiksha is also the servicer for 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 ratings have now been confirmed as final.

Pool performance summary

Parameter	LoanX Sabal May 2025
Payout month	August 2025
Months post securitisation	3
Pool amortisation	12.3%
Series A1 PTC amortisation	18.0%
Cumulative prepayment rate	4.9%
Cumulative collection efficiency	99.9%
Loss cum 0+ dpd	2.6%
Loss cum 30+ dpd	0.0%
Loss cum 90+ dpd	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 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. 0.64 crore, provided by the Originator, (ii) subordination of 16.00% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 53.17% 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 378 obligors, with the top 10 obligors 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 payout.

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 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 6.00% of the pool principal 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 rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction is as follows:

Transaction Name	LoanX Sabal May 2025
Originator	Shiksha Financial Services India Private Limited
Servicer	Shiksha Financial Services India Private 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 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	Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

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	FY2024	FY2025	Q1 FY2026
	Audited	Audited	Provisional
Total income	22.3	24.2	6.1
Profit after tax	0.7	0.9	0.1
Total managed assets	136.1	138.6	130.5
GNPA%	35.2%	28.6%	27.3%
CRAR%	87.5%	67.2%	59.7%

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

<table>
<tr><th rowspan="3">Sr. No.</th><th rowspan="3">Trust Name</th><th colspan="5">Current Rating (FY2026)</th><th colspan="3">Chronology of Rating History for the Past 3 Years</th></tr>
<tr><th rowspan="2">Instrument</th><th rowspan="2">Initial Amount Rated (Rs. Crore)</th><th rowspan="2">Current Amount Rated (Rs. crore)</th><th colspan="2">Date & Rating in FY2026</th><th>Date & Rating in FY2025</th><th>Date & Rating in FY2024</th><th>Date & Rating in FY2023</th></tr>
<tr><th>October 17, 2025</th><th>June 05, 2025</th><th>-</th><th>-</th><th>-</th></tr>
<tr><td>1</td><td>LoanX Sabal May 2025</td><td>Series A1 PTCs</td><td>10.84</td><td>10.80</td><td>[ICRA]A-(SO)</td><td>Provisional [ICRA]A-(SO)</td><td>-</td><td>-</td><td>-</td></tr>
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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	June 04, 2025	12.75%	October 28, 2031	10.80	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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.

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.

For more information, visit www.icra.in

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