

November 07, 2025

Keertana Finserv Limited: Rating confirmed as final for PTC issued under Home Loan and Loan against property receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Rated Amount (Rs. crore)	Rating Action
SPRING 03 2025	Series A1 PTC	32.83	[ICRA]A(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned provisional ratings to Series A1 pass-through certificates (PTCs) issued by SPRING 03 2025 under a securitisation transaction originated by Keertana Finserv Limited {Keertana/Originator; rated [ICRA]BBB(Stable)}. The PTCs are backed by a pool of home loans (HL) and loan against property (LAP) loan receivables originated by Keertana with an aggregate principal outstanding of Rs. 37.52 crore (pool receivables of Rs. 63.16 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. Keertana is also the servicer for the rated transaction.

Pool performance summary:

Parameter	SPRING 03 2025
Payout month	September 2025
Months post securitisation	6
Pool amortisation	12.9%
Series A1 PTC Amortisation	21.8%
Monthly Collection Efficiency	93.8%
Cumulative collection efficiency (including advance collections) ¹	108.9%
Cumulative Prepayment rate	3.8%
Loss-cum-0+ days past due (dpd) ²	12.7%
Loss-cum-30+ dpd ³	6.3%
Loss-cum-90+ dpd ⁴	1.9%
Cumulative cash collateral (CC) utilisation	0.0%

Transaction structure⁵

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 PTC principal.

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

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

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

⁴ Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

⁵ ICRA takes a note of change in structure wherein interest on PTC is now being promised to be paid every month instead of at maturity

The credit enhancement available in the structure is in the form of (i) a CC (Cash collateral) of 3.00% of the initial pool principal, amounting to Rs. 1.13 crore, provided by the Originator, (ii) subordination of 12.50% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 53.75% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 858 contracts, with no single borrower exceeding 0.5% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount 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 are no overdue contracts as on the cut-off date.

Seasoned contracts in the pool – The pool has moderate seasoning of ~14 months as on the cut-off date thereby reflecting the borrowers' better credit profile, repayment track record and buildup of borrower equity.

Adequate servicing capability – The company has adequate processes for servicing the loan accounts in the securitised pools. It has a demonstrated track record of ~4.5 years of regular collections and recovery in the lending industry. Further, company has been promoted by Ms. Padmaja Reddy, who has vast experience in handling microfinance, gold loans, agriculture and related loans, LAP and MSME loans.

Contracts backed by residential properties – Around 91% in the pool are backed by 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.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top state, viz. Andhra Pradesh contributing ~96% to the initial pool principal amount. The concentration remains high even at district-level with top 5 districts accounting for ~56% of 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.

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 7.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 6.0% to 20.0% 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	SPRING 03 2025
Originator	Keertana Finserv Limited
Servicer	Keertana Finserv Limited
Trustee	Axis Trustee Services Limited
CC holding bank	Bandhan Bank
Collection and payout account Bank	ICICI Bank

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 7 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

Keertana Finserv Limited (Keertana) is a non-deposit taking non-banking financial company (NBFC). It was incorporated in February 1996 as Rajshree Tracom Pvt Ltd and received its NBFC licence in 2001 from the Reserve Bank of India (RBI). The company was dormant with no business till the current promoters acquired it at the end of March 2022. Following RBI approval for a change in management and control, the current promoters purchased all the shares of the erstwhile promoters. The company is currently managed by Ms. Padmaja Reddy, the erstwhile Managing Director of Spandana Sphoorthy Financial

Limited {SSFL; NBFC-microfinance institution (NBFC-MFI)}. Keertana acquired its gold loan business from SMBT (Rs. 191 crore) and the MSME business from SRUDO (Rs. 14 crore) as per a business transfer agreement dated April 04, 2022.

Key financial indicators (Audited)

Keertana	FY2023	FY2024	FY2025	H1 FY2026*
Total income	91.8	276.8	484.7	296.9
Profit after tax	16.0	71.6	65.9	11.3
Total managed assets	704.5	1,733.1	2,637.3	3,131.1
Gross stage 3	0.0%	0.0%	0.8%	2.1%
CRAR	26.0%	23.7%	25.1%	25.4%

Source: Company, ICRA Research; Amount in Rs. crore; *Provisional Numbers

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
				Nov 07, 2025	Mar 31, 2025	-	-
SPRING 03 2025	Series A1 PTCs	32.83	32.83	[ICRA]A(SO)	Provisional [ICRA]A(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	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
SPRING 03 2025	Series A1 PTC	March 28, 2025	11.50%	February 17, 2033	32.83	[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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