November 26, 2025

Vistaar Financial Services Pvt Ltd: Rating upgraded for SNs issued under small business loans securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Jiraiya Trust 07 2022	SN Series A1	29.13	8.53	5.30	[ICRA]AAA(SO); Upgraded from [ICRA]AA+(SO)

**Instrument details are provided in Annexure I*

Rationale

The securitisation notes (SNs) are backed by small business loan receivables originated by Vistaar Financial Services Pvt Ltd (VFSPL/Originator; [ICRA]A+(Stable)/[ICRA]A1+). The rating upgrade factors in a build-up of the credit enhancement cover over the future SN payouts on account of high pool amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pool till the October 2025 payout month.

Pool performance summary

Parameter	Jiraiya Trust 07 2022
Payout month	October 2025
Months post securitisation	39
Pool amortisation	71.2%
SN Series A1 amortisation	81.8%
Cumulative collection efficiency[1]	99.97%
Cumulative prepayment rate	50.3%
Loss-cum-30+ days past due (dpd[2]; % of initial pool principal)	0.0%
Loss-cum-90+ dpd[3] (% of initial pool principal)	0.0%
Cumulative cash collateral (CC) utilisation	0.0%
CC available (as % of balance pool principal)	27.8%
Excess interest spread (EIS[4]; as % of balance pool principal)	48.5%
Principal subordination (% of balance pool principal)	45.1%
Breakeven collection efficiency[5]	22.2%

Transaction structure

As per the transaction structure, the first line of support for SN Series A1 in the transaction is in the form of a subordination of 13.00% of the pool principal (includes SN Series A2 and over-collateralisation). As per the waterfall mechanism for the transaction, the monthly pool collections shall be used for meeting the promised payouts (defined as interest at predetermined yield and 87.00% of billed principal) to SN Series A1, followed by the remaining expected principal payouts to

[1] *(Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)*
[2] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal*
[3] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal*
[4] *(Pool cash flows – Cash flows to SN investors – Originator's residual share)/Pool principal outstanding*
[5] *(Balance cash flows payable to investor – CC available)/Balance pool cash flows*

SN Series A1 (13.00% of billed principal). All prepayments would be passed on to SN Series A1. An important feature of the transaction is that the yield on SN Series A2 is residual (equivalent to the excess interest spread (EIS) available), extending further support to the transaction.

Key rating drivers and their description

Credit strengths

Significant credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with the CC increasing to 27.7% of the balance pool principal from 8.0% at the time of securitisation. Internal credit support is also available through principal subordination of 45.1% and EIS of 48.5% of the balance pool principal.

Healthy pool performance – The pool's performance has been healthy with a cumulative collection efficiency of 99.97% till the October 2025 payout month. This has resulted in nil delinquencies in the harder bucket with nil loss-cum-90+ days past due (dpd; as percentage of initial pool principal). The breakeven collection efficiency also declined to 22.2%. Further, there have been no instances of CC utilisation in the pool till date owing to the strong collection performance and the presence of EIS in the transaction.

Adequate servicing capability of the originator-The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of over a decade of regular collections and recovery across multiple geographies.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Karnataka, Maharashtra and Andhra Pradesh, contributing ~76% to the balance 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.

Exposed to interest rate risk – The transaction is exposed to interest rate risk as the underlying pool has fixed rate loans, whereas the yield on SNs is floating (linked to Reserve Bank of India (RBI) repo rate).

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 their tenure at 1.50% of the initial pool principal with certain variability around it. The average prepayment rate for the pool is modelled in the range of 5% to 12% 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	Jiraiya Trust 07 2022
Originator	Vistaar Financial Services Private Limited
Servicer	Vistaar Financial Services Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Superior

The liquidity for the SN instrument is superior after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The rating could be downgraded on the sustained weak collection performance of the underlying pool of contracts, leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer (VFSPL) could also exert pressure on the rating.

Analytical approach

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

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

VFSPL is a Bengaluru-based non-banking financial company (NBFC) catering to small businesses. It commenced operations in 2010 with a focus on microfinance (MF) loans. However, it shifted its focus to providing loans to micro, small and medium enterprises (MSMEs) in rural and semi-urban areas from April 2011 and stopped disbursing new MF loans from August 2011. The company mainly provides small business mortgage loans (SBMLs). Small businesses funded by VFSPL include trading, kirana/general stores/shops, power/auto/handlooms, dairy and allied products, and small manufacturing units.

Aqua Lagoon Investment Ltd (affiliate of Warburg Pincus LLC) is the majority shareholder with a 70.1% stake as of June 2025. New investors (Motilal Oswal Finvest Limited, IMP2 Catalyst Pte Ltd, Faering Capital Growth Fund III and Faering Capital International Growth Fund III) infused funds in the company in FY2025 and Q1 FY2026 (Rs.840 crore inFY2025 and Rs. 30 crore in Q1 FY2026). VFSPL has appointed Mr. Avijit Saha as its Chief Executive Officer (CEO) during Fy 24. As of March 2025 the company operates through 265 branches in 12 states/Union Territories, including Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Odisha, Uttar Pradesh, Andhra Pradesh, Telangana, Haryana and Delhi.

Key financial indicators

Vistaar Financial Services Private Limited	FY2024	FY2025	Q1FY2026*
Total income	684.7	924.0	239.9
Profit after tax	147.1	221.1	56.4
Total managed assets[6] (Rs. crore)	4,631.7	6,073.1	5,790.0
Gross stage 3	2.7%	3.1%	4.3%
CRAR	33.4%	51.4%	51.3%

*Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations;*Limited Review*

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	
				November 26, 2025	November 25, 2024	November 27, 2023	November 17, 2022	August 02, 2022
Jiraiya Trust 07 2022	SN Series A1	29.13	5.30	**[ICRA]AAA(SO)**	**[ICRA]AA+(SO)**	**[ICRA]AA+(SO)**	**[ICRA]AA+(SO)**	**Provisional [ICRA]AA+(SO)** -

Complexity level of the rated instrument

Instrument	Complexity Indicator
SN Series A1	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

[6] *Total managed assets = Total assets + off-book AUM*

Annexure I: Instrument details

Trust Name	Instrument Type	Date of Issuance	Coupon Rate*	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Jiraiya Trust 07 2022	SN Series A1	July 31, 2022	8.85%	January 15, 2037	5.30	[ICRA]AAA(SO)

*Source: Company; * Floating interest rate linked to RBI repo rate*

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 12 2454 5316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Gaurav Mashalkar
+91 22 6114 3431
gaurav.mashalkar@icraindia.com

Samratsingh Hazari
+91 22 6114 3420
samratsingh.hazari@icraindia.com

Abhishek Jena
+91 22 6114 3432
abhishek.jena@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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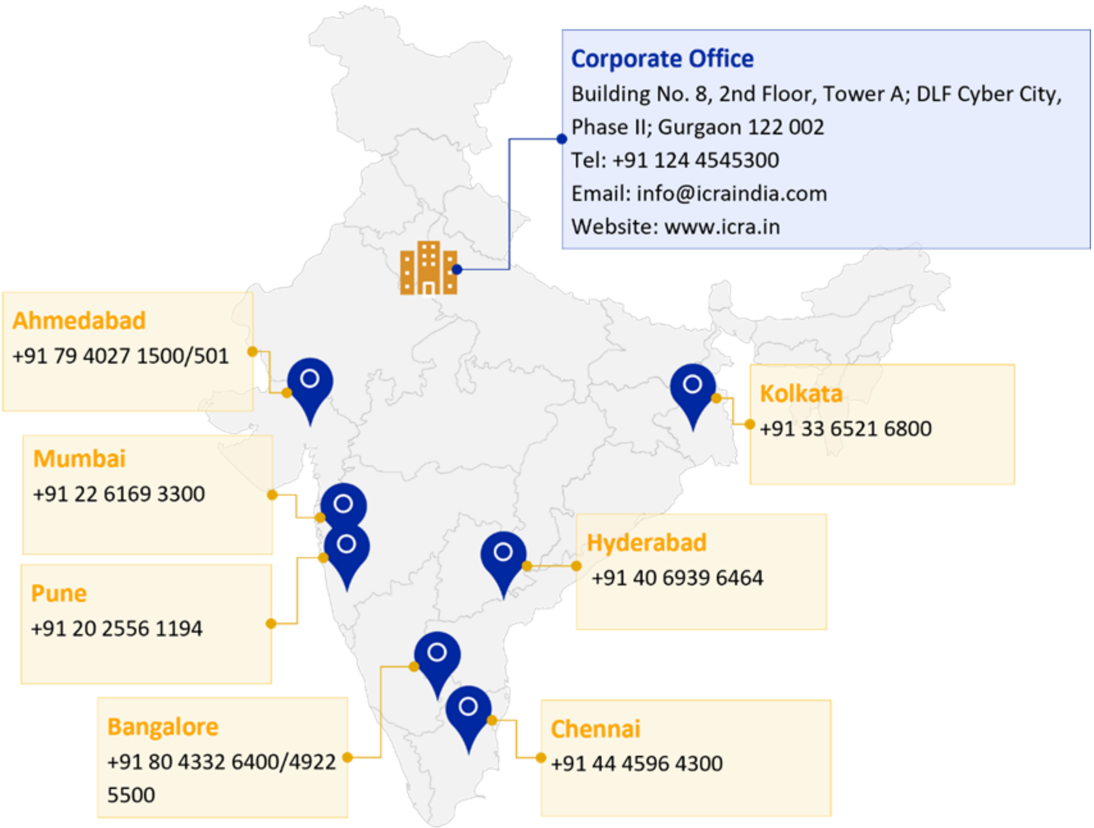
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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