

December 30, 2025

Keertana Finserv Limited: Rating action for PTCs issued under micro enterprise loan receivables securitisation transactions

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Virtus 07 24	Series A1 PTCs	39.17	39.17	5.29	[ICRA]A(SO); Reaffirmed
Topaz 07 24	Series A1 PTCs	67.61	67.61	3.87	[ICRA]AA+(SO); upgraded from [ICRA]A+(SO)
Mars 08 24	Series A1(a) PTCs	28.24	28.24	3.09	[ICRA]A+(SO); Reaffirmed
	Series A1(b) PTCs	3.22	3.22	3.22	[ICRA]A(SO); Reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by micro enterprise loan receivables originated by Keertana Finserv Limited (KFL/Originator; rated [ICRA]BBB(Stable)). The rating reaffirmation for Virtus 07 24 and Mars 08 24 trust factors in the build-up of the credit enhancement cover over the future investor payouts on account of high amortisation of pool and PTC. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till November 2025 payout month. The rating for Topaz 07 24 trust has been upgraded on account of the significant amortisation in the pool and PTCs, which has led to the cash collateral (CC) covering the entire future PTC payouts as of the November 2025 payout month

Pool performance summary

Parameter	Virtus 07 24	Topaz 07 24	Mars 08 24
Payout month	November 2025	November 2025	November 2025
Months post securitisation	15	15	14
Pool amortisation	69.9%	78.4%	68.0%
Series A1 PTCs ¹ amortisation	86.5%	94.3%	89.0%
Series A1 (b) PTCs amortisation	NA	NA	0.0%
Cumulative collection efficiency ²	86.8%	84.0%	57.1%
Loss-cum-30+ days past due (dpd) ³ (% of initial pool)	18.7%	21.7%	21.9%
Loss-cum-90+ dpd ⁴ (% of initial pool)	15.0%	18.3%	17.1%
Cumulative CC utilisation	0.0%	0.0%	0.0%
Breakeven collection efficiency ⁵ - Series A1 PTCs ¹	27.7%	Nil	15.9%
Breakeven collection efficiency - Series A1 (b) PTCs	NA	NA	41.4%
CC (% of balance pool)	10.0%	27.7%	9.4%
Excess interest spread - Series A1 PTCs ¹ (EIS; % of balance pool) ⁶	7.3%	7.1%	8.2%
EIS - Series A1 (b) PTCs (% of balance pool)	NA	NA	7.9%

¹ Refer instrument name Series A1(a) PTCs for Mars 08 24 transaction

² (Cumulative current and overdue collections till date)/Cumulative billing till date

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

⁴ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁵ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁶ (Pool Cash flows – PTC Cash flows – Originator's principal portion) / Pool Principal outstanding

Transaction structure

For Virtus 07 24 and Topaz 07 24

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 surplus excess interest spread (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 Series A1 PTC principal.

For Mars 08 24

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout to Series A1(a) PTCs and Series A1(b) PTCs on a pari passu basis. Till January 2026 payout month, the principal is expected to be paid on a monthly basis (100% of the pool principal billed) to Series A1(a) PTCs till its redemption followed by the expected principal payout to Series A1(b) PTCs. From February 2026 payout month, the principal is expected to be paid pari passu to Series A1(a) PTCs and Series A1(b) PTCs on a monthly basis. Principal for both series of PTCs is promised on the respective final maturity dates. Any surplus excess interest spread (EIS), after meeting the promised payouts, will flow back to the Originator on a monthly basis. Till January 2026 payout month, any prepayment in the pool would be used for the prepayment of Series A1(a) PTC principal and post that on a pari passu basis to Series A1(a) PTCs and Series A1(b) PTCs.

Key rating drivers and their description

Credit strengths

For Virtus 07 24 & Mars 08 24:

Substantial credit enhancement on account of high amortisation – The rating factors in the build-up of credit enhancement with cash collateral increasing to ~10% and ~9% of the balance pool principal for Virtus 07 24 trust and Mars 08 24 trust, respectively, as on November 2025 payout month, as compared to 3% for both the trusts at time of securitisation due to significant amortisation of pool and PTC. Further internal credit support is also available through scheduled EIS and subordination.

Adequate servicing capability – The company has adequate processes for servicing the loan accounts in the securitised pools. It has a demonstrated track record of ~5 years of regular collections and recovery in the microfinance portfolio. 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.

For Topaz 07 24:

Substantial credit enhancement on account of high amortization - The rating factors in the build-up in credit enhancement with the CC fully covering the future PTC payouts to the investors, on account of significant pool and PTC amortisation.

Credit challenges

For Virtus 07 24 & Mars 08 24:

Declining collections in the pool – The monthly collection efficiency has seen a deterioration since a few months and reported below 80%, which has further resulted in high delinquencies in the pool with 90+ dpd at ~15% and ~17% for Virtus 07 24 trust and Mars 08 24 trust, respectively, as on November 2025 payout month. Nonetheless, the pool and PTC have amortised significantly which has led to decrease in the breakeven collection efficiency (BECE). Hence, BECE is lower as compared to the collection levels observed.

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 has seen a decline in collections and consequently rise in delinquencies in the current fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in the collection teams. Any sustained impact of these factors on the collections from the pool would be a key monitorable.

For Topaz 07 24: Not applicable

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 pools, ICRA has estimated the shortfall in the pool principal collection during its tenure at 8.25% and 9.75% for Virtus 07 24 and Mars 08 24, respectively, with certain variability around it. The average prepayment rate for both the underlying pools 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 transactions are as follows:

Transaction Name	Virtus 07 24	Topaz 07 24	Mars 08 24
Originator	Keertana Finserv Limited	Keertana Finserv Limited	Keertana Finserv Limited
Servicer	Keertana Finserv Limited	Keertana Finserv Limited	Keertana Finserv Limited
Trustee	Axis Trustee Services Limited	Axis Trustee Services Limited	Axis Trustee Services Limited
CC bank	Indian Overseas Bank	IndusInd Bank	ESAF Small Finance Bank Limited
Collection and payout account bank	ICICI Bank Limited	ICICI Bank Limited	ICICI Bank Limited

Liquidity position:

For Virtus 07 24: Adequate

The liquidity for Series A1 PTC is adequate after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 2.75 times the estimated loss in the pool.

For Topaz 07 24: Superior

The liquidity is superior for PTC Series A1 as CC fully covers future PTC payouts

For Mars 08 24:

Series A1(a) PTC: Adequate - The liquidity for Series A1(a) PTC is adequate after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be around 3.00 times the estimated loss in the pool.

Series A1(b) PTC: Adequate - The liquidity for Series A1(b) PTC is adequate after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be around 2.00 times the estimated loss in the pool.

Rating sensitivities

For Virtus 07 24 & Mars 08 24:

Positive factors – The rating could be upgraded when CC is fully covering the balance PTC payouts to the investors.

Negative factors – The sustained weak collection performance of the underlying pool of contracts, 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.

For Topaz 07 24:

Positive factors – Not Applicable

Negative factors – The rating is unlikely to be downgraded as the CC available in the transaction is sufficient to meet the future investor payouts.

Analytical approach

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

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

About the originator

Keertana Finserv Limited (Keertana/KFL) is a non-deposit taking NBFC. It was incorporated in February 1996 as Rajshree Tracom Pvt Ltd and received its NBFC licence in 2001 from the RBI. The company was dormant with no business till the current promoters acquired it at the end of March 2022. Following the approval from the RBI 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-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 Finserv Limited	FY2024	FY2025	H1 FY2026*
Total income	276.8	484.7	296.9
Profit after tax	71.6	65.9	11.3
Assets Under Management	1,733.1	2,637.3	3,131.1
Gross stage 3	0.0%	0.8%	2.1%
CRAR	23.7%	25.1%	25.4%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	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
					Dec 30, 2025	Dec 03, 2024	Aug 06, 2024	-	-
1	Virtus 07 24	Series A1 PTCs	39.17	5.29	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

S. No.	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
					Dec 30, 2025	Dec 03, 2024	Aug 13, 2024	-	-
2	Topaz 07 24	Series A1 PTCs	67.61	3.87	[ICRA]AA+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-

S. No.	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
					Dec 30, 2025	Dec 27, 2024	Sep 27, 2024	-	-
3	Mars 08 24	Series A1(a) PTCs	28.24	3.09	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-
		Series A1(b) PTCs	3.22	3.22	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

Complexity level of the rated instruments

Trust Name	Instrument	Complexity Indicator
Virtus 07 24	Series A1 PTCs	Highly Complex
Topaz 07 24	Series A1 PTCs	Highly Complex
Mars 08 24	Series A1(a) PTCs	Highly Complex
	Series A1(b) PTCs	Highly 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 Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Amount Rated (Rs. crore)	Current Rating
Virtus 07 24	Series A1 PTCs	July31, 2024	12.90%	April 10, 2026	5.29	[ICRA]A(SO)
Topaz 07 24	Series A1 PTCs	August 06, 2024	12.45%	April 17, 2026	3.87	[ICRA]AA+(SO)
Mars 08 24	Series A1(a) PTCs	August 23, 2024	12.55%	May 09, 2026	3.09	[ICRA]A+(SO)
	Series A1(b) PTCs	August 23, 2024	13.40%	May 10, 2026	3.22	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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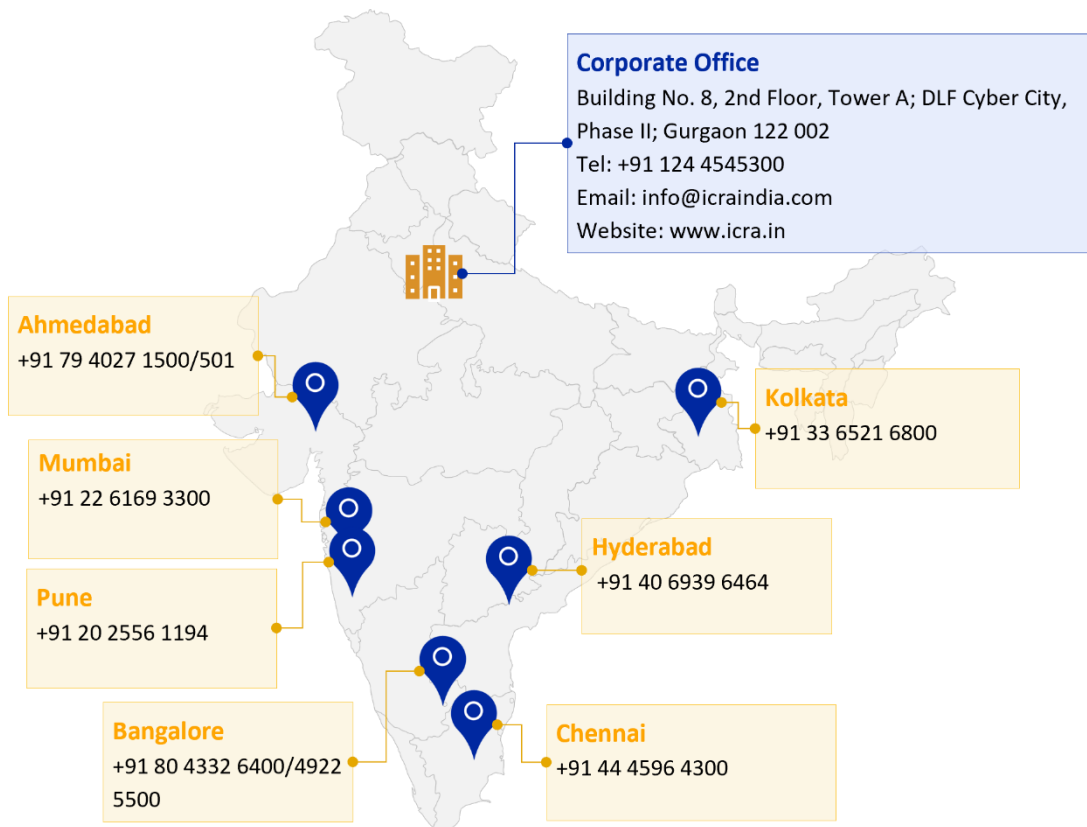


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