

March 23, 2026

Aye Finance Limited (erstwhile Aye Finance (P) Ltd.): Ratings reaffirmed for PTCs issued under unsecured business loan 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
SBL Sarika 0225	PTC Series A1	90.40	90.40	19.79	[ICRA]AA+(SO); reaffirmed
	Equity Tranche PTCs	1.00	1.00	1.00	[ICRA]AA(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by pool of unsecured business loan receivables originated by Aye Finance Limited (erstwhile Aye Finance (P) Ltd.) [AFL/Originator; rated [ICRA]A(Stable)].

The ratings reaffirmation factors in the build-up of the credit enhancement cover on account of high amortisation and healthy pool performance. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably below the actual collection level observed in the pools till the February 2026 payout month.

Pool performance summary

Parameter	SBL Sarika 0225
Payout month	February 2026
Months post securitisation	12
Pool amortisation	70.3%
PTC amortisation	
PTC Series A1	77.3%
Equity Tranche PTCs	0.0%
Cumulative collection efficiency ¹	96.6%
Cumulative prepayment rate	33.2%
Average monthly prepayment rate	3.3%
Loss-cum-90+ days past due (dpd ² ; % of initial pool)	3.4%
Cumulative cash collateral (CC) utilisation	0.0%
Breakeven collection efficiency ³ for	
PTC Series A1	36.3%
Equity Tranche PTCs	39.3%
CC (% of balance pool) for	
PTC Series A1	26.9%
Equity Tranche PTCs	26.9%
Subordination (% of balance pool) for	
PTC Series A1	33.7%
Equity Tranche PTCs	30.4%
Excess interest spread (EIS; % of balance pool)for	
PTC Series A1	12.2%

¹ Cumulative collections till date (including advance collections)/(Cumulative billings till date + Opening overdue)

² Inclusive of Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

³ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

Parameter	SBL Sarika 0225
Equity Tranche PTCs	12.2%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout to PTC Series A1. The principal is expected to be paid on a monthly basis for PTC Series A1 (100% of the pool principal billed) but is promised on the final maturity date. The EIS available after meeting the expected and promised PTC payments will be passed on to the originator (in case there are no EIS trigger events), in case of an EIS trigger event, the EIS available will be used for accelerated redemption of PTC Series A1 (until PTC Series A1 are outstanding). Any prepayment in the pool would be used for the prepayment of PTC Series A1 principal (until PTC Series A1 are outstanding). For the Equity Tranche PTCs, the entire principal is promised on the final maturity date.

Reset of credit enhancement

At the request of the originator for resetting the credit enhancement, ICRA has analysed for the transactions at a CC of 6.73% of the balance pool principal (i.e. Rs. 2.01 crore) against the currently available CC of 26.92% of the balance pool principal (Rs. 8.04 crore after February 2026 payouts). Based on the pool's performance, the ratings will remain unchanged even after the reset of the CC amount. The CC reset shall be subject to the approval of the PTC investors. However, as per the regulatory guidelines, the amount of the CC that can be released would be restricted to 60% of the difference between the current CC amount and revised CC amount allowed by ICRA.

Key rating drivers and their description

Credit strengths

Credit Strengths

Buildup in credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with CC increasing to ~27.0% of the balance pool principal as compared to 8.0% of initial pool principal at time of securitisation for both the tranches. Internal credit support is also available through EIS and subordination for both the tranches. There has been no CC utilisation in the pool in any of the months post securitisation.

Healthy Collections seen in the pool – The pool has show healthy collections till date with monthly collections upwards of 91% in all months post securitisation and cumulative collection efficiency of 96.6% as on February 2026 payout month.

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 10 years of regular collections and recovery across a wide geography.

Credit challenges

Risks associated with lending business – The performance of the pools 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. Further, pools will be exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower.

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 3.00% of initial pool principal with certain variability around it. The average prepayment rate for the pool is modelled in the range of 5% to 18% 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	SBL Sarika 0225
Originator	Aye Finance Limited (erstwhile Aye Finance (P) Ltd.)
Servicer	Aye Finance Limited (erstwhile Aye Finance (P) Ltd.)
Trustee	Catalyst Trusteeship Limited
CC holding Bank	State Bank of India
Collection and payout account Bank	ICICI Bank Limited

Liquidity position : Superior for both the tranches

The liquidity for PTC Series A1 and equity tranche PTCs is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is ~6.75 times the estimated loss in the pool for PTC Series A1 and ~6.5 times the estimated loss in the pool for equity tranche PTCs.

Rating sensitivities

Positive factors – The rating could be upgraded on the sustained strong collection performance of the underlying pool of contracts leading to lower-than-expected delinquency levels, and on an increase in the cover available for future investor payouts from the credit enhancement.

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 (AFL) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pools till February 2026 (payout month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

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

About the originator

Aye Finance (P) Limited (Aye Finance) is a non-banking financial company, which provides loans to micro and small enterprises in semi-urban areas with an annual turnover of Rs. 10 lakh-1 crore. It offers loans either through hypothecation of working

assets (81% of AUM as on June 30, 2025) or through mortgage properties (mortgage loan and quasi-mortgage loan constituted 17% and 2% of AUM, respectively, as on June 30, 2025). Secured loans comprised 57% of the on-book portfolio as on March 31, 2025. The company commenced operations in FY2014 and is founded under the leadership of Mr. Sanjay Sharma, who has experience in retail lending. Aye Finance is backed by private equity investors – Capital G (Google), Falcon Edge, SAIF Partners (Elevation), A91 Partners, LGT Impact, Maj Invest, British International Investments, ABC Impact and others. As on June 30, 2025, the company had operations in 21 states/Union Territories through 527 branches, managing a portfolio of Rs. 5,721 crore.

Key financial indicators

Aye Finance Limited	FY2024	FY2025	H1FY2026
Total income	1,066	1,501	863
PAT	161	171	65
Total managed assets	5,360	6,971	7,812
Gross stage 3 assets	3.2%	4.2%	4.8%
CRAR	32.8%	34.9%	32.3%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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 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
				March 23, 2026	May 30, 2025			
1 SBL Sarika 0225	PTC Series A1	90.40	19.79	[ICRA]AA+(SO)	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-
	Equity Tranche PTCs	1.00	1.00	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Complexity level of the rated instrument

Trust	Instrument	Complexity indicator
SBL Sarika 0225	PTC Series A1	Highly Complex
	Equity Tranche 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

ISIN	Trust name	Instrument type	Date of issuance/sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
NA	SBL Sarika 0225	PTC Series A1	March 12, 2025	10.05%	August 15, 2027	19.79	[ICRA]AA+(SO)
		Equity Tranche PTCs		Nil		1.00	[ICRA]AA(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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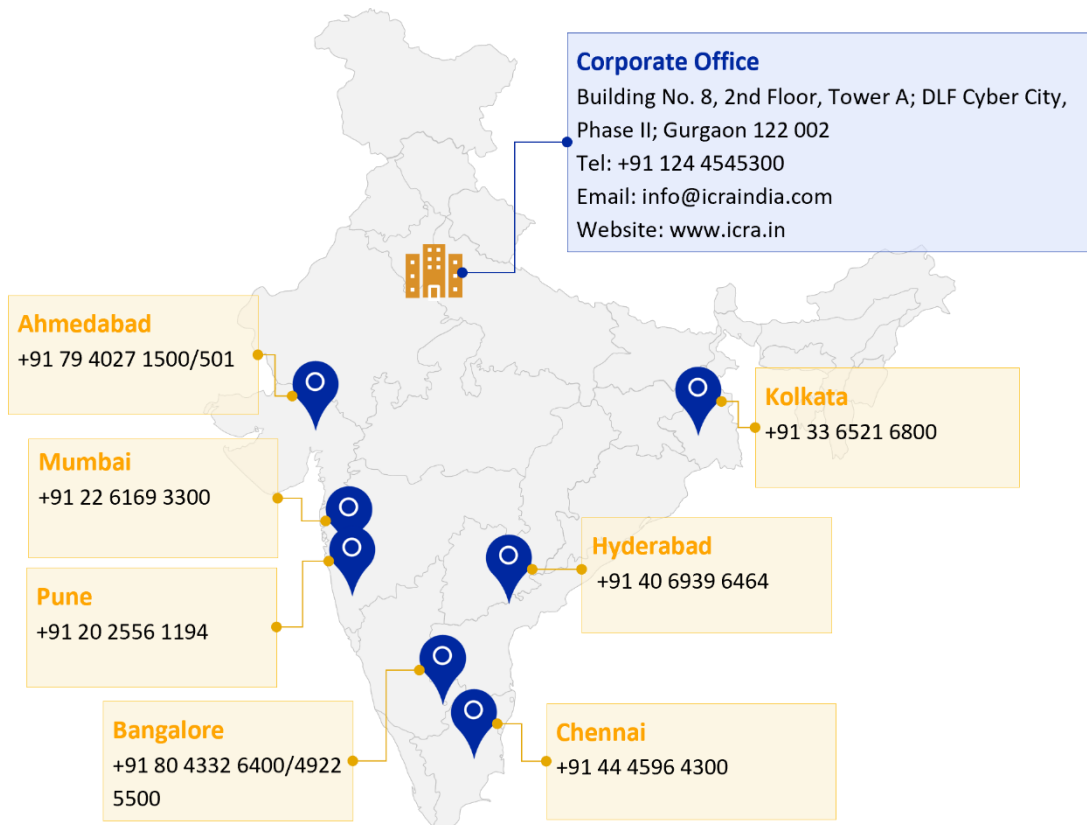
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