June 09, 2025(Revised)

Keertana Finserv Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund-based/Non-fund based bank facilities	500.00	500.00	[ICRA]BBB (Stable)/[ICRA]A3+; reaffirmed
Non-convertible debentures (NCDs)	1,070.00	1,070.00	[ICRA]BBB (Stable); reaffirmed
	130.00	-	[ICRA]BBB (Stable); reaffirmed and withdrawn
Total	**1,700.00**	**1,570.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to reflect the healthy scale up of operations supported by the long-standing experience of Keertana Finserv Private Limited's (Keertana) promoter in the retail lending business and its adequate capitalisation, supported by regular equity infusions. It is promoted by Ms. Padmaja Reddy, who is the founder, and erstwhile promoter & Managing Director (MD) of Spandana Sphoorty Financial Limited {SSFL; non-banking financial company-microfinance institution (NBFC-MFI)}. Keertana received capital of Rs. 150.6 crore in FY2025 (Rs. 147.5 crore and Rs. 150.1 crore from its promoters in FY2024 and FY2023, respectively) and its managed gearing stood at 3.3 times as of March 2025 (3.4 times as of March 2024).

Keertana's assets under management (AUM) grew by 50% to Rs. 2,348.5 crore as of March 2025 from Rs. 1,561.5 crore as of March 2024 (Rs. 609.2 crore as of March 2023). It has presence in segments such as gold loans, joint liability group (JLG) loans, micro, small and medium enterprise (MSME) loans, loan against property (LAP) and home loans (HLs). Keertana is planning to expand its branches at a robust pace in the near term and expects to achieve a loan portfolio of Rs. 3,500 crore as of March 2026. The portfolio mix is projected to be inclined towards the secured segments, especially gold loans, going forward.

ICRA notes that the company's asset quality deteriorated in FY2025 due to the headwinds in the JLG segment at an industry level. Its 90+ days past due (dpd) increased to 0.8% as of March 2025 from 0.05% as of March 2024, while it wrote off Rs. 38.72crore (1.6% of AUM as of March 2025 and 2.5% of AUM as of March 2024) in FY2025. The Stage II assets also deteriorated to 5.5% as of March 2025 from 0.1% as of March 2024, given the stress in the JLG segment; Stage II JLG loans stood at Rs. 42.4 crore as of March 2025 (9.1% of JLG loans as of March 2025). Stage II assets in gold segment also witnessed an increase (3.8% of gold loans as of March 2025); however, ICRA doesn't expect any sizable credit losses from this segment, given the healthy recoveries from the auction of the collateral gold.

Keertana's operations are geographically concentrated at present with Andhra Pradesh contributing 83% to the AUM as of March 2025. However, ICRA takes note of the steady strengthening of the operating infrastructure, including branch expansion, which shall support the company's medium-term growth. It is, however, crucial for Keertana to have a stable senior management team, along with commensurate risk and control mechanisms, in view of its growth plans. The company's net profitability {profit after tax (PAT)/average managed assets (AMA)} moderated to 3.0% in FY2025 from 5.9% in FY2024 as credit costs (2.6% in FY2025 vis-à-vis 1.0% in FY2024) and operating expenses increased (4.6% in FY2025 vis-à-vis 3.9% in FY2024).

The company raised incremental funds of Rs. 1,983.9 crore in FY2025 via a mix of non-convertible debentures (NCDs), loans from banks/NBFCs, securitisation and loans from the promoter. It would be crucial for Keertana to improve its borrowing

profile, by increasing the share of banks, as well as its debt tenors (as of March 2025, 64% of its total debt matures in the next 12 months), which could support its growth plans while ensuring adequate liquidity.

The Stable outlook factors in ICRA's expectation that Keertana would continue to maintain adequate capitalisation and increase the share of secured lending in its loan portfolio over the near to medium term, which would support its risk profile.

ICRA has also reaffirmed and withdrawn the long-term rating on the Rs. 130.00-crore non-convertible debentures in accordance with its policy on the withdrawal of credit ratings as the instrument have matured and have been fully repaid.

Key rating drivers and their description

Credit strengths

Promoter's long experience in retail lending business – Keertana is a non-deposit taking NBFC, incorporated in 1996. It received its NBFC licence from the Reserve Bank of India (RBI) in 2001. The company did not have any operations till the current promoters acquired it on March 31, 2022. Ms. Reddy is the founder and ex-MD of SSFL with vast experience in handling microfinance, gold loans, agriculture-related loans, LAP and MSME loans.

The current team comprises personnel with adequate experience; however, it would be crucial for the company to maintain a stable senior management team, with timely augmentation of the same in view of its growth plans. While ICRA takes comfort from the steady strengthening of the operating infrastructure, including branch expansion/field staff and launch of new products, which would support the medium-term growth plans. Incrementally, given the growth plans, Keertana would need to continue to maintain its risk and control mechanisms commensurately.

Capitalisation profile sufficient for near term; timely capital infusions critical for medium-term growth plans – Keertana's capitalisation profile, with a gearing of 3.3 times and a capital adequacy ratio of 25.1% as of March 2025, continues to be supported by regular capital infusions from the promoters. It had received incremental capital of Rs. 160 crore in FY2025 (Rs. 149.2 crore and Rs. 147.5 crore from its promoters in FY2024 and FY2023, respectively). Given its growth plans, Keertana would require incremental capital to keep its leverage at around 4 times in the medium term.

Credit challenges

Steep growth plans; geographically concentrated operations – Keertana commenced operations in April 2022 with the takeover of assets from Spandana Mutual Benefit Trust (SMBT) and Spandana Rural and Urban Development Organization (SRUDO). Its AUM increased by 50% to Rs. 2,348.5 crore as of March 2025 from Rs. 1,561.5 crore as of March 2024 (Rs. 609.2 crore as of March 2023). The company had 402 branches as of March 2025 vis-à-vis 286 as of March 2024. Gold loans contributed 66% to the AUM as of March 2025, while JLG loans, LAP & HL and personal loans accounted for 20%, 8%, and 6% respectively.

The operations are geographically concentrated at present, with Andhra Pradesh contributing 83% to the AUM as of March 2025. However, the company plans to increase the share of portfolio in Telangana, Karnataka, Odisha and Tamil Nadu. Keertana is planning branch expansion at a robust pace to achieve a loan portfolio of Rs. 3,500 crore as of March 2026 and the portfolio mix is expected to be inclined towards the secured segments, especially gold loans. It is scaling down its JLG loans, in view of the stress in the asset quality, and is strengthening its processes and policies to scale up the LAP and HL disbursement.

ICRA takes note of the recently notified regulations for the gold loan segment, impact on the same on Keertana's business in the near term would be monitorable from a rating perspective.

Moderation in asset quality and earnings profile due to stress in JLG loans – The company's delinquencies increased with the 90+ dpd at 0.8% as of March 2025 compared to 0.05% as of March 2024 (0.3% as of December 2024), largely on account of

slippages in group loans, with write-offs of Rs. 38.72 crore (1.6% of AUM as of March 2025 and 2.5% of AUM as of March 2024) in FY2025. Stage-II assets also deteriorated to 5.5% as of March 2025 from 0.1% as of March 2024, given the stress in the JLG segment; Stage-II JLG loans stood at Rs. 42.4 crore as of March 2025 (9.1% of JLG loans in March 2025). Stage II assets in gold segment also witnessed an increase (3.8% of gold loans as of March 2025); however, ICRA doesn't expect any sizable credit losses from this segment, given the healthy recoveries from the auction of the collateral gold. Overall, credit costs increased to 2.6% in FY2025 from 1.0% in FY2024.

Keertana's net profitability moderated to 3.0% in FY2025 from 5.9% in FY2024 as credit costs and operating expenses increased. The net interest margin remained healthy at 10.5% in FY2025 despite moderating from 11.6% in FY2024 due to the decline in the share of JLG loans and the increase in the cost of funds. The operating expense ratio (operating expenses/AMA) rose to 4.6% in FY2025 from 3.9% in FY2024 on account of gold loan branch expansion, staff incentives for growing the gold loan book (resulting in gold loan AUM growth of 31% in Q4 FY2025) and strengthening of the collection teams for JLG loans. Going forward, Keertana's ability to ensure healthy performance of its asset quality on a sustained basis and improve its operating efficiency would be a key monitorable.

Moderate funding profile – Keertana secured funding from multiple sources including NBFCs, banks, market issuances (NCDs) and securitisation. NCDs contributed 35% to the total borrowings as of March 2025, followed by banks at 25% (including 9% from small finance banks), NBFCs at 23% and securitisation at 15%. Also, the company has received support from the directors in the form of a line of credit of Rs. 100 crore (Rs. 35 crore outstanding as of March 2025) as fund mobilisation was limited in H2 FY2025 due to the stress witnessed in the JLG loan book at an industry level. Going forward, it would be crucial for Keertana to improve its borrowing profile by increasing the share of banks, which could support its growth plans and lower its cost of borrowing.

Liquidity position: Adequate

Keertana had cash and cash equivalents of Rs. 81.1 crore and undrawn sanctions of Rs. 20.0 crore as on April 30, 2025. No cumulative mismatches were observed in the asset-liability maturity (ALM) profile, as on March 31, 2025, as most of the loans extended by Keertana are short term in nature. The company has repayments of Rs. 445.1 crore due during May-July 2025 (including interest; 23% of total debt as of March 2025). ICRA notes that it would be crucial for Keertana to improve its borrowing profile as well as its debt tenors, which could support its growth plans, while maintaining an adequate liquidity profile.

Rating sensitivities

Positive factors – The scaling up of the portfolio and an improvement in the borrowing profile, while maintaining healthy earnings and asset quality, could lead to a rating upgrade.

Negative factors – Pressure on the ratings could arise on weakening asset quality or operating efficiency, which could affect the earnings profile. A stretched capitalisation profile could also adversely impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies (NBFCs) Policy on withdrawal of credit ratings
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of Keertana

About the company

Keertana Finserv Private Limited (Keertana) 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 RBI approval for a change in management and control, the current promoters purchased all the shares of the erstwhile promoters. 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. The company is currently managed by Ms. Padmaja Reddy, the erstwhile Managing Director of Spandana Sphoorthy Financial Limited (SSFL; NBFC-MFI). SSFL was one of the largest NBFC-MFIs, when she exited from the company.

Keertana's AUM stood at Rs. 2,348.5 crore through 402 operating branches as of March 2025. Gold loans contributed 66% to the AUM as of March 2025, while JLG loans, LAP & HL and personal loans accounted for 20%, 8%, and 6% respectively. Keertana has reported a net profit of Rs. 65.9 crore on a managed asset base of Rs. 2,637.3 crore in FY2025 compared with Rs. 71.6 crore and Rs. 1,733.1 crore, respectively, in FY2024.

Key financial indicators (audited)

Keertana Finserv Private Limited	FY2023	FY2024	FY2025
Total income	91.9	276.8	484.7
PAT	16.0	71.6	65.9
Total managed assets	704.5	1,733.1	2,637.3
Return on managed assets	4.5%	5.9%	3.0%
Managed gearing (times)	3.0	3.4	3.3
Gross stage 3	0.0%	0.0%	0.8%
CRAR	25.9%	23.6%	25.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; Managed gearing = (On-book debt + Off-book portfolio)/Net worth

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current (FY2026) Jun 09, 2025	Chronology of rating history for the past 3 years FY2025 Date	FY2025 Rating	FY2024 Date	FY2024 Rating	FY2023 Date	FY2023 Rating
Long term/Short term – Fund-based/Non-fund based bank facilities	Long term/ Short term	500	[ICRA]BBB (Stable)/ [ICRA]A3+	Jun-10-24	[ICRA]BBB (Stable)/ [ICRA]A3+	Feb-12-24	[ICRA]BBB (Stable)/ [ICRA]A3+	Aug-26-22	[ICRA]BBB- (Stable)/ [ICRA]A3
				May-09-24	[ICRA]BBB (Stable)/ [ICRA]A3+	Aug-07-23	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-
						Jul-31-23	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-
NCD	Long term	1,070	[ICRA]BBB (Stable)	Jun-10-24	[ICRA]BBB (Stable)	Feb-12-24	[ICRA]BBB (Stable)	-	-
				May-09-24	[ICRA]BBB (Stable)	Aug-07-23	[ICRA]BBB (Stable)	-	-
						Jul-31-23	[ICRA]BBB (Stable)	-	-
NCD	Long term	130	[ICRA]BBB (Stable); withdrawn	Jun-10-24	[ICRA]BBB (Stable)	Feb-12-24	[ICRA]BBB (Stable)	-	-
				May-09-24	[ICRA]BBB (Stable)	Aug-07-23	[ICRA]BBB (Stable)	-	-
						Jul-31-23	[ICRA]BBB (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund-based/Non-fund based bank facilities	Simple
Non-convertible debentures	Very Simple

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	Instrument	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term/Short term – Unallocated	-	-	-	500.00	[ICRA]BBB (Stable)/ [ICRA]A3+
INE0NES07048	NCD	Sep-11-23	11.60%	May-11-25	50.00	[ICRA]BBB (Stable); withdrawn
INE0NES07048	NCD	Sep-26-23	11.60%	May-11-25	50.00	[ICRA]BBB (Stable); withdrawn
INE0NES07055	NCD	Aug-28-23	11.60%	Feb-28-25	30.00	[ICRA]BBB (Stable); withdrawn
INE0NES07063	NCD	Oct-20-23	11.60%	Jun-20-25	50.00	[ICRA]BBB (Stable)
INE0NES07071	NCD	Nov-28-23	11.60%	Nov-28-25	50.00	[ICRA]BBB (Stable)
INE0NES07071	NCD	Dec-15-23	11.60%	Nov-28-25	110.00	[ICRA]BBB (Stable)
INE0NES07089	NCD	Feb-20-24	11.50%	Feb-20-26	110.00	[ICRA]BBB (Stable)
INE0NES07097	NCD	Apr-12-24	11.40%	Apr-12-26	50.00	[ICRA]BBB (Stable)
INE0NES07097	NCD	Apr-18-24	11.40%	Apr-12-26	25.00	[ICRA]BBB (Stable)
INE0NES07097	NCD	May-02-24	11.40%	Apr-12-26	75.00	[ICRA]BBB (Stable)
INE0NES07105	NCD	May-10-24	11.40%	May-10-26	175.00	[ICRA]BBB (Stable)
INE0NES07113	NCD	Jun-13-24	11.40%	Jun-13-27	36.00	[ICRA]BBB (Stable)
Unallocated	NCD	-	-	-	389.00	[ICRA]BBB (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

Corrigendum

Document dated June 09, 2025, has been corrected with revision as detailed below:

i. The rating outstanding for FY2025 and FY2024 has been corrected in the “Rating history for past three years” table on Page 5.

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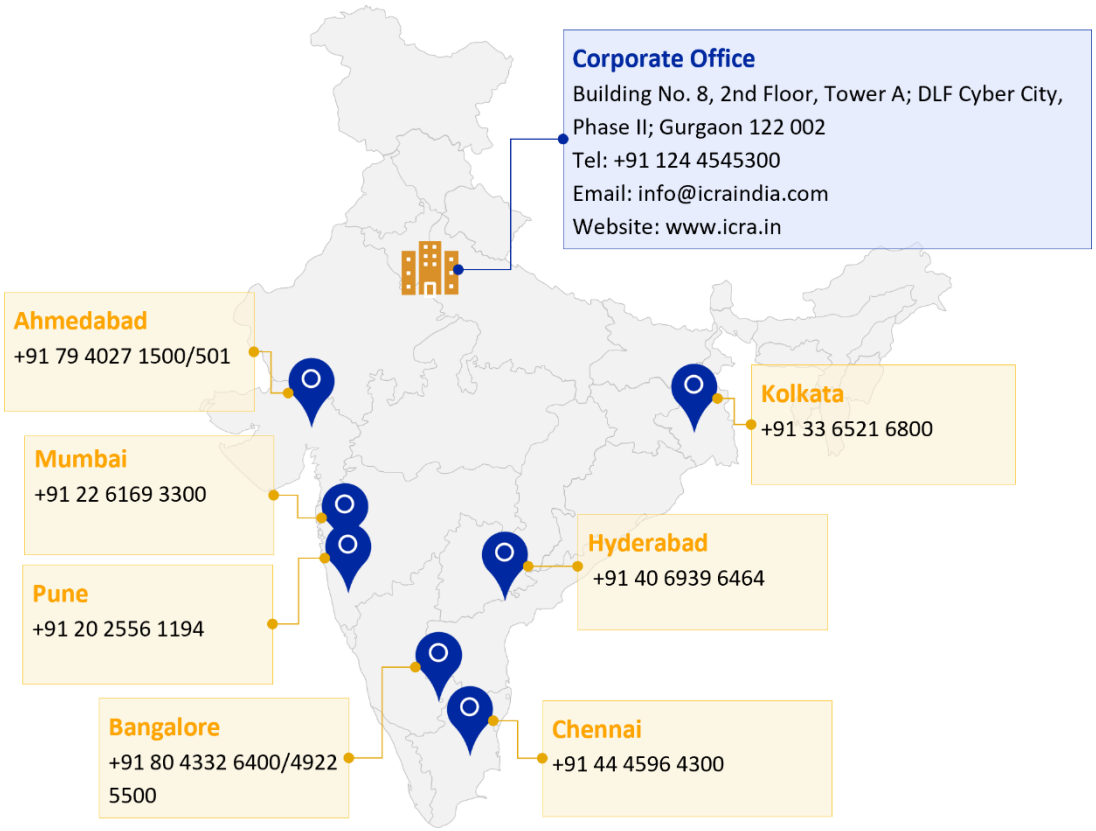

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