July 14, 2026

Spandana Sphoorty Financial Limited: Rating reaffirmed for PTCs issued under microfinance loan receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount Rated (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current Amount Rated (Rs. crore)	Rating Action	Financial Sector Regulator#
Jupiter 2025	PTC Series A1	57.50	NA	11.24	[ICRA]A+(SO); Reaffirmed	RBI

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Spandana Sphoorty Financial Limited {SSFL/Originator; rated [ICRA]BBB+(Stable)}[1]. SSFL is also the servicer for the rated transaction.

The rating has been reaffirmed on account of the build-up of the credit enhancement cover over the future PTC payouts on account of high pool amortisation and healthy collections. The rating draws comfort from the fact that the breakeven collection efficiency is comfortable compared to the actual collection levels observed in the pool till the June 2026 payout month.

Pool performance summary

Parameter	Jupiter 2025
Payout month	June 2026
Months post securitisation	10
Pool amortisation	73.6%
PTC Series A1 amortisation	80.5%
Cumulative collection efficiency[2]	96.8%
Loss-cum-30+ days past due (dpd[3]; % of initial pool)	3.5%
Loss-cum-90+ dpd[4] (% of initial pool)	3.1%
Cumulative CC utilisation	0.0%
CC available (as % of balance pool)	26.5%
Excess interest spread (EIS[5]; % of balance pool): PTC Series A1	5.9%
Principal subordination (% of balance pool): PTC Series A1	32.2%
Breakeven collection efficiency[6]: PTC Series A1	39.8%

Transaction structure

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 available after making the promised and expected payments shall be passed on to the PTC investors on every payout date. Any prepayment in the pool would be used for the prepayment of the PTC Series A1 principal. The

[1] *The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.*

[2] *(Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)*

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

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

[5] *(Pool cash flows – Cash flows to PTC investors – Originator's residual share)/Pool principal outstanding*

[6] *(Balance cash flows payable to investor – CC available)/Balance pool cash flows*

transaction has defined certain trigger events, on the occurrence of which the residual cash flows would be passed on to the PTC Series A1 investors.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the transaction basis the cash collateral (CC) mentioned in the table below. Based on the pool's performance, the rating for the PTCs will remain unchanged even after the CC amount is reset. The CC reset shall be subject to the approval of the PTC investors. However, as per regulatory guidelines, the amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA.

Transaction name	Current CC outstanding [A]	CC Required as per ICRA for maintaining present rating [B]	CC that can be released [C]= 60%*(A - B)	Revised CC limit [D] = (A – C)
Jupiter 2025	4.40	1.76	1.58	2.82

Amount in Rs. crore

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement – The rating factors in the build-up in the credit enhancement with the subordination increasing to 32.2% of the balance pool principal from 8.5% at the time of securitisation. Credit support is also available through cash collateral (CC) of 26.5% and excess interest spread (EIS) of 5.9% of the balance pool principal.

Healthy pool performance – The pool's performance has been healthy with a cumulative collection efficiency of 96.8% post June 2026 payout, which has resulted in moderate delinquency with the 90+ days past due (dpd) at 3.1%. The break-even collection efficiency is significantly lower than the actual collections seen in the pool. Further, there have been no instances of cash collateral utilisation for the pool till date owing to healthy 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

Risks associated with lending business – The pool 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.

Higher delinquencies in microfinance sector – The microfinance sector has seen lower collections and elevated delinquencies on account of borrower overleveraging and attrition in collection teams. However, portfolio collections have been improving and are higher from the post guardrail book which is a source of comfort.

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 2.50% 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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Jupiter 2025
Originator	SSFL
Servicer	SSFL
Trustee	Mitcon Credentia Trusteeship Services Limited
CC holding bank	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for the PTC instrument is superior after factoring in the credit enhancement available to meet the promised payouts to the investors. The total credit enhancement is 6.75 times the estimated loss in the pool.

Rating sensitivities

Positive/Negative factors – Rating is unlikely to be revised as the given the shorter expected balance tenure of the PTCs.

Analytical approach

The rating action is based on the performance of the pool till the June 2026 payout month (May 2026 collection month), the present delinquency profile of the pool, the credit enhancement available in the pool, 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

Spandana Sphoorty Financial Limited was incorporated in 2003 as an NBFC. It took over the microfinance operations of Spandana, a non-governmental organisation started by Ms. Padmaja Reddy in 1998. The company was classified as an NBFC-MFI in 2015. Following the microfinance crisis in Andhra Pradesh, the company entered into a master restructuring agreement (MRA) as part of the corporate debt restructuring (CDR) with its lenders in September 2011. It exited the CDR in April 2017 after an equity investment led by Kedaara Capital Investment Managers Limited (Kedaara Capital) and fresh funding from banks. SSFL completed its initial public offering (IPO) in August 2019.

Key financial indicators (audited)

SSFL	FY2024	FY2025	FY2026
Total income	2,386.7	2,245.2	942
Profit after tax	467.9	(956.7)	(624)
Total managed assets	13,852.4	9,040.3	6,664

Gross Stage 3 (%)	1.6%	4.9%	3.3%
CRAR	32.0%	36.3%	29.8%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

<table>
<tr><th rowspan="3">Trust name</th><th colspan="4">Current rating (FY2027)</th><th colspan="4">Chronology of rating history for the past 3 years</th></tr>
<tr><th rowspan="2">Instrument</th><th rowspan="2">Initial amount rated (Rs. crore)</th><th rowspan="2">Current amount rated (Rs. crore)</th><th>Date & rating in FY2027</th><th colspan="2">Date & rating in FY2026</th><th>Date & rating in FY2025</th><th>Date & rating in FY2024</th></tr>
<tr><th>July 14, 2026</th><th>Sep 29, 2025</th><th>Aug 18, 2025</th><th>-</th><th>-</th></tr>
<tr><td>Jupiter 2025</td><td>PTC Series A1</td><td>57.50</td><td>11.24</td><td>[ICRA]A+(SO)</td><td>[ICRA]A+(SO)</td><td>Provisional [ICRA]A+(SO)</td><td>-</td><td>-</td></tr>
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Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	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	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating	Financial Sector Regulator#
Jupiter 2025	PTC Series A1	August 13, 2025	10.50%	April 24, 2027	11.24	[ICRA]A+(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

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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.

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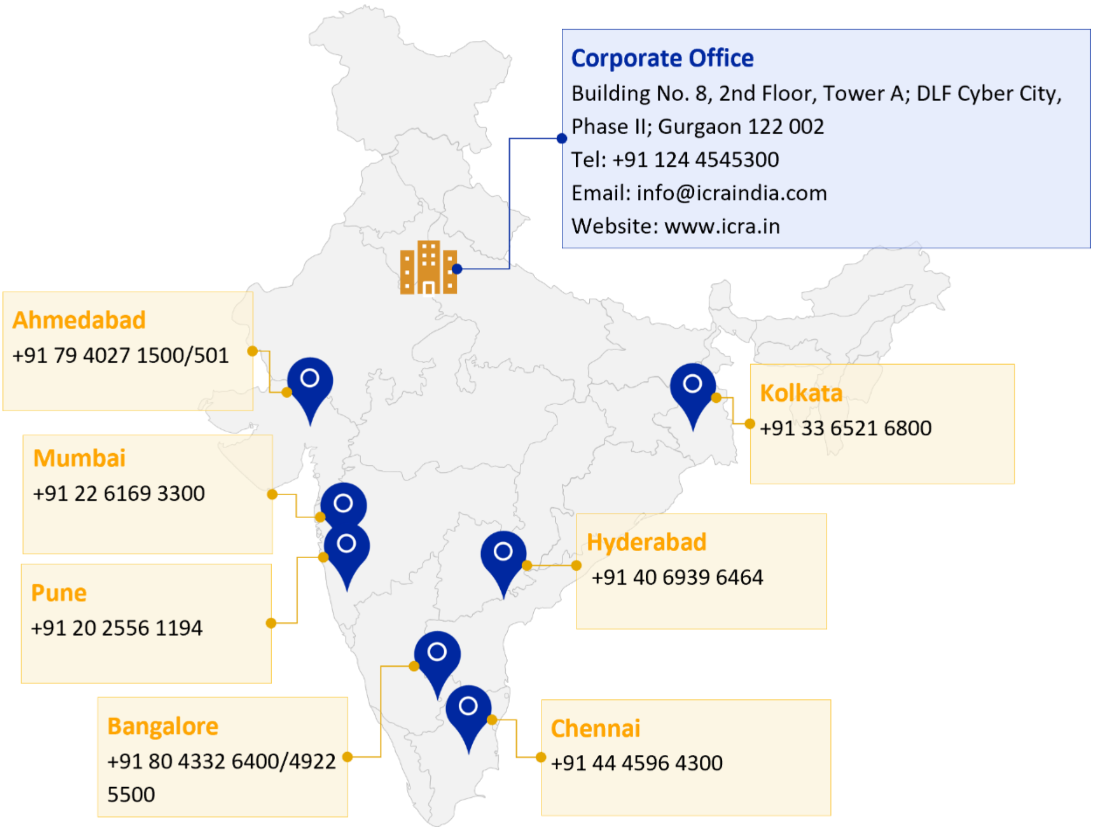

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