July 17, 2026

Spandana Sphoorty Financial Limited: Ratings reaffirmed for PTCs issued under two microfinance loan receivables securitisation transactions

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#
Pueblo 09 2025	PTC Series A1	51.80	NA	10.17	[ICRA]AA-(SO); Reaffirmed	RBI
	PTC Series A2	2.33	NA	2.33	[ICRA]A-(SO); Reaffirmed	RBI
Coral 12 2025	PTC Series A	196.74	NA	76.92	[ICRA]AA-(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 pools 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 transactions.

The ratings have 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 pools till the June 2026 payout month.

Pool performance summary

Parameter	Pueblo 09 2025	Coral 12 2025
Payout month	June 2026	June 2026
Months post securitisation	9	6
Pool amortisation	68.5%	55.0%
PTC Series A/A1 amortisation	79.7%	60.9%
PTC Series A2 amortisation	0.0%	-
Cumulative collection efficiency[2]	98.7%	99.0%
Loss-cum-30+ days past due (dpd[3]; % of initial pool)	1.5%	1.1%
Loss-cum-90+ dpd[4] (% of initial pool)	1.1%	0.6%
Cumulative Cach collateral (CC) utilisation	0.0%	0.0%
CC available (as % of balance pool)	22.2%	16.7%
Excess interest spread (EIS[5]; % of balance pool)		
PTC Series A/A1	6.7%	8.1%
PTC Series A2	6.2%	-
Principal subordination (% of balance pool)		
PTC Series A/A1	44.5%	22.3%
PTC Series A2	31.8%	-
Breakeven collection efficiency[6]		
PTC Series A/A1	31.9%	57.4%
PTC Series A2	44.2%	-

[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 structure

Pueblo 09 2025

As per the transaction structure, PTC Series A2 payouts are completely subordinated to PTC Series A1. The collections from the pool, after making the promised interest payouts to PTC Series A1, will be used to make the expected principal payouts to PTC Series A1, followed by the expected interest payout to PTC Series A2. The entire principal repayment to PTC Series A1 is promised on the scheduled maturity date. Post the maturity of PTC Series A1, interest payouts will be promised to PTC Series A2 and all excess cash flows, after meeting the promised interest PTC Series A2 payouts, will be passed on for the expected PTC Series A2 principal payout. The entire principal repayment to PTC Series A2 is promised on the scheduled 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) and post that for redemption of PTC Series A2. Any prepayment in the pool would be used for the prepayment of PTC Series A1 first and post redemption of PTC Series A1 it will be for prepayment of PTC Series A2. The final maturity date for PTC Series A1 and PTC Series A2 is June 17, 2027.

Coral 12 2025

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 (to the extent of 89.5% of pool principal billing for first 3 payout months and from 4th payout month onwards it will be 100% of the pool billing) but is promised on the final maturity date. For the first three payouts any surplus excess interest spread (EIS) after making the promised and expected payments shall be passed on to the originator and from 4th payout month onwards to PTC Series A investors on every payout date. Any prepayment in the pool would be used for the redemption of the PTC Series A principal.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the transactions basis the cash collateral (CC) mentioned in the table below. Based on the pools' 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)
Pueblo 09 2025	4.07	1.63	1.47	2.61
Coral 12 2025	16.49	8.24	4.95	11.54

Amount in Rs. crore

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement – The ratings factor in the build-up of credit enhancement, with subordination increasing to 44.5% of the outstanding pool principal from 14.0% for PTC Series A1 and to 31.8% from 10.0% for PTC Series A2 since securitisation for Pueblo pool. For Coral pool subordination has increased to 22.3% of the outstanding pool principal from 10.5% at the time of securitisation. Additional credit support is available through CC amounting to 22.2% of the outstanding pool principal for the Pueblo pool and 16.7% for the Coral pool. Further, EIS stands at 6.7% and 6.2% for PTC Series A1 and PTC Series A2, respectively, in the Pueblo pool and 8.1% in the Coral pool.

Healthy pool performance – The pools' performance has been healthy with a cumulative collection efficiency exceeding 98.0% post the June 2026 payout for both pools, resulting in low delinquency levels, with 90+ days past due (dpd) remaining below 1.2% across both pools. The break-even collection efficiency remains significantly lower than the actual collection levels observed in the pools. Furthermore, there have been no instances of CC utilisation in either pool to date, supported by the healthy collection performance and the availability of EIS in the transactions.

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 principal collection and prepayments during the tenure as provided in the following table.

Transaction name	Estimated shortfall* (% of initial pool principal)	Prepayment (p.a.)
Pueblo 09 2025	2.00%	3.0%-9.0%
Coral 12 2025	2.50%	3.0%-9.0%

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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Pueblo 09 2025	Coral 12 2025
Originator	SSFL	
Servicer	SSFL	
Trustee	Catalyst Trusteeship Limited	
CC holding bank	DCB Bank Limited	Bandhan Bank Limited
Collection and payout account bank	ICICI Bank Limited	

Liquidity position

<u>For Pueblo 09 2025: Superior for PTC Series A1 and PTC Series A2</u>

The liquidity for the PTC Series A1 and PTC Series A2 is superior after factoring in the credit enhancement available to meet the promised payouts to the investors. The total credit enhancement is more than 10 times the estimated pool loss for PTC Series A1 and more than 9 times the estimated pool loss for PTC Series A2.

<u>**For Coral 12 2025: PTC Series A**</u>

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 more than 8 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pools of contracts leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a ratings upgrade.

Negative factors – The sustained weak collection performance of the underlying pools leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a ratings downgrade. Weakening in the credit profile of the servicer (Spandana) could also exert pressure on the ratings.

Analytical approach

The ratings action is based on the performance of the pools till the June 2026 payout month (May 2026 collection month), the present delinquency profile of the pools, 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

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

Trust name	Current rating (FY2027)	Chronology of rating history for the past 3 years

	Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024
				July 17, 2026	November 05, 2025	October 03, 2025	-	-
Pueblo 09 2025	PTC Series A1	51.80	10.17	[ICRA]AA-(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-	-
	PTC Series A2	2.33	2.33	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)		

Trust name	Current rating (FY2027)					Chronology of rating history for the past 3 years		
	Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2027		Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				July 17, 2026	April 10, 2026	January 02, 2026	-	-
Coral 12 2025	PTC Series A	196.74	76.92	[ICRA]AA-(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Pueblo 09 2025	**PTC Series A1**	Highly Complex
	PTC Series A2	Highly Complex
Coral 12 2025	**PTC Series A**	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#
Pueblo 09 2025	PTC Series A1	September 30, 2025	10.00%	June 17, 2027	10.17	[ICRA]AA-(SO)	RBI
	PTC Series A2		12.00%		2.33	[ICRA]A-(SO)	RBI
Coral 12 2025	PTC Series A	December 29, 2025	10.50%	September 17, 2027	76.92	[ICRA]AA-(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not applicable

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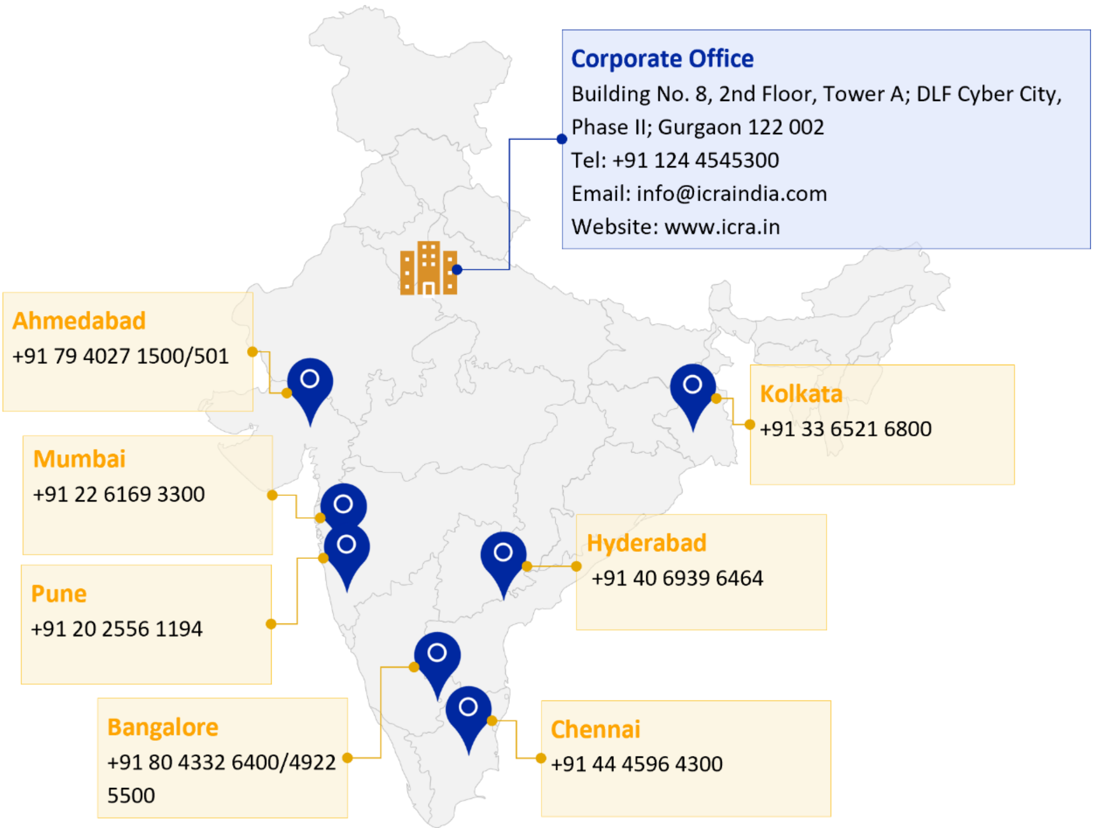

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