November 20, 2026

Spandana Sphoorty Financial Limited: Rating upgraded for PTCs issued under 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#
Noblesse Trust 2026	PTC Series A1	121.77	NA	79.67	[ICRA]A+(SO); upgraded from [ICRA]A(SO)	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 upgrade factors in healthy performance of the underlying pool and build-up of the credit enhancement cover over the future PTC payouts on account of amortisation of the pool. 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 October 2026 payout month.

Pool performance summary

Parameter	Noblesse Trust 2026
Payout month	October 2026
Months post securitisation	6
Pool amortisation	31.8%
PTC Series A1 amortisation	34.6%
Cumulative collection efficiency[2]	99.0%
Loss-cum-30+ days past due (dpd[3]; % of initial pool)	1.3%
Loss-cum-90+ dpd[4] (% of initial pool)	0.7%
Cumulative Cach collateral (CC) utilisation	0.0%
CC available (as % of balance pool)	7.3%
Excess interest spread (EIS[5]; % of balance pool): PTC Series A1	9.5%
Principal subordination (% of balance pool): PTC Series A1	11.7%
Breakeven collection efficiency (BECC)[6]: PTC Series A1	75.1%

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

[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*

residual cash flows from the pool, 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 the PTC Series A1 principal. The transaction has certain predefined trigger events on the occurrence of which the residual cash flows would be passed on to PTC Series A1 investors.

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 11.7% of the balance pool principal from 8.0% at the time of securitisation. Credit support is also available through cash collateral (CC) of 7.3% and excess interest spread (EIS) of 9.5% of the balance pool principal.

Healthy pool performance – The pool's performance has been healthy with a cumulative collection efficiency of 99.0% post October 2026 payout, which has resulted in lower delinquency with the loss cum 90+ days past due (dpd) at ~0.7%. The break-even collection efficiency is 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.

Vulnerable asset quality in microfinance sector – The microfinance sector has seen lower collections and elevated delinquencies on account of borrower overleveraging and attrition in collection teams in the past. However, portfolio collections and asset quality are better 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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 3.75% of the initial pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3% to 9% 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	Noblesse Trust 2026
Originator	Spandana Sphoorty Financial Limited
Servicer	Spandana Sphoorty Financial Limited
Trustee	MITCON Credentia Trusteeship Services Limited
CC holding bank	Bandhan Bank Limited
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Strong

The liquidity for the PTC instrument is strong after factoring in the credit enhancement available to meet the promised payouts to the investors. The total credit enhancement is 4.5 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool 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 rating upgrade.

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

Analytical approach

The ratings action is based on the performance of the pool till the October 2026 payout month (September 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 (standalone; audited)

SSFL	FY2025	FY2026	Q1FY2027
Total income	2,245.2	942	280
Profit after tax	(956.7)	(624)	16
Total managed assets	9,040.3	6,664	6,837
Gross Stage 3 (%)	4.9%	3.3%	2.9%
CRAR	36.3%	29.8%	28.6%

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
				Nov 20, 2026	June 04, 2026	May 04, 2026	-	-	-
Noblesse Trust 2026	PTC Series A1	121.77	79.67	**[ICRA]A+(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	-	-	-

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#
Noblesse Trust 2026	PTC Series A1	April 24, 2026	11.00%	January 19, 2028	79.67	[ICRA]A+(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Gaurav Mashalkar
+91 22 6114 3431
gaurav.mashalkar@icraindia.com

Shrikrishna Nazare
+91 22 6114 3432
shrikrishna.nazare2@icraindia.com

Vishal Oza
+91 22 6114 3472
vishal.oza2@icraindia.com

RELATIONSHIP CONTACT

Mr. L Shivakumar
+91 22 6169 3304
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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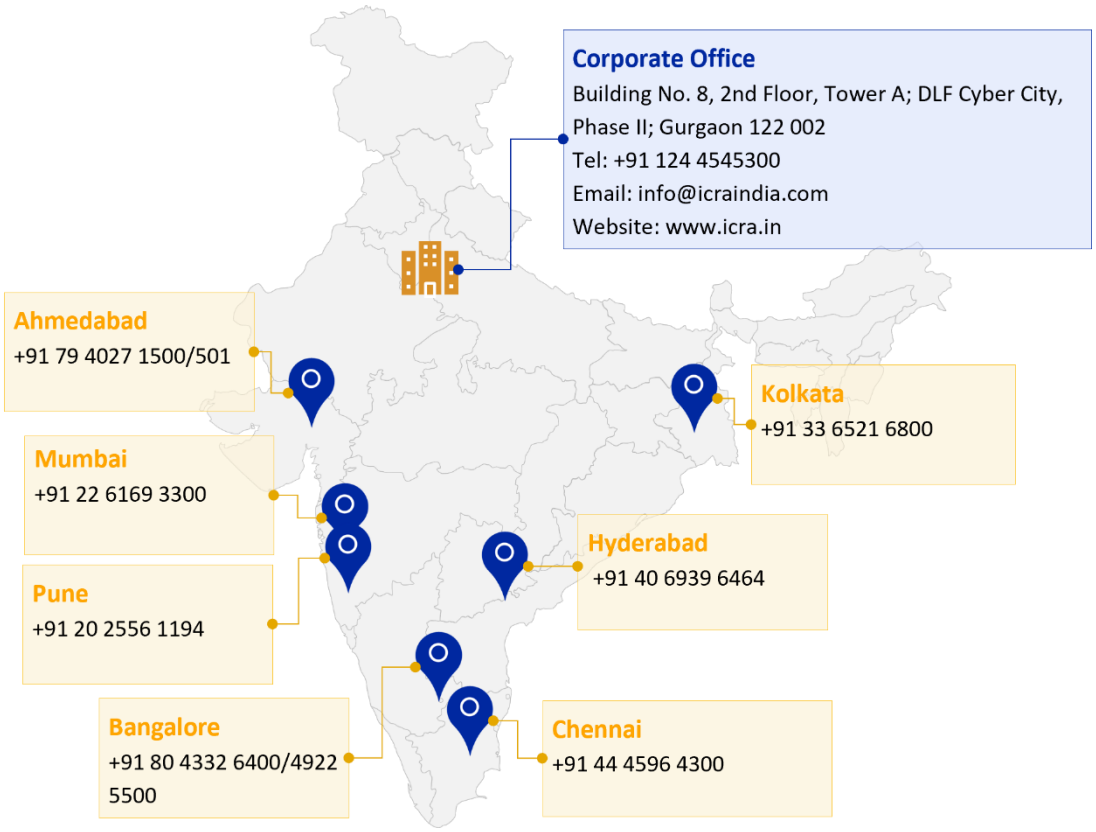
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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