

June 28, 2024

Save Microfinance Pvt. Ltd.: Rating actions on PTCs issued under a micro finance loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Previous surveillance amount (Rs. Crore)	Current Outstanding Amount after May 2024 Payout (Rs. crore)	Rating Action
Agetes 02 2023	Series A1(a) PTC	12.55	NA	0.00	[ICRA]A-(SO); Withdrawn
	Series A1(b) PTC	1.18	NA	0.39	[ICRA]AA+(SO); upgraded from [ICRA]BBB+(SO)

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by micro finance loan receivables originated by Save Microfinance Pvt. Ltd (Save/Originator).

The ratings for Series A1(b) PTC have been upgraded on account of the significant amortisation in the pool, which has led to the cash collateral (CC) covering the entire future PTC payouts.

ICRA has withdrawn the rating for Series A1(a) PTC since all the payouts to the investors in the instrument have been made and no further payments are due to the investors. The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale is available at the following link: [Agetes 02 2023: Series A1\(a\) PTC: Link](#)

Pool performance summary

Parameter	Agetes 02 2023
Payout Month	June 2024
Months post securitisation	16
Pool amortisation	82.8%
Series A1(a) PTC Amortisation	100.0%
Series A1(b) PTC Amortisation	67.1%
Cumulative collection efficiency ¹	98.2%
Loss-cum-0+ (% of initial pool principal) ²	2.2%
Loss-cum-90+ (% of initial pool principal) ³	1.8%
Break-even collection efficiency (%) – PTC A1(b) ⁴	Nil
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.00%
CC available (as % of balance pool principal)	29.0%
Excess interest spread (EIS) (as % of balance pool principal) for Series A1(b) PTC	5.0%
Average Monthly prepayment rate ⁵	1.8%

¹ Cumulative collections till date / Cumulative billings till date + Opening overdues

² POS on contracts aged 0+ dpd + Overdues / Initial POS on the pool

³ POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

⁴ (Balance cash flows payable to investor – CC available) / Balance pool cash flows

⁵ POS at the time of prepayment of contracts prepaid till date / Initial pool principal

Transaction Structure

Till June 17, 2024, the monthly collections from the pool were used to make the promised interest payout to Series A1(a) PTCs and Series A1(b) PTCs on a pari-passu basis. After making the promised interest payout, the collections were used to make the expected principal payouts to PTC Series A1(a) and it has been fully redeemed in the June 2024 payout month. From July 2024 payout, the monthly cash flow schedule will comprise of the promised interest payout for Series A1 (b) PTC. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity dates October 17, 2024. Any surplus EIS, 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 Series A1(b) PTC principal.

Key rating drivers

For Series A1(b) PTC

Credit strengths

- **Substantial credit enhancement available in the structure** – The rating factors in the build-up in the credit enhancement with CC fully covering the future PTC payouts to the investors, on account of significant amortisation of the pool and PTC in the transaction.
- **Healthy pool performance** – Performance of the pool has been strong with cumulative collection efficiency of ~98% till June 2024 payout month which has resulted in low delinquencies in the pools with the 0+ days past due (dpd) and 90+ dpd being 2.2% and 1.8%, respectively. Given that the CC is fully covering the future payouts to the PTC investors, the break-even collection efficiency is nil for the pool as on June 2024 payout month. Further, there have been no instances of cash collateral utilisation for the pool till date owing to strong collection performance and presence of EIS in the transaction.

Credit challenges

- **Risks associated with lending business** –The pools' 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.

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.

Details of Key counterparties

Transaction Name	Agetes 02 2023
Originator	Save Microfinance Pvt. Ltd.
Servicer	Save Microfinance Pvt. Ltd.
Trustee	Beacon Trusteeship Limited
CC Bank	ICICI Bank
Collection and payout account Bank	ICICI Bank

Liquidity position: Superior for Series A1(b) PTC

The liquidity is superior since the available CC fully covers the entire balance PTC payouts.

Rating sensitivities for Series A1(b) PTC

Positive factors – Not Applicable.

Negative factors – The rating is unlikely to change as the CC covers the entire balance PTC payouts.

Analytical approach

The rating action is based on the performance of the pool till June 2024 (payout month), the present delinquency profile of the pool, the CE 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 ICRA's Policy on Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

SAVE Microfinance Pvt. Ltd. (Save) is an NBFC-MFI, extending the JLG Loans, based out of Bihar. Save received its NBFC license in October 2017 and commenced lending operations November 2018 onwards. The company provides micro credit to women borrowers for the purpose of income generating activities such as small business, handicrafts, trade and services, agricultural etc. The loans are provided to women for agriculture and non-agriculture activities with a ticket size of Rs. 15,000 – 50,000. The tenure of the loans is 12- 24 months with a rate of interest of 19.7% to 21.69%. Collections are made monthly and 1% processing fees is charged. The Company also gives CGS loans at a rate of interest of 19.69%.

The operations are spread geographically with a presence in 112 districts across 7 states as on March 31, 2024. In FY2024, the company reported a profit after tax (PAT) of Rs. 7 crore on AUM of Rs. 1180 crore.

EXHIBIT 1. Key Financial Indicators

Save	FY2022	FY2023	FY2024
Total income (Rs. Crore)	62.22	169.08	207.78
Profit after tax (Rs. Crore)	3.43	17.21	7.01
Assets under management (Rs. Crore)	512.98	986.52	1179.61
Gross NPA	1.33%	0.91%	1.98%
Net NPA	0.32%	0.14%	0.59%
CRAR	N.A.	N.A.	21.33%

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 (FY2025)		Chronology of Rating History for the Past 3 Years			Date & Rating in FY2022
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2024	Date & Rating in FY2023	
				Jun 28, 2024	Jun 26, 2023	Mar 10, 2023	
Agetes 02 2023	Series A1(a) PTC	12.55	0.00	[ICRA]A-(SO) Withdrawn	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-
	Series A1(b) PTC	1.18	0.39	[ICRA]AA+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-

Complexity level of the rated instrument

Instrument	Instrument	Complexity Indicator
Agetes 02 2023	Series A1(a) PTC	Moderately complex
Agetes 02 2023	Series A1(b) PTC	Moderately 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 Name	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Agetes 02 2023	Series A1(a) PTC	February 28, 2023	12.75%	October 16, 2024	0.00	[ICRA]A-(SO); withdrawn
	Series A1(b) PTC	February 28, 2023	14.50%	October 17, 2024	0.39	[ICRA]AA+(SO);

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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