

November 14, 2024

Satya MicroCapital Ltd.: Rating withdrawn for PTCs issued under a microfinance loan securitisation transaction

Summary of rating action

| Trust Name | Instrument* | Initial Rated Amount (Rs. crore) | Amount O/s after Last Surveillance (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|--------------|---------------|----------------------------------|--|----------------------------------|-------------------------|
| Nile 05 2023 | PTC Series A1 | 42.86 | 25.33 | 0.00 | [ICRA]A+(SO); Withdrawn |

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for Pass through certificates (PTCs) issued under microfinance loan receivables securitisation transaction originated by Satya MicroCapital Ltd. (SML; rated [ICRA]BBB+(Stable)). All the payouts to the investors in the above-mentioned instrument has been made and no further payments are due to the investors.

The key rating drivers, liquidity position, and rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | ICRA's Policy on Withdrawal of Credit Rating |
| Parent/Group Support | Not Applicable |
| Consolidation/Standalone | Not Applicable |

About the originator

Satya MicroCapital Ltd. is a Delhi-based NBFC, which was incorporated in 1995. SML started its microfinance operations in FY2017 by adopting the joint liability group (JLG) model with fortnightly and monthly collection cycles. The company primarily offers JLG loans with ticket sizes in the range of Rs. 25,000-75,000, and individual microloans with ticket sizes in the range of Rs. 45,000-80,000 at interest rates of 24-26%, along with a processing fee of 0.50% for JLG loans and 3% for individual loans. SML primarily focusses on lending to women (husbands/sons above 18 years of age act as nominees) aiming to start a new business or enhance an existing business. Typically, the average tenure of loans under JLG is slightly over two years. As on March 31, 2024, the operations were spread geographically in 327 districts across 25 states/UTs.

Key financial indicators (audited)

| Satya MicroCapital Ltd. | FY2022 | FY2023 | FY2024 |
|-------------------------|--------|--------|--------|
| Total income | 402 | 735 | 1,284 |
| PAT | 33 | 53 | 123 |
| Total managed assets | 3,478 | 5,708 | 7,269 |
| Gross NPA | 3.3% | 1.3% | 2.2% |
| CRAR [^] | 23.0% | 19.2% | 22.2% |

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

[^] Standalone

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Sr. No. | Trust Name | Instrument | Current Rating (FY2025) | | Chronology of Rating History for the past 3 years | | | | | |
|---------|--------------|---------------|----------------------------------|----------------------------------|---|-------------------------|--------------|--------------------------|----|-------------------------|
| | | | Initial Amount Rated (Rs. crore) | Current Amount Rated (Rs. crore) | Date & Rating in FY2025 | Date & Rating in FY2024 | | | | Date & Rating in FY2023 |
| | | | | | Nov 14, 2024 | Jan 12, 2024 | Aug 08, 2023 | Jun 14, 2023 | -- | -- |
| 1 | Nile 05 2023 | PTC Series A1 | 42.86 | 0.00 | [ICRA]A+(SO); withdrawn | [ICRA]A+(SO) | [ICRA]A+(SO) | Provisional [ICRA]A+(SO) | -- | -- |

Complexity level of the rated instrument

| Trust Name | Instrument | Complexity Indicator |
|--------------|---------------|----------------------|
| Nile 05 2023 | PTC Series A1 | 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, is available on ICRA's website [Click here](#)

Annexure I: Instrument details

| Trust Name | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. Crore) | Current Rating |
|--------------|-----------------|-----------------------------|-------------|----------------|--------------------------|-------------------------|
| Nile 05 2023 | PTC Series A1 | June 27, 2023 | 9.95% | March 17, 2025 | 0.00 | [ICRA]A+(SO); Withdrawn |

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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