April 29, 2025

Satin Creditcare Network Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Bougainvillea 2024

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Bougainvillea 2024	Series A1 PTC	50.00	[ICRA]A-(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I*

Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by Bougainvillea 2024 under a securitisation transaction originated by Satin Creditcare Network Limited {SCNL/Originator; rated [ICRA]A (Stable)}. The PTCs are backed by a pool of microfinance loan receivables originated by SCNL with an aggregate principal outstanding of Rs. 55.55 crore (pool receivables of Rs. 65.99 crore). SCNL is also the servicer for the transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

Pool performance summary

Parameter	Bougainvillea 2024
Payout month	March 2025
Months post securitisation	3
Series A1 PTC amortisation	0.008%
Cumulative prepayment rate	1.95%
Cumulative collection efficiency	99.38%
Loss-cum-0+ days past due (dpd)	1.42%
Loss-cum-30+ dpd	0.47%
Loss-cum-90+ dpd	0.00%
Cumulative cash collateral (CC) utilisation	0.00%

Transaction structure

As per the transaction structure, the tenure of the pool shall be divided into a replenishment period and an amortisation period.

Replenishment period

The replenishment period will be for 12 months from the transaction commencement date. During this period, the Series A1 PTC investor will receive only the promised interest payout each month. The balance pool collections will be used by the trust to purchase fresh loan receivables from SCNL as per the predefined selection criteria, which would result in the build-up of the pool principal during this period and increase the subordination for the rated instrument. The transaction also entails certain trigger events for early amortisation. A breach of any of these trigger events would lead to the end of the replenishment period and the start of the amortisation period. If a trigger event occurs any time during the replenishment period, then the tenure of the PTCs shall be reduced and be co-terminus with the remaining tenure of the pool of receivables assigned to the trust.

Amortisation period

Following the replenishment period, the residual pool collections, after meeting the promised interest payouts to the PTC investors, shall be used to make the expected principal payouts to them. However, the principal is promised to the investors only on the legal final maturity date of the transaction. The transaction also entails certain trigger events for pool amortisation.

A breach of any of these trigger events would lead to the end of the replenishment period and the start of the amortisation period. If a trigger event occurs any time during the replenishment period, then the tenure of the PTCs shall be reduced and be co-terminus with the remaining tenure of the pool of receivables held by the trust.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 6.00% of the initial pool principal, amounting to Rs. 3.33 crore, provided by the Originator, (ii) principal subordination of 10.00% of the initial pool principal for PTC Series A1 and (iii) the excess interest spread (EIS) in the structure. The initial spread, i.e. the difference between the pool and the PTC interest rate, is 14.2% while the subordination would also increase due to the build-up of the pool principal during the replenishment period.

Key eligibility criteria for the receivables

Eligibility criteria

Facilities constituting the receivables shall be identified on the basis of the criteria specified below:

- The facility is a loan to an individual.
- No facility is classified as a non-performing asset (NPA) for the purposes of the directions and guidelines of the Reserve Bank of India (RBI).
- The pool should comply with the minimum holding period requirements prescribed by the RBI.
- None of the loans in the pool have a residual maturity of less than 365 days.
- No facility is/shall be overdue as on the respective pool cut-off date for the initial pool/additional receivables to be purchased during the replenishment period.
- The underlying obligor for any facility should not have been restructured or rescheduled by any lender or been an NPA with any lender. The underlying obligor should not have had a written-off status with the Originator.
- All facilities have an interest payment frequency of less than or equal to a month.
- All the facilities are fully disbursed by the Originator.
- No security deposits (howsoever described) have been taken as security in relation to the facility.
- Branch concentration is to be capped at 5% while district concentration is capped at 10%.
- No facility shall involve high environment & social (E&S) risk transactions, i.e. projects or long-term corporate financing for activities likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented, and which include, for the avoidance of doubt, activities involving (i) involuntary resettlement; (ii) risk of adverse impacts on indigenous peoples; (iii) major risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage; or (iv) significant occupational health and safety risks (risk of serious injury or fatality to workers).
- No facility shall have a residual tenor of more than 24 months.
- All facilities have been disbursed at a fixed or floating rate of interest by the Eligible Originator and the rate of interest has not been downgraded by the Eligible Originator (nor has the Eligible Originator agreed or committed to any such reduction) and there are no provisions for a downward reset of the interest rate).
- None of the facilities should be a part of the exclusion list
- Criteria based on scrub analysis:
    - No restructured/settled/suit filed/written-off contracts with adverse reporting in the last four years unless the credit bureau score is more than 700
    - Max days past due (dpd) ever with the Originator of not more than 30 days
    - Max dpd ever with any lender should not exceed 90 days
    - No loans with total principal outstanding (POS) of more than Rs. 2 lakh, as reported at the bureau

Additional criteria for the replenished pool

- Weighted average IRR (Internal rate of return) of the replenished pool should not be less than the weighted average IRR of the initial pool and
- Maturity date of the underlying loans of the replenished pool should not be more than the maturity date of the pool
- Branch concentration should not exceed 5%

- District concentration should not exceed 10%
- Single-state concentration should not exceed 40%

Trigger events for early amortisation

- Utilisation of CC to service Series A1 interest
- Rating downgrade of Originator/servicer by two notches from date of transaction
- 30+ portfolio at risk (PAR) on the cumulative pool principal breaches 10% [to be checked on each replenishment period payout date after assuming that the pool collections as per the replenishment waterfall after paying the PTC interest shall be utilised to purchase additional 'nil overdue' contracts and such additional pool principal shall be a part of the denominator while calculating the ratio. Nonetheless, in case the trigger is breached and replenishment is stopped from that month, additional 'nil overdue' contracts shall not be purchased as per the replenishment waterfall during that month]
- Satisfaction of conditions that will activate the turbo amortisation trigger

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 12,859 contracts, with no contract exceeding 0.01% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS will absorb some of the losses in the pool and provide support in meeting the PTC payouts. Basis the utilisation of EIS during the replenishing period to purchase fresh receivables subject to eligibility criteria the subordination for PTCs would increase during the replenishment period.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, the majority of the contracts in the pool (~92%) have never been delinquent, which is a credit positive.

Seasoned contracts in the pool – The pool had amortised by almost 29% as on the cut-off date with no delinquencies seen in any of the contracts, post loan disbursement, thereby reflecting the borrowers' relatively better credit profile.

Track record of SCNL – The Originator, which would also be servicing the loans in the transaction, has an established track record of more than two decades in the lending business with adequate underwriting policies and collection procedures.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Uttar Pradesh, Bihar and West Bengal, contributing 64% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc. Nonetheless, the contracts are well-diversified across multiple districts with the top 10 districts not exceeding 20% of the pool amount, which alleviates the concentration risk to some extent.

Risks associated with lending business – The pool's performance would remain exposed to macroeconomic 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. However, since the pool in the current transaction would be revised during the replenishment period, the characteristics of the pool would

change unlike other PTC transactions where the pool is static. ICRA has used the defined eligibility criteria to arrive at a potential loss for the follow-on pools. The resulting collections from the current pool and follow-on pools, 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 transaction, ICRA has estimated the shortfall in the principal of the pool crystallised at the end of the replenishment period at 4.75% of the initial pool principal at the end of its tenure with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% 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 transaction are as follows:

Transaction name	Bougainvillea 2024
Originator	Satin Creditcare Network Limited
Servicer	Satin Creditcare Network Limited
Trustee	Mitcon Credentia Trusteeship Services Limited
CC holding bank	Unity Small Finance Bank
Collection and payout bank	ICICI Bank Limited

Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~4.75 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Since the principal amortisation would begin on the crystallisation of the final pool, the rating is unlikely to be upgraded until the final pool is crystallised. The rating could be upgraded if healthy collections are observed in the final crystallised pool, leading to the build-up of the credit enhancement cover over the rated PTCs.

Negative factors – The rating could be downgraded on the occurrence of a trigger event, non-adherence to the key transaction terms and deterioration in the performance of the follow-on pools, such that the delinquencies during the amortisation period are higher than expected. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Satin, set up in 1990 to grant individual business loans to urban shopkeepers, started providing group lending services to the rural poor in 2008. It was registered with the Reserve Bank of India (RBI) as a deposit-taking non-banking financial company (NBFC) under the name, Satin Leasing and Finance Company Limited. Following its conversion into a public limited company in 1994, it was renamed Satin Creditcare Network Limited in 2000. It stopped accepting public deposits from November 2004 and the RBI changed its classification to Category B (non-deposit taking) from Category A (deposit taking) in February 2009 and converted it into an NBFC-microfinance institution (NBFC-MFI) in November 2013. The company's microfinance operations are based on the Grameen Bank joint liability group (JLG) model and were spread across 1,421 branches in 27 states/Union Territories on a consolidated basis as on December 31, 2024.

As on December 31, 2024, its consolidated assets under management (AUM) stood at Rs. 12,128 crore.

Key financial indicators (standalone)

Satin Creditcare Network Limited	FY2023	FY2024	9M FY2025
	Audited	Audited	Limited review
Total income	1,762	2,051	1,815
Profit after tax	264	423	176
Total managed assets	10,070	12,934	NA
Gross NPA	3.3%	2.5%	3.9%
CRAR	26.6%	27.7%	27.4%

Source: Company data, ICRA Research; 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 (FY2026)			Chronology of rating history For the past 3 years		
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				April 29, 2025	January 07, 2025	-	-
Bougainvillea 2024	Series A1 PTC	50.00	50.00	**[ICRA]A-(SO)**	**Provisional [ICRA]A-(SO)**	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 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	Current amount rated (Rs. crore)	Current rating
Bougainvillea 2024	Series A1 PTC	December 30, 2024	10.60%	October 24, 2027	50.00	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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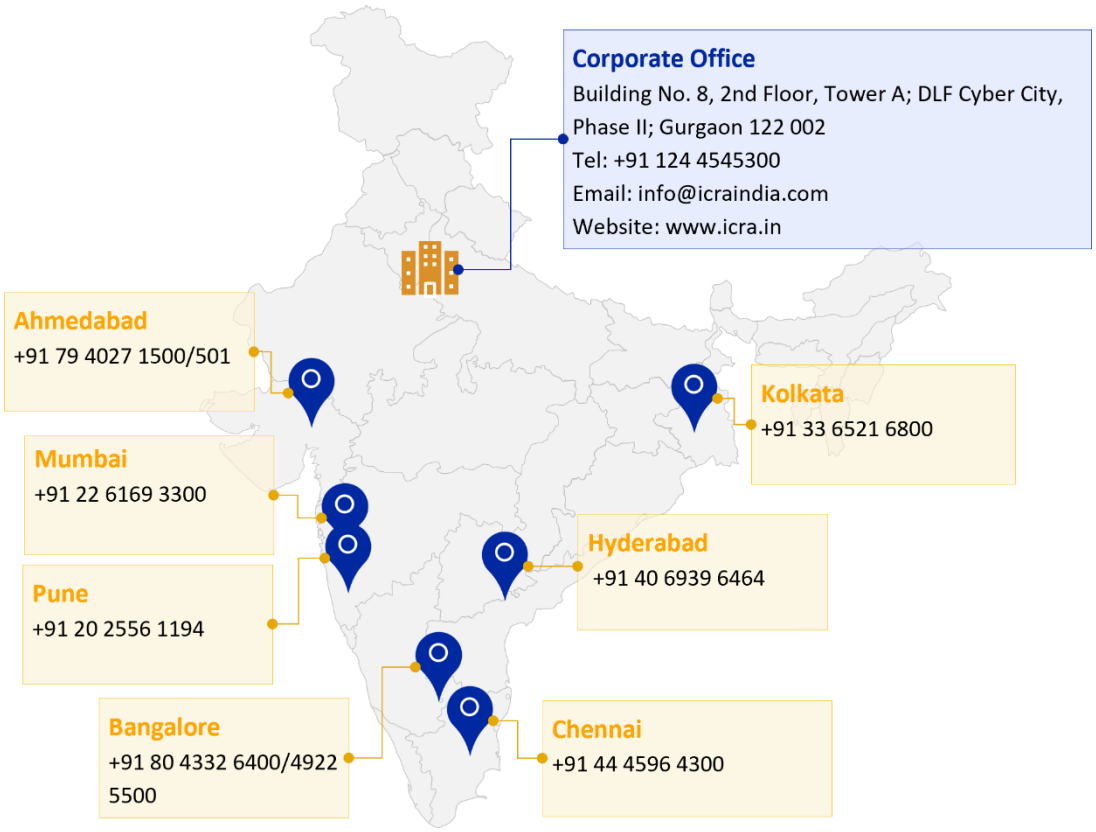

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