

February 15, 2023

Satya MicroCapital Ltd.: Ratings withdrawn for PTCs issued under microfinance loan receivables transactions

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Howard Trust June 2021	PTC Series A1	76.54	7.12	0.00	[ICRA]AA+(SO); Withdrawn
Northern Arc 2021 MFI Wiener	PTC Series A1	19.58	0.77	0.00	[ICRA]AA+(SO); Withdrawn
	PTC Series A2	0.45	0.45	0.00	[ICRA]AA-(SO); Withdrawn

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under microfinance loan securitisation transaction originated by Satya MicroCapital Ltd. (SML; rated [ICRA]BBB(Positive)), as tabulated above. All the payouts to the investors in the above-mentioned instruments 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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 of previous rating exercise is available at the following links:

Howard Trust June 2021: [Click here](#)

Northern Arc 2021 MFI Wiener: [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. (formerly known as TFC Finvest Limited) is a Delhi-based non-banking financial company (NBFC), which was incorporated in 1995. SML started its microfinance operations in November 2016 by adopting the joint liability group (JLG) model with a fortnightly collection cycle. The company primarily offers JLG loans with ticket sizes in the median range of Rs. 25,000 to Rs. 75,000, and individual microloans with ticket sizes in the range of Rs. 45,000-Rs. 80,000 at interest rates of 21-26%, along with a processing fee of 1% for JLG loans and 3% for individual loans. SML focuses primarily on lending to women (husbands/sons above 18 years of age act as co-borrowers) aiming to start a new business or enhance an existing business. The operations are spread geographically with a presence in 251 districts across 21 states/Union Territories as on June 30, 2022.

In FY2022, the company reported a profit after tax (PAT) of Rs. 32.50 crore (Rs. 10.19 crore in FY2021) on assets under management (AUM) of Rs. 2,884 crore (Rs. 1,476 crore as on March 31, 2021).

Key financial indicators

	FY2020	FY2021	FY2022
Total income	208.6	267.2	401.5
Profit after tax	7.4	10.2	32.5
Gross AUM^	1,007.9	1,476.2	2,884.0
Gross NPA	1.6%	1.5%	3.3%
Net NPA	0.6%	0.6%	2.5%

Source: Company, ICRA Research; All values and ratios as per ICRA's calculations

^Gross AUM is as per IGAAP; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No	Trust anme	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years			
		Instru ment name	Initial Amount Rated (Rs. crore)	Amount Outstandin g (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
					Feb 15, 2023	Nov 14, 2022	Nov 02, 2021	July 05, 2021		
1	Howard Trust June 2021	PTC Series A1	76.54	0.00	[ICRA]AA+(SO); Withdrawn	[ICRA]AA+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

Sr. No	Trust anme	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years			
		Instrument name	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
					Feb 15, 2023	Aug 16, 2022	Sep 21, 2021	Jun 28, 2021		
2	Northern Arc 2021 MFI Wiener	PTC Series A1	19.58	0.00	[ICRA]AA+(SO); Withdrawn	[ICRA]AA+(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-
		PTC Series A2	0.45	0.00	[ICRA]AA-(SO); Withdrawn	[ICRA]AA-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Howard Trust June 2021	PTC Series A1	Moderately Complex
Northern Arc 2021 MFI Wiener	PTC Series A1	Moderately Complex
	PTC Series A2	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 and Outlook
Howard Trust June 2021	PTC Series A1	June 2021	11.00%	April 2023	0.00	[ICRA]AA+(SO); Withdrawn
Northern Arc 2021 MFI Wiener	PTC Series A1	June 2021	9.55%	December 2022	0.00	[ICRA]AA+(SO); Withdrawn
	PTC Series A2		14.50%	January 2023	0.00	[ICRA]AA-(SO); Withdrawn

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Gaurav Mashalkar

+91 22 6114 3431

gaurav.mashalkar@icraindia.com

Palak Bhatt

91 22 6114 3456

palak.bhatt@icraindia.com

Tina Parekh

91 22 6114 3455

tina.parekh@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@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



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