

May 14, 2024

SATYA MicroCapital Ltd.: Rating withdrawn for Rs. 25-crore NCD programme

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank facilities (LT – Fund based)	1,700.00	1,700.00	[ICRA]BBB+ (Stable); outstanding
NCD programme	408.54	408.54	[ICRA]BBB+ (Stable); outstanding
NCD programme	25.00	0.00	[ICRA]BBB+ (Stable); withdrawn
Tier II bonds programme	25.00	25.00	[ICRA]BBB+ (Stable); outstanding
Subordinated debt programme	105.00	105.00	[ICRA]BBB+ (Stable); outstanding
Market linked debenture (MLD)	20.00	20.00	PP-MLD [ICRA]BBB+ (Stable); outstanding
Total	2,283.54	2,258.54	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the [ICRA]BBB+ (Stable) rating assigned to SATYA MicroCapital Ltd.'s (SML) Rs. 25.00-crore non-convertible debenture (NCD) programme as no amount is outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The key rating drivers, liquidity position, rating sensitivities, and key financial indicators have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial profile of the company

About the company

SATYA MicroCapital Ltd. is a Delhi-based NBFC-microfinance institution (NBFC-MFI), which was incorporated in 1995. It 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 median 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 0.50-0.75% for JLG loans and 3% for individual loans. SML primarily focuses on lending to women (husbands/sons (above 18 years of age) act as nominees) who aim to initiate a new business or enhance their existing business. As on December 31, 2023, the standalone operations were spread in 329 districts across 25 states/UTs. The company also offers affordable housing finance through its subsidiary – SATYA Micro Housing Finance Private Limited.

SML reported a consolidated profit after tax (PAT) of ~Rs. 90 crore in 9M FY2024 against Rs. 53 crore in FY2023. Its consolidated assets under management (AUM) stood at Rs. 5,498 crore (provisional) as on December 31, 2023, registering an annualised growth of ~23% in 9M FY2024.

Status of non-cooperation with previous CRA: Not applicable

Any other information:

SML faces prepayment risk, given the possibility of debt acceleration upon the breach of covenants, including financial, operating and rating-linked covenants. Upon failure to meet the covenants, if the company is unable to get waivers from the lenders/investors or the lenders/investors do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the ratings would face pressure.

Rating history for past three years

Instrument	Type	Current rating (FY2025)				Chronology of rating history for the past 3 years																					
		Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2023 (Rs. crore)	Date & rating in FY2025		Date & rating in FY2024					Date & rating in FY2023					Date & rating in FY2022											
				May-14-2024	Apr-2-2024	Feb-21-2024	Feb-16-2024	Dec-14-2023	Nov-9-2023	May-25-2023	Feb-3-2023	Nov-2-2022	Jul-14-2022	May-17-2022	Apr-19-2022	Mar-28-2022	Mar-24-2022	Mar-7-2022	Jan-25-2022	Dec-09-2021	Nov-22-2021	Oct-20-2021	Jun-18-2021	Jun-11-2021	Apr-22-2021		
1	NCD programme	40	40	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB (Positive)	[ICRA] BBB (Positive)	[ICRA] BBB (Positive)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
2	CP programme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA] A3+; withdrawn	[ICRA] A3+	[ICRA] A3+	[ICRA] A3+	-	-
3	NCD programme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Term loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	NCD programme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA] BBB (Stable); withdrawn	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	-	-
6	NCD programme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA] BBB (Stable); withdrawn	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	-	-
7	Bank facilities term loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)				
8	Bank facilities CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)				
9	Bank facilities others	1,700	1,671.23	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB+ (Stable)	[ICRA] BBB (Positive)	[ICRA] BBB (Positive)	[ICRA] BBB (Positive)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Bank facilities (LT-fund based)	Simple
NCD programme	Simple
Tier II bonds programme	Simple
Subordinated debt programme	Very Simple
LT-market linked debt	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

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE982X07135	MLD programme	Jun-14-2021	SENSEX Linked	Sep-30-2024	20.00	PP-MLD[ICRA]BBB+ (Stable)
INE982X07150	NCD programme	Jun-30-2021	11.6778%	Jun-30-2027	22.10	[ICRA]BBB+ (Stable)
INE982X07168	NCD programme	Jul-02-2021	11.7229%	Jul-02-2027	16.10	[ICRA]BBB+ (Stable)
INE982X07143	NCD programme	Jul-05-2021	11.7229%	May-05-2026	16.10	[ICRA]BBB+ (Stable)
INE982X07218	NCD programme	Jan-14-2022	11.76%	Jan-14-2026	42.00	[ICRA]BBB+ (Stable)
INE982X07267	NCD programme	Sep-11-2018	12.70%	Dec-31-2026	40.00	[ICRA]BBB+ (Stable)
INE982X07424	NCD programme	Feb-28-2024	12.00%	Feb-28-2026	50.00	[ICRA]BBB+ (Stable)
INE982X08018	Sub-debt programme	Mar-29-2019	15.75%	May-30-2025	20.00	[ICRA]BBB+ (Stable)
INE982X08059	Sub-debt programme	Oct-22-2021	14.75%	May-21-2027	30.00	[ICRA]BBB+ (Stable)
INE982X08067	Sub-debt programme	Mar-14-2022	15.15%	Mar-15-2027	30.00	[ICRA]BBB+ (Stable)
INE982X08083	Sub-debt programme	Jun-27-2023	15.25%	Jul-03-2028	25.00	[ICRA]BBB+ (Stable)
INE982X08034	Tier II bonds programme	Jul-08-2019	14.27%	Jul-08-2026	10.00	[ICRA]BBB+ (Stable)
INE982X08042	Tier II bonds programme	Aug-01-2019	14.27%	Jul-08-2026	15.00	[ICRA]BBB+ (Stable)
INE982X07184	NCD programme	Aug-23-2019	12.65%	Nov-22-2027	28.50	[ICRA]BBB+ (Stable)
INE982X07093	NCD programme	Jul-24-2020	11.723%	Jul-24-2024	34.50	[ICRA]BBB+ (Stable)
INE982X07234	NCD programme	Mar-30-2022	11.7702%	Mar-30-2026	45.00	[ICRA]BBB+ (Stable)
INE982X07119	NCD programme	Dec-18-2020	13.75%	Dec-18-2023	25.00	[ICRA]BBB+ (Stable); withdrawn
INE982X07283	NCD programme	May-31-2022	11.7702%	May-31-2026	37.50	[ICRA]BBB+ (Stable)
INE982X07226	NCD programme	Mar-30-2022	11.76%	Dec-30-2024	26.00	[ICRA]BBB+ (Stable)
INE982X07416	NCD programme	Feb-02-2024	12.50%	Feb-02-2026	25.00	[ICRA]BBB+ (Stable)
Not issued	NCD programme	NA	NA	NA	0.74	[ICRA]BBB+ (Stable)
Yet to be issued	NCD programme	NA	NA	NA	25.00	[ICRA]BBB+ (Stable)
Not applicable	Bank facilities	Sep 2021 to Dec 2023	9.25% to 15.25%	24 to 84 months	1,700.00	[ICRA]BBB+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	SML Ownership	Consolidation Approach
SATYA Micro Housing Finance Private Limited	97.15%	Full Consolidation

Source: SML

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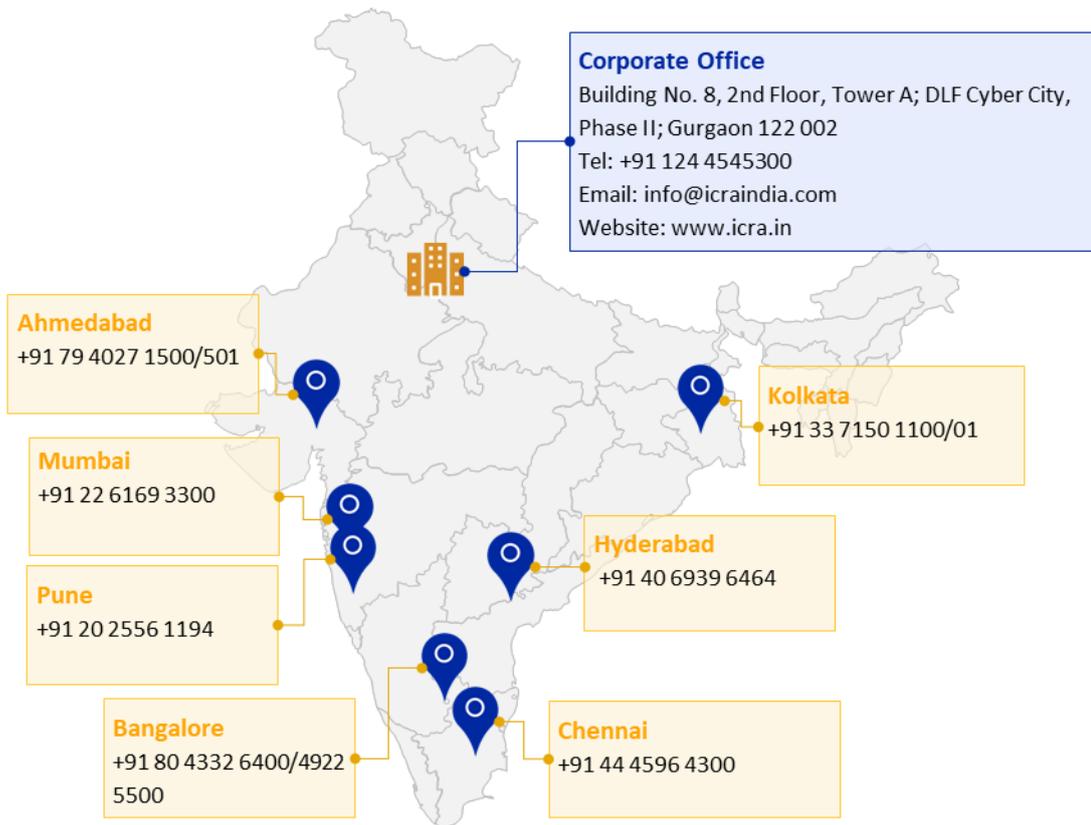
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