August 06, 2025

# Satya MicroCapital Ltd.: Ratings confirmed as final for PTCs backed by a pool of microfinance receivables issued by Harbor 2025

## Summary of rating action

| Trust Name | Instrument* | Current Rated Amount (Rs. crore) | Rating Action |
|---|---|---|---|
| **Harbor 2025** | PTC Series A1a | 30.06 | [ICRA]AA(SO); provisional rating confirmed as final |
| | PTC Series A1b | 39.05 | ICRA]A-(SO); provisional rating confirmed as final |
| | PTC Series A2 | 3.84 | ICRA]BBB+(SO); provisional rating confirmed as final |

**Instrument details are provided in Annexure I*

## Rationale

In July 2025, ICRA had assigned Provisional [ICRA]AA(SO) rating to Pass Through Certificate (PTC) Series A1a, Provisional [ICRA]A-(SO) rating to PTC Series A1b, and Provisional [ICRA]BBB+(SO) rating to PTC Series A2 issued by Harbor 2025. The PTCs are backed by a pool of microfinance loan receivables originated by Satya MicroCapital Ltd. (Satya/Originator; rated [ICRA]BBB+(Stable)) with an aggregate principal outstanding of Rs. 76.79 crore (pool receivables of Rs. 93.82 crore). Satya is 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 ratings have now been confirmed as final.

## Pool performance summary

| Parameter | Harbor 2025 |
|---|---|
| **Payout month** | July 2025 |
| **Months post securitisation** | 1 |
| **Pool amortisation** | 5.27% |
| **PTC Series A1a amortisation** | 16.40% |
| **PTC Series A1b amortisation** | 0.00% |
| **PTC Series A2 amortisation** | 0.00% |
| **Cumulative prepayment rate** | 0.66% |
| **Cumulative collection efficiency** | 95.46% |
| **Loss cum 0+ dpd** | 4.88% |
| **Loss cum 30+ dpd** | 0.00% |
| **Loss cum 90+ dpd** | 0.00% |
| **Cumulative cash collateral utilisation** | 0.00% |

## Transaction structure

As per the transaction structure, both PTC Series A1a and PTC Series A1b investors will receive the promised interest payouts each month on pari-passu basis. All the principal collections including prepayments would be passed on to PTC Series A1a on an expected basis till the ‘attachment month’. The ‘attachment month’ is defined as the month till which the pool principal billing would be 1.6 times the PTC Series A1a principal. Post the attachment month, all principal collections including prepayments would be passed on to both series of PTC Series A1 on a pari-passu basis. The principal is promised to the investors for both series of PTC Series A1 on the legal final maturity date of the transaction. PTC Series A2 is subordinated to both PTC Series A1a and PTC Series A1b and promised both interest and principal on the legal final maturity date of the transaction.

The credit enhancement for PTC Series A1a is available in the form of pool principal cover of 1.6 times over the PTC Series A1a principal and pool cashflow cover of ~2.0 times over the PTC Series A1a cashflows till the attachment month. For PTC Series A1b the credit enhancement is available in the form of subordination of 10.00% of the initial pool principal and for PTC Series A2 there is subordination to the extent of 5.00% of pool principal. In addition, there is excess interest spread (EIS) of 15.75% for both PTC Series A1a and PTC Series A1b and EIS of 14.92% for PTC Series A2. Further credit enhancement is available in the structure in the form of a CC of 6.00% of the initial pool principal to be provided by the Originator (Satya). The CC will be used to meet shortfalls in promised payouts to PTC investors.

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement –** The pool is granular, consisting of 17,944 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 would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**No overdue contracts in the pool-** The pool has been filtered in such a manner that there are no overdue contracts as on pool cut-off date.

**Seasoned contracts in the pool** – The pool has amortised by almost 27% 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.

**Adequate servicing capability of the originator –** The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of over 7 years of regular collections and recovery across a wide geography.

### Credit challenges

**High geographical concentration –** The pool has high geographical concentration with the top 3 states, viz. Uttar Pradesh, Bihar and Rajasthan contributing ~69% to the initial pool principal. 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 constituting around 20% of the initial pool amount, which alleviates the concentration risk to some extent.

**Risks associated with lending business –** The pool 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.

**Increasing delinquencies in microfinance sector** – The microfinance sector has seen a decline in collections and consequently rise in delinquencies since the previous fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in collection teams. Any sustained impact of these factors on the collections from the pool would be monitorable

## 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.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 4.5% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3% 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 | Harbor 2025 |
|---|---|
| **Originator** | Satya MicroCapital Ltd. |
| **Servicer** | Satya MicroCapital Ltd. |
| **Trustee** | Mitcon Credentia Trusteeship Services Limited |
| **CC holding Bank** | Federal Bank |
| **Collection and payout account Bank** | Federal Bank |

## Liquidity position

**Liquidity position: Superior for PTC Series A1a and PTC Series A1b**

The liquidity is superior for PTC Series A1a after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is more than 9 times and 6.25 times the estimated loss in the pool for Series A1a and Series A1b respectively.

**Liquidity position: Strong for PTC Series A2**

The liquidity is strong for PTC Series A2 after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is 5 times the estimated loss in the pool for Series A2

## Rating sensitivities

**Positive factors –** The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a ratings upgrade.

**Negative factors –** The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a ratings downgrade. Weakening in the credit profile of the servicer (Satya) could also exert pressure on the ratings.

## 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** | Rating Methodology for Securitisation Transactions |
| **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, 2025, the operations were spread geographically in 363 districts across 26 states/UTs.

### Key Financial Indicators

| SATYA MicroCapital Ltd. (standalone) | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| **Total income** | 735 | 1,271 | 1,301 |
| **PAT** | 53 | 131 | 25 |
| **Total managed assets** | 5,708 | 7,339 | 6,719 |
| **Gross NPA** | 1.3% | 2.2% | 1.2% |
| **CRAR** | 19.2% | 22.2% | 22.7% |

*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

<table>
<tr><th rowspan="3">Sr. No.</th><th rowspan="3">Trust Name</th><th colspan="4">Current Rating (FY2026)</th><th colspan="3">Chronology of Rating History for the Past 3 Years</th></tr>
<tr><th rowspan="2">Instrument</th><th rowspan="2">Amount Rated (Rs. crore)</th><th colspan="2">Date & Rating in FY2026</th><th>Date & Rating in FY2025</th><th>Date & Rating in FY2024</th><th>Date & Rating in FY2023</th></tr>
<tr><th>August 06, 2025</th><th>July 04, 2025</th><th>-</th><th>-</th><th>-</th></tr>
<tr><td rowspan="3">1</td><td rowspan="3">Harbor 2025</td><td>PTC Series A1a</td><td>30.06</td><td>[ICRA]AA(SO)</td><td>Provisional [ICRA]AA(SO)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>PTC Series A1b</td><td>39.05</td><td>[ICRA]A-(SO)</td><td>Provisional [ICRA]A-(SO)</td><td></td><td></td><td></td></tr>
<tr><td>PTC Series A2</td><td>3.84</td><td>[ICRA]BBB+(SO)</td><td>Provisional [ICRA]BBB+(SO)</td><td></td><td></td><td></td></tr>
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## Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|---|---|
| **PTC Series A1a** | Moderately Complex |
| **PTC Series A1b** | 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 are available on ICRA's website: Click Here

## Annexure I: Instrument details

| ISIN | Trust Name | Instrument | Date of Issuance / Sanction | Coupon Rate (p.a.p.m.) | Maturity Date | Amount Rated (Rs. crore) | Current Rating |
|---|---|---|---|---|---|---|---|
| **NA** | Harbor 2025 | PTC Series A1a | June 30, 2025 | 9.20% | September 24, 2027 | 30.06 | [ICRA]AA(SO) |
| **NA** | | PTC Series A1b | June 30, 2025 | 10.55% | September 24, 2027 | 39.05 | [ICRA]A-(SO) |
| **NA** | | PTC Series A2 | June 30, 2025 | 12.00% | September 25, 2027 | 3.84 | [ICRA]BBB+(SO) |

*Source: Company*

## Annexure II: List of entities considered for consolidated analysis

Not Applicable

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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