

September 24, 2025

## Satya MicroCapital Ltd.: Rating placed on Watch with Negative Implications for PTCs issued under microfinance loan receivables 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
Harbor 2025	PTC Series A1a	30.06	NA	19.95	[ICRA]AA(SO); Placed on Rating Watch with Negative Implications
	PTC Series A1b	39.05	NA	39.05	ICRA]A-(SO); Placed on Rating Watch with Negative Implications
	PTC Series A2	3.84	NA	3.84	ICRA]BBB+(SO); Placed on Rating Watch with Negative Implications

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Satya MicroCapital Ltd. (Satya/Originator; rated [ICRA]BBB(Negative)). Satya is the servicer for the transaction.

The ratings have been placed on Rating Watch with Negative Implications on account of the weaker-than-expected performance of the pool with the monthly collection efficiency at 95% in the August 2025 payout month along with deterioration in credit quality of servicer. The dip in collections has resulted in increase in delinquencies with the loss cum 30+ days past due (dpd) increasing to 2.4% after the August 2025 payout. ICRA will continue to monitor the performance of the pool, and the ratings watch will be resolved on basis of future collection efficiency and delinquency movements along with factoring in the credit quality of servicer.

### Pool performance summary

Parameter	Harbor 2025 <sup>1</sup>
Payout month	August 2025
Months post securitisation	2
Pool amortisation	11.5%
PTC Series A1a amortisation	33.6%
PTC Series A1b amortisation	0.0%
PTC Series A2 amortisation	0.0%
Cumulative prepayment rate	1.2%
Cumulative collection efficiency	95.3%
Loss-cum-30+ days past due (dpd <sup>2</sup> ; % of initial pool)	2.4%
Loss-cum-90+ dpd <sup>3</sup> (% of initial pool)	0.0%
Cumulative cash collateral utilisation	0.0%
Breakeven collection efficiency <sup>4</sup>	
PTC Series A1a	43.0%
PTC Series A1b	71.0%
PTC Series A2	76.4%
CC available (as % of balance pool principal)	6.9%
Principal subordination (% of balance pool)	
PTC Series A1a	34.6%
PTC Series A1b	13.2%
PTC Series A2	7.6%

<sup>1</sup> BECC, principal subordination and EIS figures are considering pool cashflows till attachment month for PTC Series A1a

<sup>2</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal

<sup>3</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal

<sup>4</sup> (Balance cash flows payable to PTC investor – CC available)/Balance pool cash flows

Excess interest spread (EIS <sup>5</sup> ; % of balance pool)	
PTC Series A1a	11.5%
PTC Series A1b	14.9%
PTC Series A2	14.1%

## 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.

## Key rating drivers and their description

### Credit strengths

**Build-up of credit enhancement available in the structure** – The pool has amortised by 11.5% after the August 2025 payout. This has led to an increase in the credit enhancement cover available for the balance payouts to the PTC investors with the cash collateral (CC) increasing to 6.9% of the balance pool principal from 6.0% at the time of securitisation. Internal credit support is also available through principal subordination along with EIS. There has been no CC utilisation in the pool in any of the months post securitisation.

**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

**Decline in collection efficiency** – The pool has witnessed lower monthly collections. The monthly collection efficiency continues to be moderate at 95% in the August 2025 payout month. The pool has exhibited increase in delinquencies with loss-cum-30+ dpd at 2.4% after the August 2025 payout month. The collections from the delinquent contracts have been low which is expected given the unsecured nature of the loans in the pools. Nonetheless, while the monthly collection efficiency has been low, it is still higher than the break-even collection efficiency for the PTCs which is a comfort.

**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.

<sup>5</sup> (Pool cash flows – Cash flows to PTC – Originator's residual share)/Pool principal outstanding

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 8.0% of the initial 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: Strong for PTC Series A1a and PTC Series A1b

The liquidity is strong for PTC Series A1a and PTC Series A1b after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is 5.5 times and 3.5 times the estimated loss in the pool for PTC Series A1a and PTC Series A1b respectively.

### Liquidity position: Adequate for PTC Series A2

The liquidity is adequate for PTC Series A2 after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is 2.75 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – The rating for PTC Series A1a is unlikely to be upgraded given the lower expected balance tenure of PTCs. The rating for PTC Series A1b and PTC Series A2 could be upgraded if the pool witnesses a significant rise in the collection efficiency, leading to a material improvement in the delinquency levels.

**Negative factors** – The ratings could be downgraded if the collection efficiency remains weak such that the delinquency levels increase further from the current levels. 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 performance of the pool till August 2025 (payout month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the Originator

SATYA MicroCapital(SML) Ltd. is a Delhi-based non-banking financial company-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. SML primarily focusses 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 June 30, 2025, its standalone operations were spread in 357 districts across 26 states/UTs. The company also offers affordable housing finance through its subsidiary –SATYA Micro Housing Finance Private Limited. SML reported a consolidated net loss of ~Rs. 249 crore in Q1 FY2026 compared to a net loss of Rs. 51 crore in FY2025. Its consolidated assets under management (AUM) stood at Rs. 4,743 crore as on June 30, 2025, registering a decline of ~5% in Q1 FY2026.

## Key Financial Indicators

SATYA MicroCapital Ltd.	FY2024	FY2025	Q1FY2026
Total income	1,271	1,312	224
PAT	131	25	(248)
Total managed assets	7,339	6,775	6,183
Gross NPA	2.2%	1.2%	4.8%
CRAR	22.2%	22.7%	15.2%

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

Sr. No.	Trust Name	Current Rating (FY2026)						Chronology of rating history for the past 3 years		
		Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & Rating in FY2026			Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					September 24, 2025	August 06, 2025	July 04, 2025			
1	Harbor 2025	PTC Series A1a	30.06	19.95	[ICRA]AA(SO); Rating Watch with Negative Implications	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-	-
		PTC Series A1b	39.05	39.05	[ICRA]A-(SO); Rating Watch with Negative Implications	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	-
		PTC Series A2	3.84	3.84	[ICRA]BBB+(SO); Rating Watch with Negative Implications	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-	-

## 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

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Harbor 2025	PTC Series A1a	June 30, 2025	9.20%	September 24, 2027	19.95	[ICRA]AA(SO); Rating Watch with Negative Implications
	PTC Series A1b	June 30, 2025	10.55%	September 24, 2027	39.05	[ICRA]A-(SO); Rating Watch with Negative Implications
	PTC Series A2	June 30, 2025	12.00%	September 25, 2027	3.84	[ICRA]BBB+(SO); Rating Watch with Negative Implications

Source: Company

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

Not Applicable

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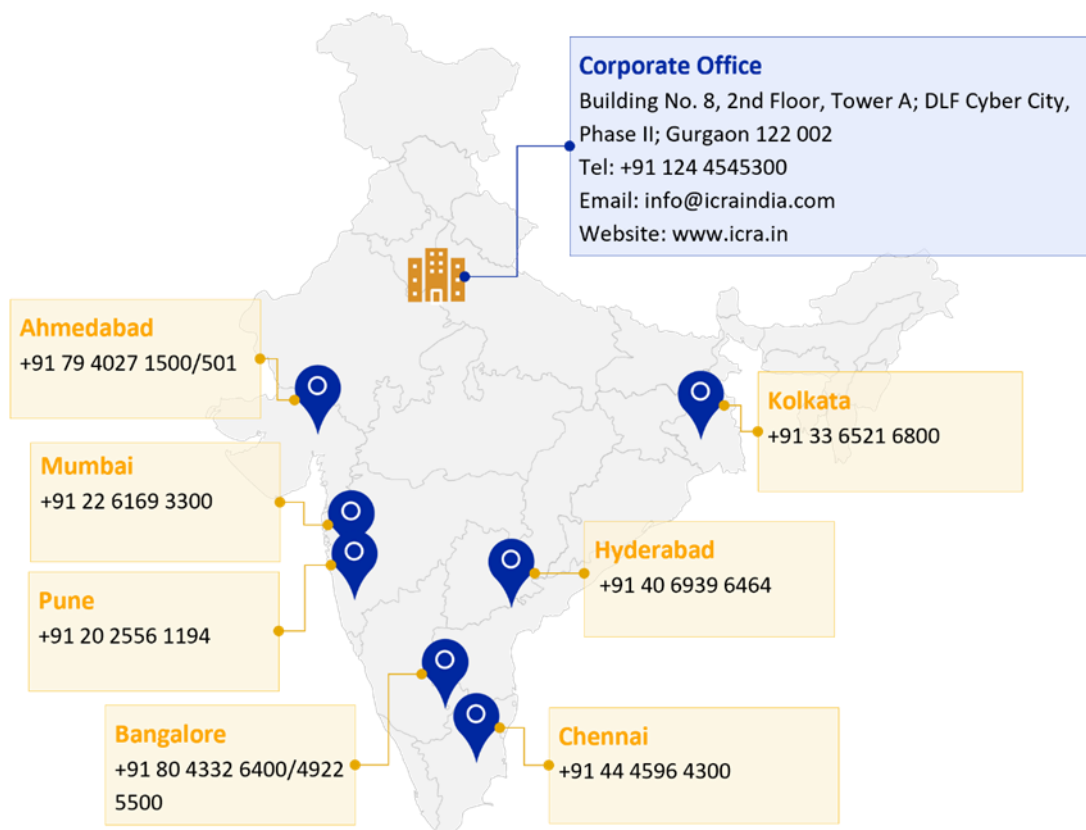


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