

November 21, 2025

Satya MicroCapital Ltd.: Ratings downgraded and continue to remain on watch with negative implications for PTCs issued under microfinance and unsecured SME 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
Vanguard 2025	PTC Series A1a	56.94	17.21	0.78	[ICRA]AA(SO); continues to remain on rating watch with negative implications
	PTC Series A1b	56.94	56.94	56.94	[ICRA]BBB+(SO); downgraded from [ICRA]A-(SO) and continues to remain on Rating Watch with Negative Implications
	PTC Series A2	6.33	6.33	6.33	[ICRA]BBB(SO); downgraded from [ICRA]BBB+(SO) and continues to remain 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 and unsecured SME business loan receivables originated by Satya MicroCapital Ltd. (SML/Originator; rated [ICRA]BB+(rating watch with negative implications)). SML is the servicer for the transaction.

The rating actions follow the deterioration in credit profile of servicer along with weaker performance of the pool. This has led to an increase in delinquencies with the loss cum 30+ days past due (dpd) increasing to 12.3% after the October 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 profile of servicer.

Pool performance summary

Parameter	Vanguard 2025 ¹
Payout month	October 2025
Months post securitisation	6
Pool amortisation	41.6%
PTC Series A1a amortisation	98.6%
PTC Series A1b amortisation	0.0%
PTC Series A2 amortisation	0.0%
Cumulative prepayment rate	5.5%
Cumulative collection efficiency	90.2%
Loss-cum-30+ days past due (dpd ² ; % of initial pool)	12.3%
Loss-cum-90+ dpd ³ (% of initial pool)	8.5%
Cumulative cash collateral utilisation	0.0%
Breakeven collection efficiency (BECC) ⁴	
PTC Series A1a	Nil
PTC Series A1b	62.0%
PTC Series A2	70.2%
Cash Collateral (CC) available (as % of balance pool principal)	10.3%

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

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

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

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

Principal subordination (% of balance pool)	
PTC Series A1a	62.5%
PTC Series A1b	21.9%
PTC Series A2	13.4%
Excess interest spread (EIS⁵; % of balance pool)	
PTC Series A1a	8.5%
PTC Series A1b	11.2%
PTC Series A2	10.4%

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 PTCs in the ratio of 50:50. The principal is promised to the investors for both series of PTCs (PTC Series A1a and PTC Series A1b) 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. CC would be used to meet the promised PTC payouts and on the expected maturity date of PTC Series A1a, if so required, the amount to the extent of 50% of CC available, will be utilized to pay the principal outstanding on PTC Series A1a.

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement available in the structure – The pool has amortised by 41.6% after the October 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 10.3% 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. Post October 2025, the available CC fully covers the PTC Series A1a payouts.

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

Credit challenges

Decline in collection efficiency – The pool has witnessed lower collections with monthly collection efficiency continuing to be below 91% post June 2025 payout. This has led to an increase in delinquencies with loss-cum-90+ dpd at 8.5% after the October 2025 payout month which is higher than ICRA's base expectation. The collections from the delinquent contracts have been low which is expected given the unsecured nature of the loans in the pools. Nonetheless, there has been some improvement in collections in October 2025 payout and monthly collections continue to be higher than breakeven collection efficiency.

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

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

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 8.5% 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	Vanguard 2025
Originator	Satya MicroCapital Ltd.
Servicer	Satya MicroCapital Ltd.
Trustee	Mitcon Credentia Trusteeship Services Limited
CC holding Bank	ICICI Bank
Collection and payout account Bank	ICICI Bank

Liquidity position

Liquidity position: Superior for PTC Series A1a

The liquidity is superior for PTC Series A1a as CC fully covers future PTC payouts

Liquidity position: Adequate for PTC Series A1b and for PTC Series A2

The liquidity is adequate for PTC Series A1b and 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 and 2.25 times the estimated loss in the pool for PTC Series A1b and PTC Series A2 respectively.

Rating sensitivities

Positive factors – The rating for PTC Series A1a is unlikely to be revised given that CC covers future PTC payouts. 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 along with an improvement in credit profile of servicer.

Negative factors – The rating for PTC Series A1a is unlikely to be revised given that CC covers future PTC payouts. The rating for PTC Series A1b and PTC Series A2 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 (SML) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till October 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	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the Originator

SATYA MicroCapital Ltd. (SML) 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 September 30, 2025, its standalone operations were spread across 26 states/UTs. The company also offers affordable housing finance through its subsidiary –SATYA Micro Housing Finance Private Limited. Its consolidated assets under management (AUM) stood at Rs. 4,185crore as on September30, 2025, registering an annualized decline of ~26% in H1FY2026

Key Financial Indicators

SATYA MicroCapital Ltd.	FY2024	FY2025	H1FY2026*
Total income	1,271	1,312	433
PAT	131	25	(447)
Total managed assets	7,339	6,775	5,435
Gross NPA	2.2%	1.2%	12.5%
CRAR	22.2%	22.7%	11.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore * As per limited review

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
					November 21, 2025	September 24, 2025	May 19, 2025	April 04, 2025			
1	Vanguard 2025	PTC Series A1a	56.94	0.78	[ICRA]AA(SO); Rating Watch with Negative Implications	[ICRA]AA(SO); Rating Watch with Negative Implications	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-	-
		PTC Series A1b	56.94	56.94	[ICRA]BBB+(SO); Rating Watch with Negative Implications	[ICRA]A-(SO); Rating Watch with Negative Implications	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	-

		PTC Series A2	6.33	6.33	[ICRA]BBB(SO); Rating Watch with Negative Implications	[ICRA]BBB+(SO); Rating Watch with Negative Implications	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-	-
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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

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Vanguard 2025	PTC Series A1a	March 28, 2025	9.40%	July 17, 2027	0.78	[ICRA]AA(SO); Rating Watch with Negative Implications
	PTC Series A1b	March 28, 2025	10.55%	July 17, 2027	56.94	[ICRA]BBB+(SO); Rating Watch with Negative Implications
	PTC Series A2	March 28, 2025	12.00%	July 18, 2027	6.33	[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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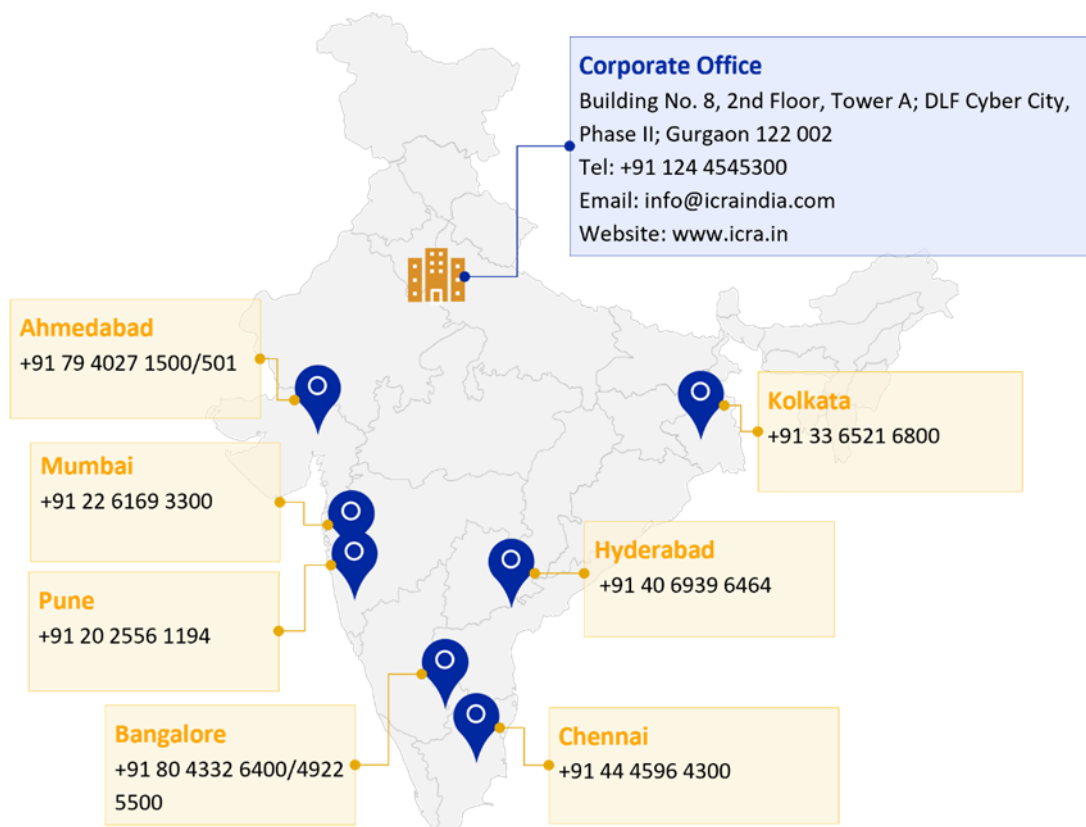


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