December 10, 2025

Svasti Microfinance Private Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Rural Growth Trust 2025

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Rural Growth Trust 2025	Series A1 PTCs	22.64	22.64	[ICRA]A-(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I*

Rationale

ICRA had assigned a provisional rating to Series A1 PTCs issued by Rural Growth Trust 2025 under a securitisation transaction originated by Svasti Microfinance Private Limited (Svasti/Originator). The PTCs are backed by a pool of microfinance loan receivables originated by Svasti with an aggregate principal outstanding of Rs. 25.72 crore (pool receivables of Rs. 31.52 crore). Svasti is also the servicer for the rated 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 rating has now been confirmed as final.

Pool performance summary:

Parameter	Rural Growth Trust 2025
Payout Month	November 2025
Months post securitisation	2
Pool amortisation	9.3%
Series A1 PTCs Amortisation	10.5%
Cumulative collection efficiency[1]	99.9%
Monthly collection efficiency	99.7%
Cumulative Prepayment rate	0.0%
Loss-cum-0+ dpd[2]	0.4%
Loss-cum-30+ dpd[3]	0.0%
Loss-cum-90+ dpd[4]	0.0%
Cumulative cash collateral utilisation (CC)	0.0%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the redemption of the Series A1 PTCs principal.

However, on the occurrence of predefined trigger events, the entire residual excess interest spread (EIS) every month shall be utilised for accelerating the principal payment due to Series A1 PTCs. The event would be triggered on the breach of any of the following conditions: (i) the rating of the Series A1 PTCs is downgraded below A-(SO); (ii) the credit rating of the Originator is

[1] Cumulative collections (incl. advances)/ (Cumulative billings + Opening overdue at the time of securitisation)
[2] Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation
[3] Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation
[4] Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

downgraded below the current rating by any Securities and Exchange Board of India (SEBI) accredited credit rating agency; (iii) the current collection efficiency for any collection period falls below 95%; (iv) the portfolio at risk>30 (PAR>30) in the pool exceeds 5.00% of the initial pool principal; (v) the PAR>90 in the pool exceeds 3.00% of the initial pool principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 9.00% of the initial pool principal, amounting to Rs. 2.32 crore, provided by the Originator, (ii) subordination of 12.00% (comprising of over-collateralisation (OC)) of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 14.91%[5] of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 5,150 contracts, with the top 10 obligors forming less than 1.0% 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 of the losses in the pool and provide support in meeting the PTC payouts.

Seasoned contracts in the pool – The pool had amortised by ~18% as on the cut-off date with no delinquencies observed in any of the contracts after loan disbursement. This reflects the relatively better credit profile of the borrowers.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have ever been delinquent, which is a credit positive.

Adequate servicing capability of Svasti – The originator has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated a considerable track record of over a decade of regular collections across geographies and multiple economic cycles.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Tamil Nadu and Madhya Pradesh, contributing ~91% to the initial pool principal amount. The concentration remains high even at the district level with the top 5 districts accounting for ~72% of the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Increasing delinquencies in microfinance sector – The microfinance sector witnessed a decline in collections and a consequent rise in delinquencies in the previous fiscal on account of multiple factors like heatwaves, general elections, borrower overleveraging and attrition in the collection teams. The sustained impact, if any, of these factors on the collections from the pool would be a key monitorable.

Risks associated with lending business – The pool's performance would remain exposed to macroeconomic 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.

[5] *The EIS has slightly increased (from 14.88% to 14.91%) on account of change in settlement date*

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 5.25% 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 mentioned below:

Transaction Name	Rural Growth Trust 2025
Originator	Svasti Microfinance Private Limited
Servicer	Svasti Microfinance Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	IDFC First Bank Limited
Collection and payout account Bank	IDFC First Bank Limited

Liquidity position: Strong

The liquidity for Series A1 PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.75 times the estimated loss in the pool.

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 rating 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 rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

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	Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

The company, which was incorporated in October 2008 as Svasti Foundation, was renamed Svasti Microfinance Private Limited in October 2010. The company is registered with the Reserve Bank of India as a non-deposit taking, non-banking financial company – microfinance institution (ND-NBFC-MFI). Svasti provides microcredit to women for income-generating activities under the joint liability group (JLG) lending model and it also extends loan against property (LAP). Along with microcredit, it offers individual loans for business activities and insurance products to the existing members of the JLG. The share of JLG loans is 91% and remaining 9% is for LAP as of September 2025.

As on September 30, 2025, the company reported assets under management (AUM) of Rs. 750 crore with a presence in 8 states and 100 districts, catering to 3.1 lakh borrowers through a network of 150 branches.

Key financial indicators

Svasti	FY2024	FY2025	Q1FY2026*
Total income	285.6	256.1	48.7
Profit after tax	37.5	(21.5)	0.1
Total managed assets	1,518.6	1,101.6	974.9
Gross stage 3	1.6%	8.6%	11.3%
CRAR	22.3%	23.5%	25.0%

*Source: Company, ICRA Research; Amount in Rs. crore; *Provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

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
				December 10, 2025	September 15, 2025	-	-	-
Rural Growth Trust 2025	Series A1 PTCs	22.64	22.64	**[ICRA]A-(SO)**	**Provisional [ICRA]A-(SO)**	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTCs	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	Current rated amount (Rs. crore)	Current rating
Rural Growth Trust 2025	Series A1 PTCs	September 12, 2025	11.20%	May 13, 2027	22.64	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 34670
sachin.joglekar@icraindia.com

Anubhav Agrawal
+91 22 6114 3439
anubhav.agrawal@icraindia.com

Shruti Jain
+91 22 6114 3414
shruti.jain2@icraindia.com

Vishal Oza
+91 22 61143472
vishal.oza2@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6169 3304
shivakumar@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

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.

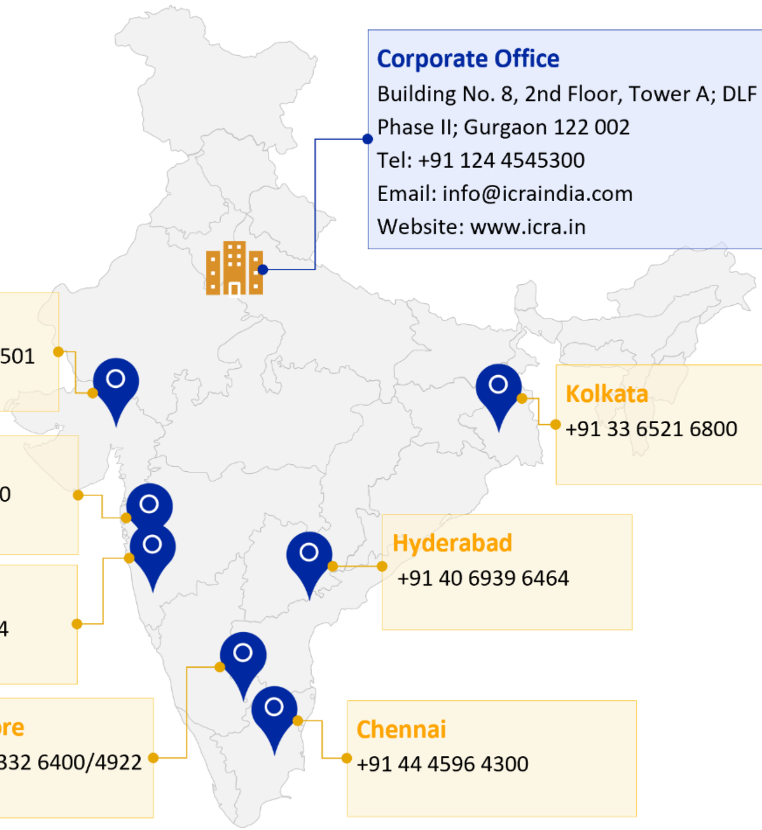
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Ahmedabad
+91 79 4027 1500/501

Mumbai
+91 22 6169 3300

Pune
+91 20 2556 1194

Bangalore
+91 80 4332 6400/4922 5500

Kolkata
+91 33 6521 6800

Hyderabad
+91 40 6939 6464

Chennai
+91 44 4596 4300