

February 02, 2026

Svatantra Microfin Private Limited: Provisional [ICRA]AA+(SO) assigned to PTC Series A1 issued by Sarvaatmah, backed by a pool of microfinance loan receivables

Summary of rating action

Trust name	Instrument*	Rated amount (Rs. crore)	Rating action
Sarvaatmah	PTC Series A1	144.07	Provisional [ICRA]AA+(SO); assigned

*Instrument details are provided in Annexure I

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful
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Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Svatantra Microfin Private Limited (SMPL) with an aggregate principal outstanding of Rs. 165.60 crore (pool receivables of Rs. 194.15 crore). SMPL would be acting as the servicer for the transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

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. The residual cash flows from the pool, 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 prepayment of the PTC Series A1 principal. The transaction has certain predefined trigger events on the occurrence of which the residual cash flows would be passed on to PTC Series A1 investors.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 7.00% of the initial pool principal, amounting to Rs. 11.59 crore, to be provided by the Originator, (ii) principal subordination of 13.00% of the initial pool principal for PTC Series A1 and (iii) the excess interest spread (EIS) of 13.48% of the initial pool principal for PTC Series A1.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 42,203 contracts with no obligor 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.

Seasoned contracts in the pool – The pool had amortised by around 30% as on the cut-off date with no delinquencies seen in any of the contracts, post loan disbursement, reflecting the borrowers' relatively better credit profile.

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

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Bihar, West Bengal and Maharashtra contributing ~53% to 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. Nonetheless, the contracts are well-diversified across multiple districts with the top 10 districts constituting ~21% 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 a consequent rise in delinquencies since the previous fiscal on account of multiple factors like heatwaves, general elections, borrower overleveraging and attrition in collection teams. The sustained impact, if any, 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 4.00% 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.

Liquidity position: Superior

The liquidity for PTC Series A1 is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is around 7 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 (SMPL) could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of SMPL's microfinance loan portfolio till December 2025, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of Attorney
4. Legal opinion
5. Trustee letter
6. Any other documents executed for the transaction as per legal opinion

Validity of the provisional rating

The trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

Svatantra Microfin Private Limited (SMPL), promoted by Ms. Ananyashree Birla, was incorporated in 2012 and started microfinance operations in March 2013. It is registered with the Reserve Bank of India (RBI) as a non-banking financial company-microfinance institution (NBFC-MFI). It provides microcredit to women, for income-generating activities, under the joint liability group (JLG) lending model. As on March 31, 2025, SMPL had operations in 19 states through a network of 996 branches spread across 349 districts, catering to more than 21 lakh borrowers with a managed loan portfolio of Rs. 7,309 crore as on March 31, 2025 (Rs. 7,725 crore as on March 31, 2024). The operations are fairly diversified geographically with the top 3 states comprising 48% of the assets under management (AUM) as on March 31, 2025.

Key financial indicators

SMPL	FY2023	FY2024	FY2025
Total income	1,396	1,758	1,643

SMPL	FY2023	FY2024	FY2025
Profit after tax	130	226	159
Gross loan portfolio	7,499	7,725	7,309
Gross NPA	5.0%	3.1%	4.1%
CRAR	22.3%	18.5%	29.8%

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

S. no.	Trust name	Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Instrument	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				February 02, 2026			
1	Sarvaatmah	PTC Series A1	144.07	Provisional [ICRA]AA+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
PTC Series A1	Highly 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	Sarvaatmah	PTC Series A1	January 28, 2026	7.25%	August 12, 2027	144.07	Provisional [ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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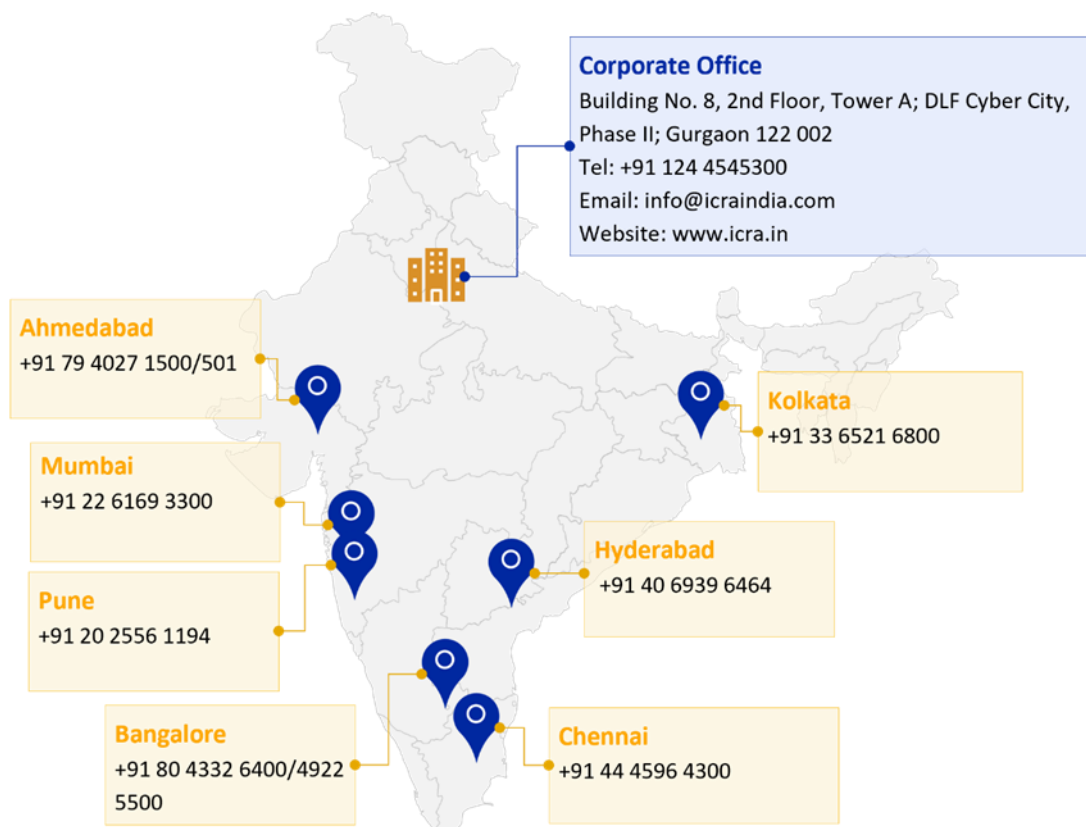


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