August 05, 2026

# Satin Creditcare Network Limited: Provisional [ICRA]AA-(SO) assigned to Series A1 PTCs and Provisional [ICRA]A(SO) assigned to Equity Tranche PTCs backed by microfinance loan receivables issued by Contessa 2026

## Summary of rating action

| Trust name | Instrument* | Current rated amount (Rs. crore) | Rating action | Financial sector regulator # |
|---|---|---|---|---|
| Contessa 2026 | Series A1 PTCs | 138.83 | Provisional [ICRA]AA-(SO); assigned | RBI |
| | Equity Tranche PTCs | 6.17 | Provisional [ICRA]A(SO); assigned | RBI |

**Instrument details are provided in Annexure I*

*#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI*

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

## Rationale

The pass-through certificates (PTCs) are backed by a pool of microfinance loan receivables originated by Satin Creditcare Network Limited {SCNL/Originator; rated [ICRA]A (Stable)[1]} with an aggregate principal outstanding of Rs. 154.25 crore (pool receivables of Rs. 191.11 crore). SCNL would also act as the servicer for the transaction.

The provisional ratings 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 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

The transaction has a two-tranche structure, where in Equity Tranche PTCs is subordinate to Series A1 PTCs. 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, followed by Equity Tranche PTCs (after Series A1 PTCs are fully paid off). 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 prepayment of Series A1 PTCs principal (and to Equity Tranche PTCs after Series A1 PTCs are fully paid off). However, the EIS shall be utilised towards the repayment of the principal payout to the Series A1 PTCs investor and equity tranche PTC (post redemption of Series A1 PTCs) on the occurrence of certain pre-defined trigger events.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 7.71 crore, to be provided by the Originator, (ii) principal subordination of 10.00% of the initial pool principal for Series A1 PTCs and 6.00% of the initial pool principal for Equity Tranche PTCs, and (iii) EIS of 17.78% of the initial pool principal for Series A1 PTCs and Equity Tranche PTCs.

[1] *The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.*

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement –** The pool is granular, consisting of 36,068 contracts, with top 10 contract forming 0.05% 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 the cut-off date.

**Seasoned contracts in the pool –** The pool has amortised by almost ~16% as on the cut-off date with no delinquencies seen in any of the contracts.

**Track record of SCNL –** The company has an established track record in the lending business of more than two decades and has adequate underwriting policies and collection procedures. The company has adequate processes for servicing the loan accounts in the securitised pools.

### Credit challenges

**High geographical concentration –** The pool has high geographical concentration with the top 3 states, viz.Assam, Uttar Pradesh and West Bengal contributing ~58% 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 around 15% 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.

**Higher vulnerabilities associated with microfinance sector–** In the past, the microfinance sector has seen lower collections and elevated delinquencies on account of borrower overleveraging and attrition in collection teams. However, portfolio collections have been improving and are higher for the post guardrail book which is an added comfort.

## 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 4.25%, with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% 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:

**For Series A1 PTCs - Superior**

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be 6.25 times the estimated loss in the pool.

**For Equity Tranche PTCs - Strong**

The liquidity for Equity Tranche PTCs is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be 5.25 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 (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 analysis of the performance of SCNL's portfolio till March 2026, 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** | 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

## 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

SCNL, set up in 1990 to grant individual business loans to urban shopkeepers, started providing group lending services to the rural poor in 2008. It was registered with the Reserve Bank of India (RBI) as a deposit-taking NBFC under the name, Satin Leasing and Finance Limited. Following its conversion into a public limited company in 1994, it was renamed Satin Creditcare Network Limited in 2000. It stopped accepting public deposits from November 2004 and the RBI changed its classification to Category B (non-deposit taking) from Category A (deposit-taking) in February 2009 and converted it into an NBFC-microfinance institution (NBFC-MFI) in November 2013.

The company's microfinance operations are based on the Grameen Bank joint liability group (JLG) model and were spread across 1,841 branches in the country as on March 31, 2026, on a standalone basis. As on March 31, 2026, the consolidated AUM stood at Rs. 15,174 crore. On a consolidated basis, SCNL reported a net profit of Rs. 332 crore in FY2026 against Rs. 186 crore in FY2025.

**Exhibit 1: Key financial indicators (standalone)**

| Satin Creditcare Network Limited | FY2024 | FY2025 | FY2026 |
|---|---|---|---|
| | Audited | Audited | Audited |
| **Total income** | 2,051 | 2,377 | 2,819 |
| **Profit after tax** | 423 | 217 | 302 |
| **Total managed assets** | 12,934 | 13,517 | 16,783 |
| **Gross NPA** | 2.5% | 3.7% | 3.1% |
| **CRAR** | 27.7% | 25.8% | 25.4% |

*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 (FY2027) | | | Chronology of rating history for the past 3 years | | |
|---|---|---|---|---|---|---|---|
| | | Instrument | Current rated amount (Rs. crore) | Date & rating in FY2027 | Date & rating in FY2026 | Date & rating in FY2025 | Date & rating in FY2024 |
| | | | | August 05, 2026 | - | - | - |
| 1 | Contessa 2026 | Series A1 PTCs | 138.83 | **Provisional [ICRA]AA-(SO)** | - | - | - |
| | | Equity Tranche PTCs | 6.17 | **Provisional [ICRA]A(SO)** | - | - | - |

## Complexity level of the rated instrument

| Instrument | Complexity indicator |
|---|---|
| Series A1 PTCs | Highly Complex |
| Equity Tranche PTCs | 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

| Trust name | Instrument name | Date of issuance/ Sanction | Coupon rate (p.a.p.m.) | Maturity date | Current rated amount (Rs. crore) | Current rating | Financial sector regulator # |
|---|---|---|---|---|---|---|---|
| **Contessa 2026** | Series A1 PTCs | July 30, 2026 | 8.60% | July 13, 2028 | 138.83 | Provisional [ICRA]AA-(SO) | RBI |
| | Equity Tranche PTCs | July 30, 2026 | - | | 6.17 | Provisional [ICRA]A(SO) | RBI |

*Source: Company*

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

Not applicable

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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.

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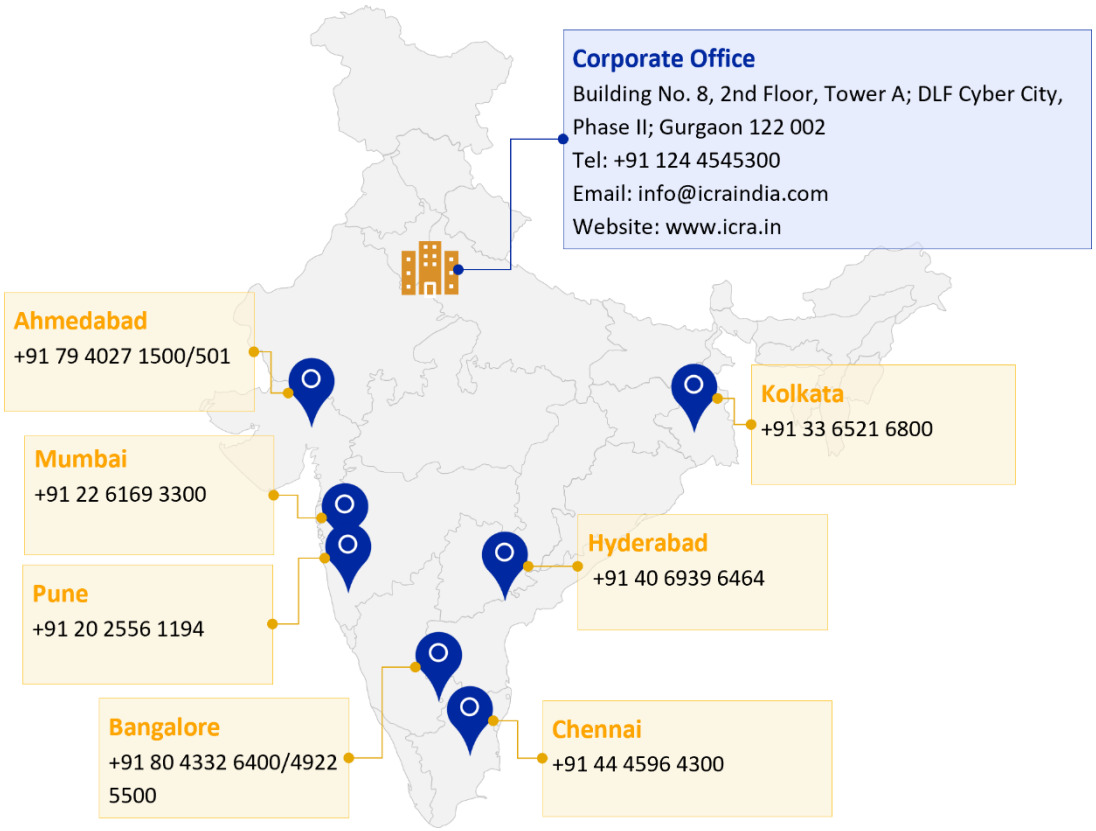


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