

July 10, 2019

Satya MicroCapital Ltd.: Ratings withdrawn for pass through certificates (PTCs) issued under a micro loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial amount (Rs. crore)	Amount after previous rating exercise (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
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Northern Arc 2018 MFI Donna	PTC Series A1	13.90	9.21	0.00	[ICRA]A+(SO) Withdrawn
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*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for PTC Series A1 issued under a micro loan securitisation transaction originated by Satya MicroCapital Ltd. All the payouts to the investors in the above mentioned instrument has been made and no further payment are due to the investors.

Key rating drivers

Credit strengths

- N.A.

Credit challenges

- N.A.

Description of key rating drivers highlighted above:

N.A.

Liquidity position

N.A.

Past rated pool performance: In the past, ICRA has rated 8 micro loan receivable pools originated by SML with the last 3 pools being rated in March 2019. The performance of the live pools has been good with 100% cumulative collection efficiency and negligible 0+ dpd

Key rating assumptions

N.A.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company

Satya MicroCapital Limited (formerly known as TFC Finvest Limited) is a Delhi based NBFC which was incorporated as a limited company in 1995. Satya started its microfinance operations by adopting the JLG model with a fortnightly collection cycle in November 2016. Satya offers ticket sizes ranging up to Rs. 50,000, at an interest rate of 24.01-24.51% depending on the ticket size, along with a 1% processing fee. SML focussed solely on lending to women (husbands act as co-borrowers) with the aim of starting a new business or enhancing existing businesses.

As on December 31, 2018, the company had presence in 82 branches in 82 Districts in 14 states with top 3 states i.e. Uttar Pradesh (21), Bihar (17%) and Punjab (16%) accounting for 54% of the total portfolio outstanding. Other states in the portfolio include Rajasthan, Haryana, Chhattisgarh, Uttarakhand, Orissa and West Bengal and small portfolios in Assam, Delhi, Himachal Pradesh, Jammu & Kashmir and Jharkhand.

In FY2018, the company reported a loss of Rs. 6.39 crore on a managed asset base of Rs. 327.25 crore compared to a net loss of Rs. 1.46 crore on a managed asset base of Rs. 50.12 crore in FY2017. During 4MFY2019, the company reported a loss of Rs. 2.61 crore on a managed asset base of Rs. 392.03 crore and during Q1FY2019 reported a loss of Rs. 0.93 crore on a managed asset base of Rs. 334.41 crore.

ICRA has a rating outstanding of [ICRA]BBB-(Stable) on the bank lines and NCD programme of Satya MicroCapital Ltd.

Key financial indicators

	FY2017	FY2018	11M FY 2019 [^]
Total income	0.96	25.64	77.03
Net interest income	0.42	8.29	19.12
Profit before tax	(1.45)	(6.31)	2.17
Profit after tax	(1.46)	(6.39)	2.17
Gross Portfolio	26.11	218.79	512.36
Total managed assets	50.12	327.25	714.74
Net worth	8.16	22.51	79.79
% Tier 1	25.73%	9.06%	NA
% CRAR	38.82%	16.14%	21.48%*
Gearing	5.6	7.8	5.5
% Net profit / average managed assets	-5.67%	-3.39%	0.45%
% Return on net worth	-30.56%	-41.69%	4.63%
% Gross NPAs	0.00%	0.00%	0.06%
% Net NPAs	0.00%	0.00%	0.00%
Net NPA / net worth	0.00%	0.00%	0.00%

Source: ICRA research; All values and ratios as per ICRA calculations

*As on December 31, 2018

[^]Unaudited results

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

S. No	Instrument	Current Rating (FY2020)			Chronology of Rating History for the past 3 years			
		Type	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating			
					July 2019	October 2018	June 2018 [§]	April 2018*
1	Northern Arc 2018 MFI Donna	PTC Series A1	13.90	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	[ICRA]A(SO)	Provisional [ICRA]A (SO)

* Initial Rating assigned

§ Rating converted from Provisional to Final

Complexity level of the rated instrument: Highly Complex

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument Name	Month of Issuance	Coupon Rate	Scheduled Maturity Date	Rated Amount (Rs. crore)	Current Rating
Northern Arc 2018 MFI Donna	PTC Series A1	Mar-18	11.20%	Jan-20	Nil	[ICRA]A+(SO) Withdrawn

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About ICRA Limited:

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