July 10, 2025

Satin Creditcare Network Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Rover 2025

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Rover 2025	Series A1 PTC	144.04	[ICRA]AA+(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure I*

Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by Rover 2025 under a securitisation transaction originated by Satin Creditcare Network Limited {SCNL/Originator; rated [ICRA]A (Stable)}. The PTCs are backed by a pool of microfinance loan receivables originated by SCNL with an aggregate principal outstanding of Rs. 164.62 crore (pool receivables of Rs. 197.71 crore). SCNL is also the servicer of the 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	Rover 2025
Payout month	June 2025
Months post securitisation	4
Series A1 PTC amortisation	26.34%
Cumulative prepayment rate	3.08%
Cumulative collection efficiency	99.67%
Loss-cum-0+ days past due (dpd)	0.76%
Loss-cum-30+ dpd	0.41%
Loss-cum-90+ dpd	0.05%
Cumulative cash collateral (CC) utilisation	0.00%

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 flow available, after making the promised and expected payments, shall flow back to the Originator on every payout date. All prepayment amounts would be passed on to Series A1 PTC (till Series A1 PTC principal is not fully amortised) every month and future payouts will be revised accordingly.

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. 11.52 crore, provided by the Originator, (ii) subordination of 12.50% of the initial pool principal for Series A1 PTC, and (iii) the excess interest spread (EIS) of 14.53% of the initial pool principal for Series A1 PTC.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 37,451 contracts, with the top 10 contracts forming only 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 a part 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 were no overdue contracts as on the cut-off date.

Seasoned contracts in the pool – The pool had amortised by almost 22% as on the cut-off date with no delinquencies seen in any of the contracts, post loan disbursement. This reflects the relatively better credit profile of the borrowers.

Track record of SCNL – SCNL has a track record of more than two decades in the lending business with sufficient underwriting policies and collection procedures. The company has adequate processes for servicing the loan accounts in the securitised pool.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Uttar Pradesh, Bihar and Punjab, contributing ~65% to the initial pool principal amount. Its performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's 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 witnessed a decline in collections and a consequent rise in delinquencies in the current fiscal on account of multiple factors like heat waves, 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 assumption

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%, 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Rover 2025
Originator	Satin Creditcare Network Limited
Servicer	Satin Creditcare Network Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	HSBC Bank
Collection and payout bank	HSBC Bank

Liquidity position: Superior

The liquidity for Series A1 PTC is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~6.75 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 (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

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 non-banking financial company (NBFC) under the name, Satin Leasing and Finance Company Limited. Following its conversion into a public limited company in 1994, the company 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 1,454 branches spread across 27 states/Union Territories on a consolidated basis as on March 31, 2025.

As on March 31, 2025, its consolidated assets under management (AUM) stood at Rs. 12,784 crore.

Key financial indicators (standalone)

Satin Creditcare Network Limited	FY2023	FY2024	FY2025
	Audited	Audited	Audited
Total income	1,762	2,051	2,377
Profit after tax	264	423	217
Total managed assets	10,070	12,934	13,363
Gross NPA	3.3%	2.5%	3.7%
CRAR	26.6%	27.7%	25.8%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Current rating (FY2026)			Chronology of rating history For the past 3 years		
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				July 10, 2025	March 06, 2025	-	-
Rover 2025	Series A1 PTC	144.04	144.04	**[ICRA]AA+(SO)**	**Provisional [ICRA]AA+(SO)**	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	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 name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
Rover 2025	Series A1 PTC	February 28, 2025	9.25%	February 13, 2027	144.04	[ICRA]AA+(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 3470
sachin.joglekar@icraindia.com

Sumit Pramanik
+91 22 6114 3462
sumit.pramanik@icraindia.com

Swapnali Chavan
+91 22 6114 3412
swapnali.chavan@icraindia.com

Sheetal Nayak
+91 22 6114 3411
sheetal.nayak@icraindia.com

RELATIONSHIP CONTACT

Mr. 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

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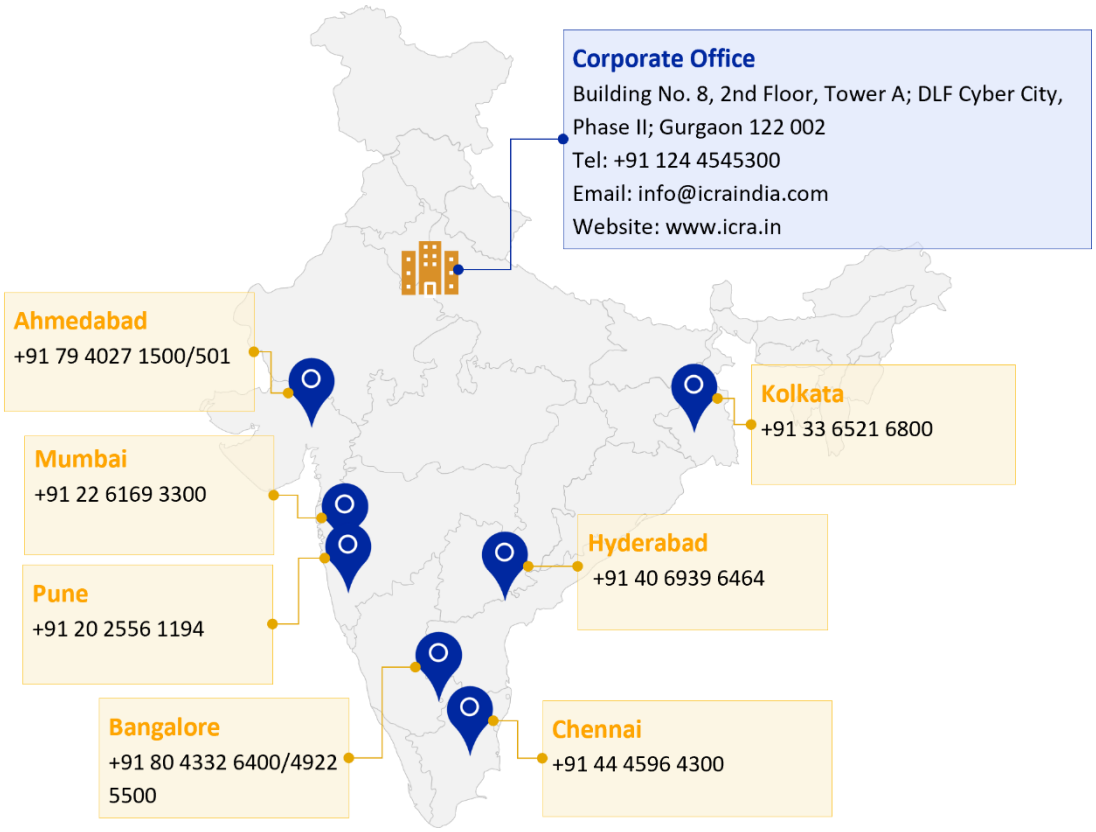
ICRA Limited

Registered Office

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

Branches



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