

April 15, 2025^(Revised)

Satin Housing Finance Limited: Rating reaffirmed; rated amount enhanced for bank facility

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based bank facilities (others)	450.0	700.0	[ICRA]A- (Stable); assigned/reaffirmed
Subordinated programme	25.0	25.0	[ICRA]A- (Stable); reaffirmed
NCD programme	50.0	50.0	[ICRA]A- (Stable); reaffirmed
NCD programme	50.0	50.0	[ICRA]A- (Stable); reaffirmed
Total	575.0	825.0	

*Instrument details are provided in Annexure I; NCD – Non-convertible debentures

Rationale

The rating factors in Satin Housing Finance Limited's (Satin HFL) adequate capitalisation profile with a capital-to-risk weighted assets ratio (CRAR) of 59.6% and a managed gearing¹ of 2.3 times as on December 31, 2024, supported by regular capital infusions by Satin Creditcare Network Limited (SCNL; rated [ICRA]A (Stable)/[ICRA]A1). The rating continues to consider the strength enjoyed by Satin HFL as a wholly-owned subsidiary of SCNL. While SCNL's management's involvement in Satin HFL is limited, it benefits from board-level guidance in the form of common directors, including Mr. H P Singh (promotor of SCNL). ICRA expects that SCNL will continue to support Satin HFL's growth plans in the form of board-level guidance and funding (debt and equity), as and when required.

The rating is, however, constrained by Satin HFL's moderate scale of operations and limited operational track record of around six years with an evolving earnings profile. The company reported assets under management (AUM) of Rs. 872 crore as on December 31, 2024 (Rs. 756 crore as on March 31, 2024), managed through a network of 44 branches spread across five states. The AUM increased at a compound annual growth rate (CAGR) of ~47% during March 2020 to December 2024. ICRA expects the growth to stay high in the near-to-medium term, though the operations are likely to remain geographically concentrated. ICRA also notes that Satin HFL shall need to diversify its funding relations and raise debt funds in a timely manner to sustain and support its growth plans.

Although the company's gross non-performing assets (NPAs) increased in 9M FY2025 to 1.7% as on December 31, 2024 (0.8% as on March 31, 2024), it remains comfortable. However, the portfolio lacks seasoning and its performance needs to be seen over a longer period of time. Given the pace of growth and the relatively riskier borrower profile of the low-and-assessed-income segments, Satin HFL remains exposed to volatility in the asset quality.

The Stable outlook on the long-term rating reflects ICRA's opinion that Satin HFL will be able to maintain a steady credit profile and adequate capitalisation, while expanding its scale of operations, with continued support from the parent in the form of equity and debt funding.

¹ Managed gearing = (On-book debt + Off-book portfolio)/Net worth

Key rating drivers and their description

Credit strengths

Credit profile supported by parentage – The company benefits from board-level guidance from its parent – SCNL. Further, it receives financial support in the form of capital infusions from SCNL, along with debt funding lines. ICRA takes comfort from the fact that SCNL does not intend to reduce its stake in Satin HFL in the near-to-medium term and is expected to continue supporting the company by way of board-level guidance and funding. Further, Satin HFL can potentially leverage SCNL's fairly diversified lending relationships to support its growth plans.

Adequate capitalisation – Satin HFL remains adequately capitalised, supported by regular capital infusions by SCNL. SCNL infused equity capital of Rs. 70 crore in Satin HFL in 9M FY2025. The company's CRAR of 59.6%, as on December 31, 2024, was well above the regulatory requirement while its managed gearing stood at 2.3 times (2.8 times as on March 31, 2024). ICRA expects Satin HFL to remain adequately capitalised, supported by regular capital infusions by SCNL.

Credit challenges

Nascent operations leading to evolving profitability and asset quality metrics – Satin HFL started operations in February 2018 and it scaled up its AUM to ~Rs. 872 crore as on December 31, 2024 (~Rs. 756 crore as on March 31, 2024). Though the company continues to grow at a high pace (CAGR of ~47% during March 2020 to December 2024), it remains relatively small. Further, the operations remain geographically concentrated in five states of northern India. ICRA takes note of Satin HFL's growth plans and expects the pace of growth to remain high with a gradual improvement in geographical diversification.

Furthermore, Satin HFL's ability to manage its asset quality and hence the credit cost and overall operational efficiency, as it scales up, shall be key for its credit profile. Given the nascent stage of operations, its asset quality and earnings profile are still evolving with the company reporting a modest profit of ~Rs. 2 crore in 9M FY2025 (Rs. 9 crore in FY2024).

Unseasoned portfolio with relatively vulnerable borrower profile – Given the nascent stage of operations, Satin HFL's portfolio remains unseasoned. Disbursements in the last eight quarters (Q4 FY2023 to Q3 FY2025) exceeded 100% of the AUM, as on December 31, 2024, and its long-term performance remains monitorable. Further, Satin HFL operates in the affordable housing finance segment. It offers home loans (HLs) and loan against property (LAP) to a relatively vulnerable borrower segment, given their low-to-middle-income profile. Most of the borrowers work in small private enterprises or proprietorships and remain vulnerable to economic cycles. The losses on default are expected to be limited, considering the secured nature of the portfolio with moderate loan-to-value (LTV) ratios (average LTV of 50-60%). However, the company's ability to manage the asset quality profile, control slippages and manage recoveries from its overdue accounts will remain important from a credit perspective.

Liquidity position: Adequate

Satin HFL's liquidity profile remains adequate with on-book liquidity of Rs. 19 crore as on December 31, 2024, as per its provisional asset-liability management (ALM) statement. Apart from this, it had sanctioned unutilised funding lines of ~Rs. 40 crore as on December 31, 2024. These, along with scheduled collections of Rs. 213 crore, are sufficient to meet the scheduled debt obligations of Rs. 182 crore over the 12-month period of January 2025 to December 2025. ICRA expects support from SCNL to be forthcoming if required.

Rating sensitivities

Positive factors – A healthy growth in Satin HFL's scale of operations, with an improvement in its profitability profile, while maintaining prudent capitalisation and asset quality could positively impact the rating. Also, an improvement in SCNL's credit profile could positively impact the rating.

Negative factors – A material change in the expected support from SCNL and/or a deterioration in the parent’s credit profile could negatively impact the rating. Further, pressure on the rating could arise on a sustained deterioration in the scale and/or asset quality, thereby weakening the profitability profile, or a material weakening of the capitalisation profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies
Parent/Group support	The rating factors in the high likelihood of support from SCNL (parent company), given the shared brand name, and the operational and financial support being extended to Satin HFL.
Consolidation/Standalone	Standalone

About the company

Satin HFL is a non-banking financial company-housing finance company (NBFC-HFC) and a wholly-owned subsidiary of SCNL. It offers HFLs, LAP, micro-HFLs and micro-LAP. It had operations in five states as on December 31, 2024 and reported an AUM of Rs. 872 crore. On a standalone basis, it reported a net profit of ~Rs. 9 crore in FY2024 (total comprehensive income (TCI) of Rs. 15 crore) against Rs. 6 crore in FY2023 (TCI of negative Rs. 4 crore). It reported a profit after tax (PAT) of ~Rs. 2 crore and TCI of Rs. 4 crore in 9M FY2025.

SCNL is an NBFC-microfinance institution (NBFC-MFI), primarily offering joint liability group (JLG) loans to women. It had 1,535 branches spreads across 27 States/Union Territories, on a consolidated basis, as on December 31, 2024. Apart from Satin HFL, SCNL has two wholly-owned subsidiaries – Satin Finserv Limited and Satin Technologies Limited.

Key financial indicators (audited)

Satin Housing Finance Limited	FY2023	FY2024	9M FY2025 [^]
Total income	62	92	81
PAT	6	9	2
Total managed assets	531	813	951
Return on managed assets	1.4%	1.3%	0.3%
Managed gearing (times)	2.6	2.8	2.3
Gross NPA	0.3%	0.8%	1.7%
CRAR	46.4%	48.7%	59.6%

Source: Company, ICRA Research; All ratios as per ICRA’s calculations and estimates; Amount in Rs. crore; [^]Limited review financials for 9M FY2025

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	April 15, 2025	Date	Rating	Date	Rating	Date	Rating
Subordinated bonds/Debt	Long term	25.00	[ICRA]A-(Stable)	Sep-02-2024	[ICRA]A-(Stable)	Mar-20-2024	[ICRA]A-(Stable)	-	-
				Dec-24-2024	[ICRA]A-(Stable)	-	-	-	-
				Feb-04-2025	[ICRA]A-(Stable)	-	-	-	-
NCD programme	Long term	50.00	[ICRA]A-(Stable)	Sep-02-2024	[ICRA]A-(Stable)	-	-	-	-
				Dec-24-2024	[ICRA]A-(Stable)	-	-	-	-
				Feb-04-2025	[ICRA]A-(Stable)	-	-	-	-
NCD programme	Long term	50.00	[ICRA]A-(Stable)	Sep-02-2024	[ICRA]A-(Stable)	-	-	-	-
				Dec-24-2024	[ICRA]A-(Stable)	-	-	-	-
				Feb-04-2025	[ICRA]A-(Stable)	-	-	-	-
Fund-based bank facilities (others)	Long term	700.00	[ICRA]A-(Stable)	Sep-02-2024	[ICRA]A-(Stable)	Dec-27-2023	[ICRA]A-(Stable)	-	-
				Dec-24-2024	[ICRA]A-(Stable)	Mar-20-2024	[ICRA]A-(Stable)	-	-
				Feb-04-2025	[ICRA]A-(Stable)	Mar-20-2024	[ICRA]A-(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based bank facilities (others)	Simple
NCD programme	Simple
Subordinated debt	Simple

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	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE02YC07018	NCD programme	Aug-30-2024	10.90%	Feb-27-2026	25.0	[ICRA]A- (Stable)
INE02YC07026	NCD programme	Sep-27-2024	8.93%	Sep-27-2027	25.0	[ICRA]A- (Stable)
INE02YC07034	NCD programme	Feb-14-2025	11.00%	Feb-14-2027	20.0	[ICRA]A- (Stable)
INE02YC08016	Subordinated debt	Dec-17-2019	14.00%	Dec-31-2026	20.0	[ICRA]A- (Stable)
Not issued yet	Subordinated debt	NA	NA	NA	5.0	[ICRA]A- (Stable)
NA	Long-term bank facilities (others)	Mar 2019 to Mar 2025	8.00% to 14.50%	Oct 2025 to Jan 2034	700.0	[ICRA]A- (Stable)
NA	NCD – Yet to be issued	NA	NA	NA	30.0	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

Corrigendum

Document dated April 15, 2025, has been corrected with revisions as detailed below.

Revision: In Annexure 1, NCD programme with ISIN INE02YC07034 has been added. Title of the rationale has been changed

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