

September 25, 2025

Satin Finserv Limited: Rating assigned/reaffirmed; rating reaffirmed and simultaneously withdrawn for matured NCDs

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---------------------------|--------------------------------------|-------------------------------------|---|
| Long-term bank facilities | 80.0 | 80.0 | [ICRA]A- (Stable); reaffirmed |
| NCD programme | 100.0 | 100.0 | [ICRA]A- (Stable); reaffirmed |
| NCD programme | - | 60.00 | [ICRA]A- (Stable); assigned |
| NCD programme | 20.00 | - | [ICRA]A- (Stable); reaffirmed and withdrawn |
| Total | 200.0 | 240.0 | |

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

Rationale

The rating factors in the strength enjoyed by Satin Finserv Limited (SFL) as a wholly-owned subsidiary of Satin Creditcare Network Limited (SCNL; rated [ICRA]A (Stable)/[ICRA]A1). While SCNL's management's involvement in SFL is limited, it enjoys board-level guidance in the form of common directors, including Dr. H P Singh (promotor of SCNL). The rating also considers SFL's adequate capitalisation for the current scale of operations, with a total capital-to-risk weighted assets ratio (CRAR) of 36.8% and a managed gearing¹ of 2.6 times as on June 30, 2025, supported by capital infusions by SCNL. ICRA expects that SCNL will continue to support SFL'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 SFL's moderate scale of operations, asset quality and earnings profile. SFL reported assets under management (AUM) of Rs. 582 crore as on June 30, 2025 (Rs. 539 crore of on-book portfolio) against Rs. 501 crore (Rs. 326 crore of on-book portfolio) in March 2024. ICRA expects the growth to improve gradually with a focus on expanding the on-book portfolio while the business correspondent (BC) book runs down. Further, SFL shall need to diversify its funding relations and raise debt funds to support its growth plans.

SFL's asset quality remains moderate with gross non-performing assets (NPAs) of 3.9% as on June 30, 2025 (4.8% as on March 31, 2025; 4.3% as on March 31, 2024). Additionally, it was holding security receipts amounting to Rs. 9 crore (1.5% of on-book portfolio) as of June 2025. Since the underlying borrower segment remains vulnerable to income shocks, the company's ability to engage with customers, enhance its systems and controls continuously and improve the asset quality remains important. Further, the earnings profile remains subdued, characterised by lower operational efficiency.

The Stable outlook on the long-term rating reflects ICRA's opinion that SFL 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.

ICRA has reaffirmed and simultaneously withdrawn the rating for the Rs. 20.00-crore non-convertible debentures. The rating has been withdrawn as the instruments have matured/been redeemed with no amount outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings.

¹ Managed gearing = (On-book borrowings + 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 that the parent does not intend to reduce its stake in SFL in the near-to-medium term and is expected to continue supporting the company by way of board-level guidance and funding. Further, SFL can potentially leverage SCNL's fairly diversified lending relationships to support its growth plans.

Adequate capitalisation – SFL's capitalisation remains adequate with a CRAR of 36.8% as on June 30, 2025 (48.0% as on March 31, 2024). The company's managed gearing remained low at 2.6 times as on June 30, 2025 (2.5 times as on March 31, 2025) but rose from 2.4 times as on March 31, 2024. ICRA expects SFL to remain adequately capitalised, as it scales up its operations, and receive support from SCNL. SCNL had last infused equity capital of Rs. 40 crore in SFL in FY2024 and is expected to continue providing capital support as and when required.

Credit challenges

Moderate scale of operations – Operating since March 2019, SFL's scale remains moderate with AUM of Rs. 582 crore as on June 30, 2025 (Rs. 547 crore as on March 31, 2025; Rs. 501 crore as of March 2024). While AUM growth was subdued in FY2025 and Q1 FY2026, impacted by the discontinuance of the BC operations, the company has been focussing on increasing its on-book portfolio. The on-book portfolio rose to Rs. 543 crore as on June 30, 2025 (Rs. 522 crore as on March 31, 2025) from Rs. 329 crore as on March 31, 2024, and ICRA expects the trend to continue. The discontinued BC portfolio, which was acquired in March 2023 under the merger with SCNL's erstwhile subsidiary (Taraashna Financial Services Limited; Taraashna), is expected to fully run down by Q3 FY2026.

Moderate asset quality and relatively vulnerable borrower profile – SFL's asset quality remains moderate with gross NPAs of 3.9% as on June 30, 2025 (4.8% as of March 2025; 4.3% as on March 31, 2024). Additionally, the company was holding security receipts amounting to Rs. 9 crore (1.5% of on-book portfolio) as of June 2025. Since the underlying borrower segment remains vulnerable to income shocks, SFL's ability to engage with customers, enhance its systems and controls continuously and improve the asset quality remains important. Additionally, the company has a wholesale lending book (~7% of AUM as of June 2025), which is partially unsecured with relatively higher ticket size loans; thus, its performance remains monitorable. Nonetheless, the wholesale borrowers have an established track record with SCNL and/or SFL, which provides some comfort.

Subdued earnings profile – SFL's profitability profile remains subdued on account of the low, albeit gradually improving, operating efficiency. Operating expenses, with respect to average managed assets, stood at 9.3% (annualised) in Q1 FY2026 (9.4% in FY2025) vis-à-vis 11.8% in FY2024. SFL reported a profit after tax (PAT) of Rs. 1.9 crore in Q1 FY2026 (provisional), translating into an annualised return of 1.1% on average managed assets (RoMA) and 3.9% on average net worth (Rs. 7.5 crore, 1.1% and 4.0%, respectively, in FY2025; Rs. 5.1 crore, 0.7% and 3.2%, respectively, in FY2024). ICRA notes that the management has taken steps to improve the operational efficiency while further scaling up the operations, though the materialisation of the same remains monitorable.

Liquidity position: Adequate

SFL's liquidity profile remains adequate with on-book liquidity of Rs. 61 crore as on June 30, 2025, as per its provisional asset-liability management (ALM) statement. Apart from this, it had sanctioned but unutilised funding lines of Rs. 30 crore from SCNL. These, along with scheduled collections from advances of Rs. 211 crore, are sufficient to meet the scheduled debt repayments of Rs. 268 crore over the 12-month period of July 2025 to June 2026. ICRA expects support from SCNL to be forthcoming if required.

Rating sensitivities

Positive factors – A healthy growth in SFL’s scale of operations, along with an improvement in its asset quality and profitability, while maintaining a prudent capitalisation profile, 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 (NBFCs) Policy on Withdrawal of Credit Ratings |
| 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 already being extended to SFL. |
| Consolidation/Standalone | Standalone |

About the company

SFL is a non-banking financial company (NBFC) and a wholly-owned subsidiary of SCNL. It offers micro, small and medium enterprise (MSME) loans (retail and wholesale). It had operations in 11 states as on June 30, 2025 and reported an AUM of Rs. 582 crore. On a standalone basis, it reported a net profit of Rs. 1.9 crore in Q1 FY2026 against Rs. 7.5 crore in FY2025.

SCNL is an NBFC-microfinance institution (NBFC-MFI), primarily offering joint liability group (JLG) loans to women. It had 1,487 branches spreads across 27 States/Union Territories, on a consolidated basis, as on June 30, 2025. Apart from SFL, SCNL has three wholly-owned subsidiaries – Satin Housing Finance Limited, Satin Technologies Limited and Satin Growth Alternatives Limited.

Key financial indicators (audited)

| Satin Finserv Limited | FY2024 | FY2025 | Q1 FY2026 [^] |
|--------------------------|--------|--------|------------------------|
| Total income | 121 | 127 | 38 |
| Profit after tax | 5 | 8 | 2 |
| Total managed assets | 643 | 687 | 707 |
| Return on managed assets | 0.7% | 1.1% | 1.1% |
| Managed gearing | 2.4x | 2.5x | 2.6x |
| Gross NPA | 4.3% | 4.8% | 3.9% |
| CRAR | 48.0% | 37.6% | 36.8% |

Source: Company, ICRA Research; All ratios as per ICRA’s calculations and estimates; Amount in Rs. crore; [^] Limited review financials for Q1 FY2026

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 | | | | | |
|-----------------|------------------|--------------------------|-----------------------------|---|------------------|--------------|------------------|--------|--------|
| | Type | Amount rated (Rs. crore) | Sep 25, 2025 | FY2025 | | FY2024 | | FY2023 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Bank facilities | Long term | 80.00 | [ICRA]A-(Stable) | Aug 28, 2024 | [ICRA]A-(Stable) | Dec 27, 2023 | [ICRA]A-(Stable) | - | - |
| | | | | Dec 24, 2024 | [ICRA]A-(Stable) | Jan 8, 2024 | [ICRA]A-(Stable) | - | - |
| NCD programme | Long term | 100.00 | [ICRA]A-(Stable) | Aug 28, 2024 | [ICRA]A-(Stable) | Jan 8, 2024 | [ICRA]A-(Stable) | - | - |
| | | | | Dec 24, 2024 | [ICRA]A-(Stable) | | | | |
| NCD programme | Long term | 60.00 | [ICRA]A-(Stable) | - | - | - | - | - | - |
| NCD programme | Long term | 20.00 | [ICRA]A-(Stable); withdrawn | Aug 28, 2024 | [ICRA]A-(Stable) | Jan 8, 2024 | [ICRA]A-(Stable) | - | - |
| | | | | Dec 24, 2024 | [ICRA]A-(Stable) | | | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---------------------------|----------------------|
| Long-term bank facilities | Simple |
| NCD programme | 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 |
|------------------|---------------------------|----------------------|-------------|-------------|--------------------------|------------------------------|
| Yet to be issued | NCD programme | NA | NA | NA | 90.01 | [ICRA]A- (Stable) |
| INE03K307058 | NCD programme | Sep-20-2024 | 10.80% | Sep-20-2026 | 25.00 | [ICRA]A- (Stable) |
| INE03K307041 | NCD programme | Aug-30-2024 | 10.80% | Aug-30-2026 | 19.99 | [ICRA]A- (Stable) |
| INE03K307033 | NCD programme | Jun-28-2024 | 10.85% | Jun-28-2026 | 25.00 | [ICRA]A- (Stable) |
| INE03K307025 | NCD programme | Mar-04-2024 | 10.85% | Sep-04-2025 | 20.00 | [ICRA]A- (Stable); withdrawn |
| NA | Long-term bank facilities | Sep 2017 to Feb 2026 | NA | NA | 80.00 | [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

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Branches



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