

December 26, 2025

## Satin Finserv Limited: Rating assigned/reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
LT bank facilities programme – Others	80.00	80.00	[ICRA]A- (Stable); reaffirmed
NCD programme	160.00	160.00	[ICRA]A- (Stable); reaffirmed
NCD programme	-	140.00	[ICRA]A- (Stable); assigned
<b>Total</b>	<b>240.00</b>	<b>380.00</b>	

\*Instrument details are provided in Annexure I; NCD – Non-convertible debenture; LT – Long term

### Rationale

The rating factors in Satin Finserv Limited's (SFL) position as a wholly-owned subsidiary of Satin Creditcare Network Limited (SCNL; rated [ICRA]A (Stable)/[ICRA]A1). While SCNL's management has limited involvement in SFL, the company has 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 level of operations, with a total capital-to-risk weighted assets ratio (CRAR) of 32.9% and a managed gearing of 2.8 times as on September 30, 2025. SFL's capitalisation profile is supported by timely capital infusions from SCNL. ICRA expects that SCNL will continue to support SFL's growth plans as and when required.

The rating is, however, constrained by SFL's moderate scale of operations, asset quality and profitability metrics. It reported assets under management (AUM) of Rs. 621 crore as on September 30, 2025 (on-book portfolio of Rs. 578 crore) against Rs. 435 crore (on-book portfolio of Rs. 396 crore) as on September 30, 2024. ICRA expects AUM growth to remain moderate in the near term as the business correspondent (BC) book runs down. ICRA also notes that SFL shall need to diversify its funding relations and raise debt funds to support its growth plans. As on September 30, 2025, SFL's funding profile comprised loans from non-banking financial companies (NBFCs; ~39%), securitisation/assignment (~22%), non-convertible debentures (NCDs; ~24%), BC book (~8%) and loans from banks (~7%).

Moreover, since the underlying borrower segment is vulnerable to income shocks, the company's ability to engage with customers and improve its systems and controls continuously to maintain the asset quality remains critical. SFL reported gross non-performing assets (GNPAs) of 4.6% as of September 2025 (4.8% as of March 2025) vis-à-vis 4.0% as of September 2024. Further, its wholesale lending book is partially unsecured in nature and has relatively higher ticket size loans. However, ICRA notes that the management is in the process of strengthening its systems and processes to improve its operational efficiency and asset quality metrics and its ability to do so and maintain adequate asset quality metrics shall be key for its credit profile. ICRA notes that the borrowers of SFL have a track record of around two loan cycles and the share of the wholesale lending book has been declining gradually. The company's profitability metrics remain moderate primarily on account of higher credit costs and elevated operating expenses (opex) due to the suboptimal 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 and improving its profitability, along with the expectation of continued support from the parent in the form of equity and debt funding.

## 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 32.9% as on September 30, 2025 (37.6% as on March 31, 2025). The managed gearing remained low at 2.8 times as on September 30, 2025 (2.5 times as on March 31, 2025; 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. 50 crore in the company in December 2025 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. 621 crore as on September 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 H1 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. 578 crore as on September 30, 2025 (Rs. 516 crore as on March 31, 2025) from Rs. 326 crore as on March 31, 2024 and ICRA expects the trend to continue. The discontinued BC portfolio, which was acquired in March 2023 through the merger with SCNL's erstwhile subsidiary (Taraashna Financial Services Limited; Taraashna), is expected to fully run down by Q4 FY2026.

**Moderate asset quality and relatively vulnerable borrower profile** – SFL's asset quality remains moderate with gross NPAs of 4.6% as on September 30, 2025 (4.8% as of March 2025; 4.3% as on March 31, 2024). Additionally, the company was holding security receipts of Rs. 9 crore (1.5% of on-book portfolio) as of September 2025. Since the underlying borrower segment is 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, it has a wholesale lending book (~9% of on-book AUM as of September 2025), which is partially unsecured with relatively higher ticket size loans; thus, its performance remains monitorable.

**Subdued earnings profile** – SFL's profitability profile remains subdued on account of the low, albeit gradually improving, operating efficiency and elevated credit costs. Opex, with respect to average managed assets (AMA), stood at 8.9% (annualised) in H1 FY2026 (9.4% in FY2025) vis-à-vis 11.8% in FY2024. Further, credit costs increased to 3.9% of AMA in H1 FY2026 from 2.0% in FY2025 (0.5% in FY2024), given the moderate asset quality. SFL reported a profit after tax (PAT) of Rs. 2.4 crore in H1 FY2026, translating into an annualised return of 0.7% on AMA (RoMA) and 2.5% 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 and control credit costs 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. 68 crore as on September 30, 2025 (~Rs. 61 crore as on June 30, 2025), as per its provisional asset-liability management (ALM) statement. This, along with scheduled collections of Rs. 119 crore, is sufficient to meet the scheduled debt obligations of Rs. 121 crore over the 6-month period of September 2025 to March 2026.

## Rating sensitivities

**Positive factors** – 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. Pressure on the rating could also 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	<a href="#">Non-banking Finance Companies</a>
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 September 30, 2025 and reported an AUM of Rs. 621 crore. On a standalone basis, it reported a net profit of Rs. 2.4 crore in H1 FY2026 compared to Rs. 7.5 crore in FY2025.

SCNL is an NBFC-microfinance institution (NBFC-MFI), primarily offering joint liability group (JLG) loans to women. On a consolidated basis, it had 1,713 branches spread across 26 states/Union Territories as on September 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	H1 FY2026 <sup>^</sup>
Total income	121	127	79
Profit after tax	5	8	2
Total managed assets	643	687	754
Return on managed assets	0.7%	1.1%	0.7%
Managed gearing	2.4x	2.5x	2.8x
Gross NPA	4.3%	4.8%	4.6%
CRAR	48.0%	37.6%	32.9%

Source: Company, ICRA Research; All ratios as per ICRA’s calculations and estimates; Amount in Rs. crore; <sup>^</sup> Limited review financials for H1 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)	Dec 26, 2025			FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Bank facilities	Long term	80.00	[ICRA]A-(Stable)	Sep-25,2025	[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	300.00	[ICRA]A-(Stable)	Sep-25,2025	[ICRA]A-(Stable)	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
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)
INE03K307066	NCD programme	Sep-10-2025	10.95%	Mar-10-2027	30.00	[ICRA]A- (Stable)
INE03K307074	NCD programme	Sep-29-2025	10.95%	Sep-29-2027	30.00	[ICRA]A- (Stable)
Not issued yet	NCD programme	-	-	-	170.01	[ICRA]A- (Stable)
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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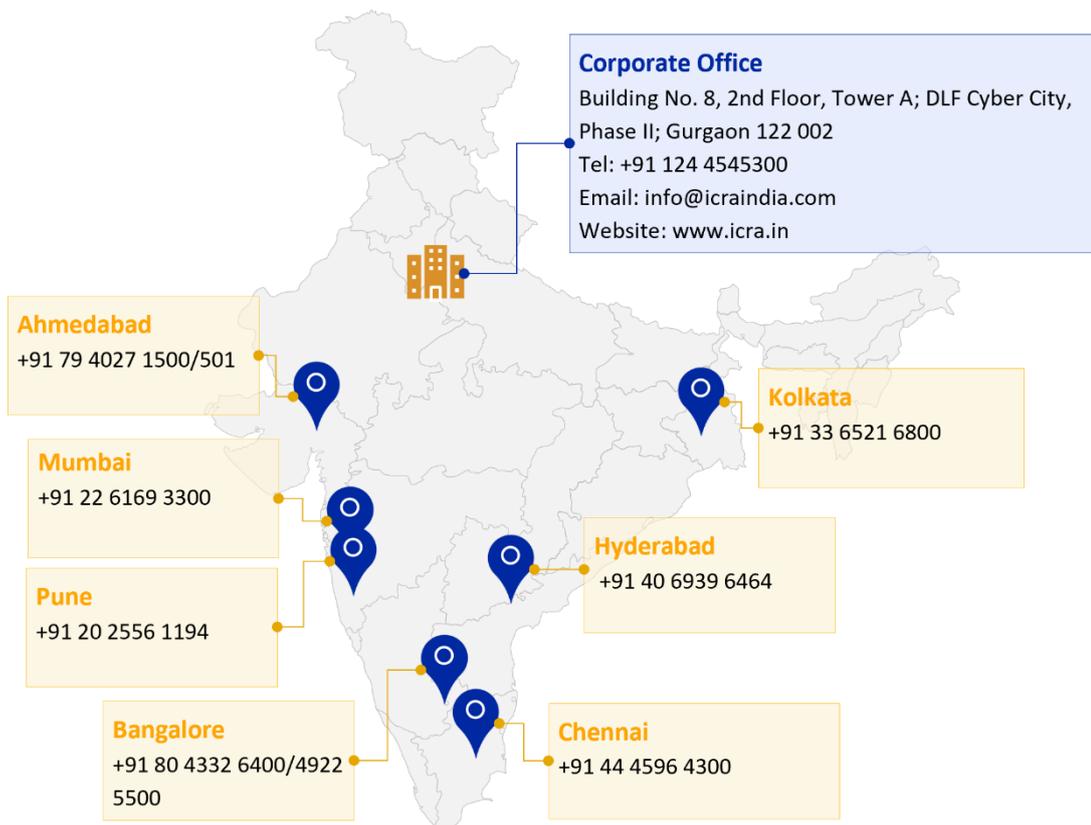
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