

November 20, 2025

SATYA Micro Housing Finance Private Limited: Rating downgraded to [ICRA]BB+ and put on Rating watch with Negative Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term others – Fund based	80.0	80.0	[ICRA]BB+ Rating watch with negative implications; downgraded from [ICRA]BBB- (Negative) and put on Rating watch with negative implications
Total	80.0	80.0	

*Instrument details are provided in Annexure I

Rationale

The rating action factors in the continued weakening in the credit profile of SATYA MicroCapital Ltd. (SML), which holds a stake of ~98% in SATYA Micro Housing Finance Private Limited (SMHFPL). SML's recent equity infusion was lower than planned while its asset quality continued to deteriorate in Q2 FY2026 with forward flows into harder overdue buckets remaining high. SML raised ~Rs. 102 crore of equity capital in November 2025 against the originally planned amount of ~Rs. 300 crore. The company suspended disbursements entirely from September 2025 to preserve its capital adequacy and it focussed on collections. Further, the solvency profile has been affected by the sizeable pool of stressed on-balance sheet assets {overdues in harder buckets¹ and gross security receipts (SRs) together at ~Rs. 756 crore² as of September 2025} with modest provisions thereof. This, along with the curtailment of fresh disbursements, impacted the asset security cover against secured borrowings, which is currently below the lender requirements/terms. The on-balance sheet free liquidity stood at 5.4% of the company's total borrowings (standalone) as on September 30, 2025. Also, the company was in breach of the minimum qualifying assets criteria as of September 2025 with qualifying assets of ~56% vis-à-vis 60% required by regulations.

ICRA takes note of the company's plans to raise an additional ~Rs. 203 crore equity capital by December 2025, with its majority shareholder Gojo & Co. confirming its participation for USD 15 million (~Rs. 130 crore) in the upcoming round. The company is also monetising its fixed assets and planning a partial stake sale in its wholly-owned subsidiary, Satya Micro Housing Finance Private Limited, realisation and timelines of which remain crucial. This apart, the company aims to raise additional equity capital of ~Rs. 150 crore in Q4 FY2026. In ICRA's opinion, it remains critical for SML to secure substantial incremental equity to improve its capitalisation and solvency³ profiles and ICRA shall closely monitor the progress on the company's stated plans to improve its capital buffers. This can also support its near-term financial flexibility and liquidity, which is currently stretched due to the above-mentioned factors.

SMHFPL's rating is also constrained by its stretched liquidity position because of asset-liability mismatches and consequent refinancing requirements. The company has scaled back disbursements due to funding challenges, largely on account of the deterioration in its parent's credit profile. SMHFPL's ability to access new funding sources will be pivotal for sustaining growth and improving its liquidity buffers. The rating also reflects the company's limited operating history, exposure to a relatively vulnerable borrower segment, and weak earnings profile due to its nascent stage of operations. The rating continues to factor in SMHFPL's adequate capitalisation profile with a capital adequacy ratio of 54% and a managed gearing of 2.4 times as of June 2025. Nevertheless, it would require equity infusions over the near-to-medium term, given its stated growth plans.

¹ On-book portfolio overdue/delinquent for more than 90 days

² net of write offs of ~Rs. 44 crore in Q2 FY2026

³ Unprovided stressed assets as proportion of net worth

Key rating drivers and their description

Credit strengths

Adequate capitalisation profile – SMHFPL reported a total capital-to-risk weighted assets ratio (CRAR) of 54% (provisional), well above the regulatory requirement, while the managed gearing⁴ remained low at 2.4 times as on June 30, 2025. The net worth increased to Rs. 102 crore as on June 30, 2025 from Rs. 61 crore as on March 31, 2024, supported by the Rs. 50-crore equity infusion in FY2025 from SML. Since the company is in a nascent stage of operations and its assets under management (AUM) is relatively low, the capital profile is currently adequate. Nevertheless, it would require equity infusions over the near-to-medium term, given its stated growth plans.

Credit challenges

Limited track record and exposure to vulnerable borrower profile – Following its acquisition by SML in FY2023, the company has been scaling up its operations and reported an AUM of ~Rs. 312 crore as on September 30, 2025 (~Rs. 129 crore as on March 31, 2024). Its operations are spread in five states/Union Territories (UTs) through a network of 52 branches. While the company has been scaling up its operations at a high pace, its scale remains relatively modest.

Further, SMHFPL operates in the affordable housing finance segment, which is relatively riskier due to the low-to-middle-income profile of the borrowers. Most of the borrowers work in small private enterprises or proprietorships and remain vulnerable to economic cycles with limited income buffers to absorb income shocks. While the losses on default are expected to be limited due to the secured nature of the portfolio, the company's ability to manage the asset quality profile, contain slippages and manage recoveries from its overdue borrowers will remain important from a credit perspective.

Weak earnings profile, given nascent stage of operations – SMHFPL reported a net loss of ~Rs. 1 crore in Q1 FY2026 (provisional) compared to a net loss of Rs. 8 crore in FY2025. Given the nascent stage of operations, the operating expenses are elevated. Nonetheless, ICRA takes note of the company's ongoing cost-optimisation initiatives, aimed at improving profitability. ICRA believes that SMHFPL's asset quality metrics are still evolving and its ability to manage its credit costs, while improving its operational efficiency as it scales up, shall be key for enhancing its profitability.

Liquidity position: Stretched

As on September 30, 2025, SMHFPL held an unencumbered cash and bank balance of ~Rs. 8 crore (Rs. 6.5 crore as on October 30, 2025) to cater to its monthly scheduled debt repayments of Rs. 7.5 crore vis-à-vis scheduled monthly collections of Rs. 4.5-5 crore. ICRA takes note of the company's plans to securitise/assign loan assets to improve its liquidity buffers. SMHFPL's ability to secure incremental funding or refinance is critical for the timely servicing of its debt obligations.

Rating sensitivities

Positive factors – A sustained improvement in SML's risk profile could positively impact the rating.

Negative factors – Further deterioration in SML's credit profile could impact the rating. Pressure on the rating could also arise on further weakening in its liquidity position.

Analytical approach

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

⁴ Managed gearing = (On-book borrowings + Off-book portfolio)/Net worth

About the company

SATYA Micro Housing Finance Private Limited (SMHFPL; formerly known as Baid Housing Finance Private Limited) is a housing finance company, which was incorporated in 2008. It was acquired and renamed by Satya MicroCapital Ltd. (SML) in FY2023. SMHFPL offers housing loans and loan against property under the affordable housing finance segment.

As on June 30, 2025, SMHFPL reported an AUM of Rs. 321 crore (Rs. 312 crore as on September 30, 2025 and Rs. 308 crore as on March 31, 2025) spread across a network of 52 branches in five states and Union Territories, namely Delhi-NCR, Uttar Pradesh, Bihar, Rajasthan and Uttarakhand. The company reported a net loss of Rs. 1 crore in Q1 FY2026 on total managed assets of Rs. 353 crore as on June 30, 2025.

Key financial indicators (audited; standalone)

SATYA Micro Housing Finance Private Limited	FY2024	FY2025	Q1 FY2026*
Total income	13	42	14
PAT	-8	-8	-1
Total managed assets	145	338	353
Return on managed assets	-8.0%	-3.2%	-1.5%
Managed gearing (times)	1.3	2.2	2.4
Gross NPA	0.5%	1.2%	1.5%
CRAR	74.8%	55.4%	54.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * As per limited review

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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)	November 20, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	80.00	[ICRA]BB+ Rating watch with negative implications	Apr 1, 2025	[ICRA]BBB (Stable)	Apr 2, 2024	[ICRA]BBB (Stable)	-	-	-	-
				Sep 1, 2025	[ICRA]BBB- (Negative)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term others – Fund based	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
Not applicable	Long-term others – Fund based	Sep 2023 to Feb 2025	11.50-11.75%	Oct 2026 to Feb 2028	80.0	[ICRA]BB+ Rating watch with negative implications

[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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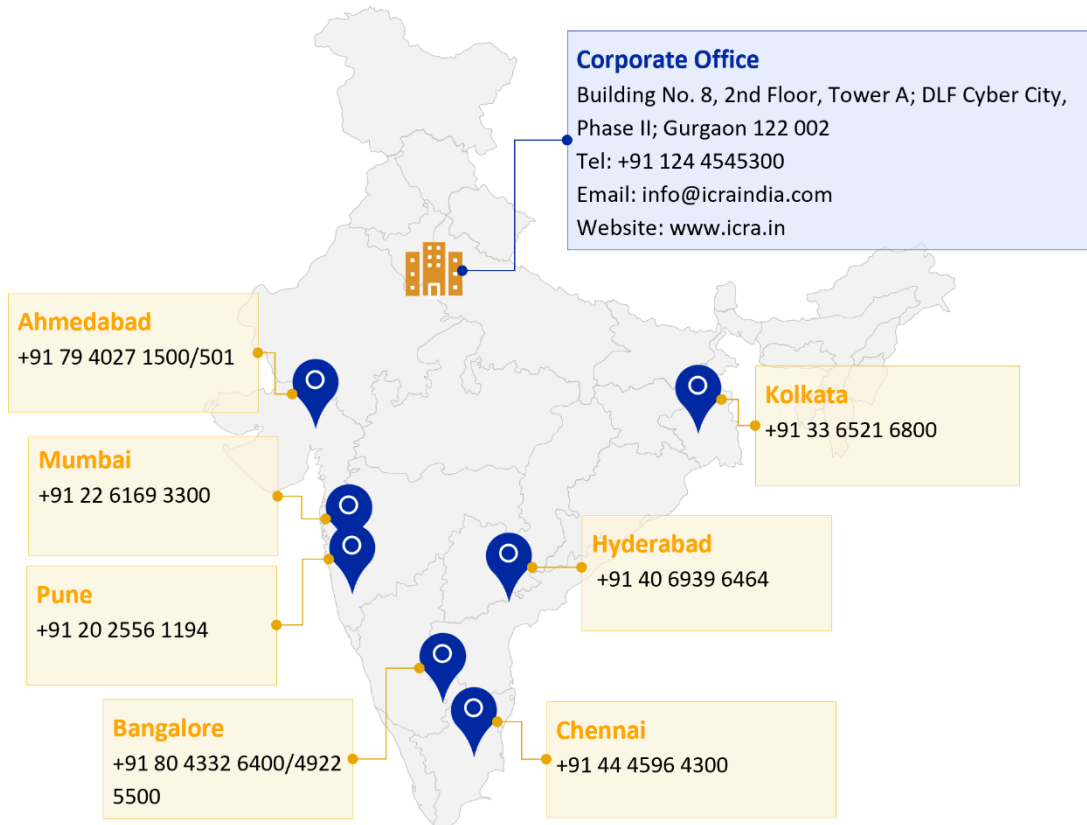


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