September 15, 2026

SATYA Micro Housing Finance Private Limited: Rating downgraded to [ICRA]B+ (Negative)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term others – Fund based	80.0	80.0	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative)	RBI
Total	**80.0**	**80.0**		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI

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 liquidity position has remained stretched due to the sustained weakness in its solvency and financial flexibility. Moreover, the pool of stressed assets on its balance sheet (gross non-performing assets (GNPAs) and gross security receipts (SRs) of ~Rs. 541 crore as on June 30, 2026) remains sizeable. As of June 2026, SML held provisions of ~Rs. 110 crore for SRs and the expected credit loss on loans, though the unprovided stress on the balance sheet remained high in relation to the standalone net worth of ~Rs. 428 crore. While SML raised ~Rs. 80-crore equity capital in Q4 FY2026 followed by ~Rs. 28 crore in April 2026 against the planned amount of ~Rs. 200 crore by December 2025, it shall need to raise substantial incremental equity to improve its capitalisation and solvency[1] profiles, given the weak asset quality and expected losses. Although ICRA is cognisant of SML's plans to raise an additional ~Rs. 60-crore equity capital by September 2026 and monetise its stake in its wholly-owned subsidiary, SATYA Micro Housing Finance Private Limited (SMHFPL), the timely execution of these initiatives remains critical. Further, SML has not been able to mobilise incremental on-balance sheet debt funding in the last few quarters and the liquidity profile remains stretched with limited on-balance sheet liquidity. ICRA also notes that SML faces prepayment risk, given the breach of covenants, including financial, operating and rating-linked covenants. Additionally, given the elevated operating cost structure for the current scale, weak solvency profile and the modest provisions on stressed assets would continue to exert pressure on SML's earnings profile.

Apart from the deterioration in its parent's credit profile, SMHFPL's rating is 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 75% and a managed gearing of 2.1 times as of June 2026.

[1] Unprovided stressed assets as a 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 ~75% (provisional), well above the regulatory requirement, while the managed gearing[2] remained low at 2.1 times as on June 30, 2026. The net worth declined to ~Rs. 93 crore as on June 30, 2026 (~Rs. 90 crore as on March 31, 2026) from Rs. 103 crore as on March 31, 2025, amid losses reported by the company. Since SMHFPL 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 stretched liquidity and stated growth plans.

Credit challenges

Deterioration in parent's credit profile – SML's liquidity position has remained stretched due to the sustained weakness in its solvency level and financial flexibility. Moreover, the pool of stressed assets on its balance sheet (gross non-performing assets (GNPAs) and gross security receipts (SRs) of ~Rs. 541 crore as on June 30, 2026) remains sizeable. As of June 2026, SML held provisions of ~Rs. 110 crore for SRs and the expected credit loss on loans, though the unprovided stress on the balance sheet remained high in relation to the standalone net worth of ~Rs. 428 crore. While SML raised ~Rs. 80-crore equity capital in Q4 FY2026 followed by ~Rs. 28 crore in April 2026 against the planned amount of ~Rs. 200 crore by December 2025, it shall need to raise substantial incremental equity to improve its capitalisation and solvency[3] profiles, given the weak asset quality and expected losses. Although ICRA is cognisant of SML's plans to raise an additional ~Rs. 60-crore equity capital by September 2026 and monetise its stake in its wholly-owned subsidiary, SATYA Micro Housing Finance Private Limited (SMHFPL), the timely execution of these initiatives remains critical. Further, SML has not been able to mobilise incremental on-balance sheet debt funding in the last few quarters and the liquidity profile remains stretched with limited on-balance sheet liquidity. ICRA also notes that SML faces prepayment risk, given the breach of covenants, including financial, operating and rating-linked covenants. Additionally, given the elevated operating cost structure for the current scale, weak solvency profile and the modest provisions on stressed assets would continue to exert pressure on SML's earnings profile.

Limited track record and exposure to vulnerable borrower profile – Following its acquisition by SML in FY2023, SMHFPL had been scaling up its operations and reported AUM of ~Rs. 263 crore as on June 30, 2026 (~Rs. 278 crore as on March 31, 2026; ~Rs. 308 crore as on March 31, 2025). However, the company curtailed its disbursements from October 2025 in order to preserve liquidity.

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. ICRA notes that the company's current collection efficiency moderated to 86% in Q1 FY2027 from 90% in Q4 FY2026 (91% in FY2026). While the losses on default are expected to be limited due to the secured nature of the portfolio, SMHFPL's ability to manage the asset quality profile, contain slippages and achieve recoveries from its overdue borrowers will remain important from a credit perspective.

Weak earnings profile, given nascent stage of operations – Given the nascent stage of operations, the company's operating expenses remain high, resulting in losses during FY2024-FY2026. ICRA notes that SMHFPL reported a net profit of ~Rs. 3 crore in Q1 FY2027 compared to the net loss of Rs. 13 crore in FY2026 (net loss of Rs. 8 crore in FY2025). The improvement was primarily driven by relatively higher income of ~Rs. 7 crore from direct assignment transactions. 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.

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[2] Managed gearing = (On-book borrowings + Off-book portfolio)/Net worth

[3] Unprovided stressed assets as a proportion of net worth

Liquidity position: Stretched

As on June 30, 2026, SMHFPL had an unencumbered cash and bank balance of ~Rs. 2 crore (~Rs. 8 crore as on March 31, 2026) to cater to its scheduled debt repayments of ~Rs. 14 crore and Rs. 27 crore, respectively, over the next three and six months, versus scheduled principal collections of ~Rs. 6 crore and Rs. 8 crore, respectively, from performing advances. Further, the current collection efficiency against the scheduled demand was ~86% in Q1 FY2027. 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 have a positive impact on the rating.

Negative factors – Continued deterioration in SML's credit profile could impact the rating. Inability to strengthen the liquidity buffers further shall also negatively impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable*
Consolidation/Standalone	Standalone

**Given the significant deterioration in the credit profile of the parent, i.e. SML, its ability to provide any financial support to the company remains limited*

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 later acquired and renamed by Satya MicroCapital Ltd. (SML) in FY2023. SMHFPL, a subsidiary of SML, offers housing loans and loan against property under the affordable housing finance segment.

As on June 30, 2026, SMHFPL's AUM was Rs. 263 crore (Rs. 278 crore as on March 31, 2026). The company reported a net profit of Rs. 3 crore in Q1 FY2027 (net loss of ~Rs. 13 crore in FY2026) on total managed assets of Rs. 302 crore as on June 30, 2026.

Key financial indicators (audited; standalone)

SATYA Micro Housing Finance Private Limited	FY2025	FY2026	Q1 FY2027*
Total income	42	46	15
PAT	-8	-13	3
Total managed assets	338	319	302
Return on managed assets	-3.2%	-3.9%	3.6%
Managed gearing (times)	2.2	2.4	2.1
Gross NPA	1.2%	3.9%	6.5%
CRAR	55.4%	55.7%	74.7%

*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

	Current (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	September 15, 2026	Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	80.00	[ICRA]B+ (Negative)	Apr 1, 2025	[ICRA]BBB (Stable)	Apr 2, 2024	[ICRA]BBB (Stable)	-	-
				Sep 1, 2025	[ICRA]BBB- (Negative)	-	-	-	-
				Nov 20, 2025	[ICRA]BB+; Rating Watch with Negative Implications				
				Dec 31, 2025	[ICRA]BB (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	Financial sector regulator#
Not applicable	**Long-term others – Fund based**	Sep 2023 to Feb 2025	11.50-11.75%	Oct 2026 to Feb 2028	80.0	[ICRA]B+ (Negative)	RBI

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI

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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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