September 15, 2026

SATYA MicroCapital Ltd.: Rating downgraded to [ICRA]B+ (Negative); rating withdrawn for matured/redeemed/unutilised instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator[#]
Non-convertible debentures	28.50	28.50	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative)	SEBI
Non-convertible debentures	291.34	0.00	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative) and withdrawn	SEBI
Subordinated debt[@]	25.00	25.00	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative)	SEBI
Subordinated debt	85.00	85.00	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative)	MCA
Bank facilities – Long-term fund-based others	661.19	661.19	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative)	RBI
Bank facilities – Long-term fund-based others	1,038.81	0.00	[ICRA]B+ (Negative); rating downgraded from [ICRA]BB (Negative) and withdrawn	RBI
Total	**2,129.84**	**799.69**		

**Instrument details are provided in Annexure I; [@]Previously denoted as Tier II bonds*

[#] 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 downgrade factors in the sustained weakness in SATYA MicroCapital Ltd.'s (SML) solvency and financial flexibility, which has continued to strain its liquidity position. 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 the company 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.

ICRA takes note of the transfer of the majority shareholding (~53%) by Gojo & Co. to its affiliate, Asha Japan; the implications of this change on SML's financial flexibility remains monitorable. Further, the company 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 (~7% of on-balance sheet borrowings as of June 2026). ICRA also notes that SML faces prepayment risk, given the breach of covenants, including financial, operating and rating-linked covenants.

The rating also factors in the company's weak earnings profile, given the weak asset quality and operating efficiency, resulting in continued losses. SML reported a provisional net loss of ~Rs. 39 crore in Q1 FY2027 (net loss of ~Rs. 790 crore in FY2026)

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

despite the one-time gain of ~Rs. 22 crore from the revaluation of a subsidiary. ICRA notes the management's initiatives to improve profitability through workforce rationalisation, branch consolidation and expansion of the business correspondent (BC) portfolio. Further, ICRA is aware that SML remained non-compliant with the minimum qualifying asset requirement, with qualifying assets constituting ~48% of total assets as of June 2026 against the regulatory requirement of 60%. However, the company has obtained regulatory extension allowing compliance with the above by March 31, 2027.

The Negative outlook on the rating reflects ICRA's expectation that the company's liquidity and solvency profiles will remain stretched.

ICRA has downgraded and simultaneously withdrawn the rating assigned to the Rs. 291.34-crore non-convertible debenture (NCD) programme and Rs. 1,038.81-crore bank lines as the instruments have matured or have been redeemed/unutilised with no amount outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Established track record – SML is an established player in the microfinance industry with standalone assets under management (AUM) of Rs. 1,964 crore as on June 30, 2026 (~Rs. 2,425 crore as on March 31, 2026; Rs. 4,663 crore as on March 31, 2025) and consolidated AUM of Rs. 2,227 crore (Rs. 2,703 crore as on March 31, 2026; Rs. 4,971 crore as on March 31, 2025). It also offers affordable housing finance through its subsidiary, SMHFPL, which had AUM of ~Rs. 263 crore as on June 30, 2026. ICRA notes that SML suspended disbursements entirely from September 2025 to preserve its capital adequacy and to focus on collections. However, it recommenced lending recently with ~Rs. 70 crore disbursed in Q1 FY2027, part of which was under BC arrangements.

Credit challenges

Weak asset quality and solvency – The company continued to report weak asset quality with GNPAs of ~Rs. 77 crore as on June 30, 2026 (4.7% of on-book portfolio; ~Rs. 64 crore or 3.3% as on March 31, 2026; ~Rs. 404 crore or 12.5% as on September 30, 2025). This apart, it held gross SRs of ~Rs. 464 crore as on June 30, 2026 (~Rs. 473 crore as on March 31, 2026; ~Rs. 382 crore as on September 30, 2025), with modest provisions on the same. Given the sizeable pool of stressed on-balance sheet assets (GNPAs and gross SRs of ~Rs. 541 crore as of June 2026), the solvency profile remains weak. As of June 2026, the company held provisions of ~Rs. 110 crore for SRs and the expected credit loss on loans. SML continued to report losses with a provisional net loss of ~Rs. 39 crore in Q1 FY2027 (net loss of ~Rs. 790 crore in FY2026), constrained by the weak asset quality and operating efficiency. In ICRA's opinion, the expected credit costs on overdues and SRs would continue to exert pressure on SML's earnings and credit profile.

Weak financial flexibility and capitalisation – The company's financial flexibility remains weak, given the sizeable pool of stressed assets, weak solvency level and the likely challenges in maintaining the required asset security cover against its secured borrowings. SML was unable 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 (~7% of on-balance sheet borrowings as of June 2026).

The company 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. ICRA notes that capital adequacy was above the regulatory requirements as of June 2026, post the recent equity infusions and other initiatives. Nonetheless, the capitalisation profile remains weak, given the solvency level and continued losses. While ICRA notes SML's intention to raise capital of ~Rs. 60 crore by September 2026 and divest a part of its stake in SMHFPL, the timely completion of these initiatives remains critical. In ICRA's opinion, the company shall need to raise substantial incremental equity to improve its capitalisation and solvency profiles, given the weak asset quality. ICRA will continue to monitor SML's progress in strengthening its capital base and liquidity buffers.

Political, communal and other risks, given the unsecured lending and marginal borrower profile – The company remains susceptible to the risks associated with unsecured lending to marginal borrowers, the limited ability of the borrowers to absorb income shocks, and the rising borrower leverage levels owing to an increase in multiple lending in the areas of operation. Further, political and operational risks associated with microfinance may result in high volatility in the asset quality indicators. However, a geographically diversified portfolio partially mitigates these risks as these issues are largely region-specific so far. The microfinance industry is prone to socio-political, climatic and operational risks, which could negatively impact its operations. SML's ability to onboard borrowers with a good credit history, recruit and retain employees as well as maintain the geographical diversity of its operations would be a key rating sensitivity.

Liquidity position: Stretched

On a standalone basis, SML had a free cash and bank balance of ~Rs. 127 crore as on June 30, 2026 (~Rs. 59 crore as on July 31, 2026; ~Rs. 35 crore as on August 31, 2026). As per the asset-liability management statement as on June 30, 2026, it had scheduled debt repayments of ~Rs. 409 crore and Rs. 601 crore, respectively, over the next three and six months versus scheduled principal collections of ~Rs. 333 crore and Rs. 571 crore, respectively, from performing advances. The company's current collection efficiency against scheduled demand was ~94% in Q1 FY2027. Its inability to improve its collection efficiency would impact its liquidity profile.

Further, ICRA notes that SML faces prepayment risk, given the breach of covenants, including financial, operating and rating-linked covenants. In ICRA's opinion, the company's ability to maintain adequate security cover against its borrowings shall remain a challenge due to the sizeable pool of stressed assets. As per data shared with ICRA, SML was in breach of covenants pertaining to various debt facilities of over Rs. 700 crore as on June 30, 2026 and is paying additional interest on some of its NCDs and term loan(s).

Rating sensitivities

Positive factors – A substantial strengthening in the capitalisation profile, along with an improvement in the asset quality and earnings, could have a positive impact on the rating.

Negative factors – Inability to improve the capital buffers and liquidity shall negatively impact the rating. Continued deterioration in the asset quality and profitability can also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies (NBFCs) Policy on withdrawal of credit ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated

About the company

SATYA MicroCapital Ltd. is a Delhi-based non-banking financial company-microfinance institution (NBFC-MFI), which was incorporated in 1995. It started its microfinance operations in FY2017 by adopting the joint liability group (JLG) model with fortnightly and monthly collection cycles. SML primarily focusses on lending to women (husbands/sons (above 18 years of age) act as nominees) who aim to initiate a new business or enhance their existing business. As on June 30, 2026, the standalone AUM was ~Rs. 1,964 crore. SML also offers affordable housing finance through its subsidiary – SATYA Micro Housing Finance Private Limited.

Key financial indicators (audited; standalone)

SATYA MicroCapital Ltd.	FY2025	FY2026	Q1 FY2027*
Total income	1,312	705	138
Profit after tax	25	-790	-39
Total managed assets	6,802	3,658	3,130
Return on average managed assets	0.4%	-15.1%	-4.6%

SATYA MicroCapital Ltd.	FY2025	FY2026	Q1 FY2027*
Managed gearing (times)	5.3	6.8	5.8
Gross NPA	1.2%	3.3%	4.7%
CRAR	22.7%	15.1%	17.9%

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

Key financial indicators (audited; consolidated)

SATYA MicroCapital Ltd.	FY2025	FY2026
Total income	1,256	799
Profit after tax	-51	-769
Total managed assets	6,896	3,775
Return on average managed assets	-0.7%	-14.4%
Managed gearing (times)	6.0	8.4

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	September 15, 2026	Date	Rating	Date	Rating	Date	Rating
Subordinated bonds/Debt (Tier II bonds)	Long term	25.00	[ICRA]B+ (Negative)	Apr-1-25	[ICRA]BBB+ (Stable)	Apr-2-24	[ICRA]BBB+ (Stable)	May-25-23	[ICRA]BBB+ (Stable)
				Apr-9-25	[ICRA]BBB+ (Stable)	May-14-24	[ICRA]BBB+ (Stable)	Nov-9-23	[ICRA]BBB+ (Stable)
				Sep-1-25	[ICRA]BBB (Negative)	Jun-25-24	[ICRA]BBB+ (Stable)	Dec-14-23	[ICRA]BBB+ (Stable)
				Nov 20-25	[ICRA]BBB-; Rating Watch with Negative Implications	-	-	Feb-16-24	[ICRA]BBB+ (Stable)
				Dec-31-2025	[ICRA]BB (Negative)	-	-	Feb-21-24	[ICRA]BBB+ (Stable)
Subordinated bonds/debt	Long term	85.00	[ICRA]B+ (Negative)	Apr-1-25	[ICRA]BBB+ (Stable)	Apr-2-24	[ICRA]BBB+ (Stable)	May-25-23	[ICRA]BBB+ (Stable)
				Apr-9-25	[ICRA]BBB+ (Stable)	May-14-24	[ICRA]BBB+ (Stable)	Nov-9-23	[ICRA]BBB+ (Stable)
				Sep-1-25	[ICRA]BBB (Negative)	Jun-25-24	[ICRA]BBB+ (Stable)	Dec-14-23	[ICRA]BBB+ (Stable)
				Nov 20-25	[ICRA]BBB-; Rating Watch with Negative Implications	-	-	Feb-16-24	[ICRA]BBB+ (Stable)
				Dec-31-2025	[ICRA]BB (Negative)	-	-	Feb-21-24	[ICRA]BBB+ (Stable)
Bonds/NCD/LTD	Long term	28.50	[ICRA]B+ (Negative)	Apr-1-25	[ICRA]BBB+ (Stable)	Apr-2-24	[ICRA]BBB+ (Stable)	May-25-23	[ICRA]BBB+ (Stable)
		291.34	[ICRA]B+ (Negative); withdrawn						
				Apr-9-25	[ICRA]BBB+ (Stable)	May-14-24	[ICRA]BBB+ (Stable)	Nov-9-23	[ICRA]BBB+ (Stable)
				Sep-1-25	[ICRA]BBB (Negative)	Jun-25-24	[ICRA]BBB+ (Stable)	Dec-14-23	[ICRA]BBB+ (Stable)
				Nov 20-25	[ICRA]BBB-; Rating Watch with Negative Implications			Feb-16-24	[ICRA]BBB+ (Stable)
				Dec-31-2025	[ICRA]BB (Negative)	-	-	Feb-21-24	[ICRA]BBB+ (Stable)
Long-term others – Fund based	Long term	661.19	[ICRA]B+ (Negative)	Apr-1-25	[ICRA]BBB+ (Stable)	Apr-2-24	[ICRA]BBB+ (Stable)	May-25-23	[ICRA]BBB+ (Stable)
		1,038.81	[ICRA]B+ (Negative); withdrawn						
				Apr-9-25	[ICRA]BBB+ (Stable)	May-14-24	[ICRA]BBB+ (Stable)	Nov-9-23	[ICRA]BBB+ (Stable)
				Sep-1-25	[ICRA]BBB (Negative)	Jun-25-24	[ICRA]BBB+ (Stable)	Dec-14-23	[ICRA]BBB+ (Stable)

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	September 15, 2026	Date	Rating	Date	Rating	Date	Rating
				Nov-20-25	[ICRA]BBB-; Rating Watch with Negative Implications	-	-	Feb-16-24	[ICRA]BBB+ (Stable)
				Dec-31-2025	[ICRA]BB (Negative)	-	-	Feb-21-24	[ICRA]BBB+ (Stable)

LTD – Long-term debt

Complexity level of the rated instruments

Instrument	Complexity indicator
Bank facilities – Long-term fund-based others	Simple
Bonds/NCD/LTD	Simple*
Subordinated bonds/Debt (Tier II bonds)	Simple
Subordinated bonds/Debt	Simple

**Some ISINs have a call option*

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#
INE982X07143	**Bonds/NCD/LTD**	Jul-05-2021	11.7229%	May-05-2026	16.10	[ICRA]B+ (Negative); withdrawn	SEBI
INE982X07218	**Bonds/NCD/LTD**	Jan-14-2022	11.76%	Jan-14-2026	42.00	[ICRA]B+ (Negative); withdrawn	SEBI
INE982X07424	**Bonds/NCD/LTD**	Feb-28-2024	12.00%	Feb-28-2026	50.00	[ICRA]B+ (Negative); withdrawn	SEBI
INE982X08059	**Subordinated bonds/Debt**	Oct-22-2021	14.75%	May-21-2027	30.00	[ICRA]B+ (Negative)	MCA
INE982X08067	**Subordinated bonds/Debt**	Mar-14-2022	15.15%	Mar-15-2027	30.00	[ICRA]B+ (Negative)	MCA
INE982X08083	**Subordinated bonds/Debt**	Jun-27-2023	15.25%	Jul-03-2028	25.00	[ICRA]B+ (Negative)	MCA
INE982X08034	**Subordinated bonds/Debt (Tier II bonds)**	Jul-08-2019	14.27%	Jul-08-2026	10.00	[ICRA]B+ (Negative)	SEBI
INE982X08042	**Subordinated bonds/Debt (Tier II bonds)**	Aug-01-2019	14.27%	Jul-08-2026	15.00	[ICRA]B+ (Negative)	SEBI
INE982X07457	**Bonds/NCD/LTD**	Aug-23-2019	12.65%	Nov-22-2027	28.50	[ICRA]B+ (Negative)	SEBI
INE982X07234	**Bonds/NCD/LTD**	Mar-30-2022	11.7702%	Mar-30-2026	45.00	[ICRA]B+ (Negative); withdrawn	SEBI

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
INE982X07283	**Bonds/NCD/LTD**	May-31-2022	11.7702%	May-31-2026	37.50	[ICRA]B+ (Negative); withdrawn	SEBI
INE982X07416	**Bonds/NCD/LTD**	Feb-02-2024	12.50%	Feb-02-2026	25.00	[ICRA]B+ (Negative); withdrawn	SEBI
INE982X07440	**Bonds/NCD/LTD**	Aug-23-2024	10.40%	Feb-23-2026	50.00	[ICRA]B+ (Negative); withdrawn	SEBI
Yet to be issued	**Bonds/NCD/LTD**	NA	NA	NA	0.74	[ICRA]B+ (Negative); withdrawn	SEBI
Yet to be issued	**Bonds/NCD/LTD**	NA	NA	NA	25.00	[ICRA]B+ (Negative); withdrawn	SEBI
Not applicable	**Long term – Fund-based others**	Sep 2021 to Dec 2023	9.25% to 15.25%	24-84 months	661.19	[ICRA]B+ (Negative)	RBI
Not applicable	**Long term – Fund-based others**	Sep 2021 to Dec 2023	9.25% to 15.25%	24-84 months	1,038.81	[ICRA]B+ (Negative); withdrawn	RBI

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	SML ownership (Jun-30-2026)	Consolidation approach
SATYA Micro Housing Finance Private Limited	97.79%	Full consolidation

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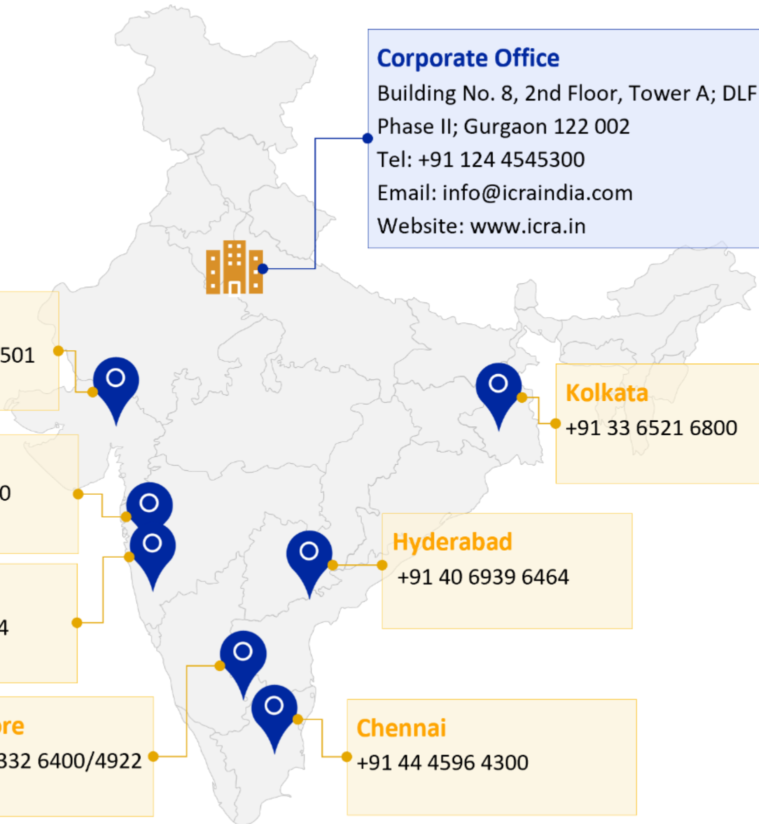

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