



## Press Release

### New Habitat Housing Finance and Development Limited

May 11, 2022

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.00	IVR BBB-/ Stable (IVR Triple B Minus; with Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>100.00</b>	<b>Rupees Hundred Crore Only</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long-term rating of IVR BBB- with a Stable outlook for the bank loan facilities of New Habitat Housing Finance and Development Limited (NHHFDL).

The rating draws comfort from resourceful promoters and experienced management, synergies from group companies, financial support from holding company, improving asset quality during FY2022 (Provisionals). However, these strengths are partially offset by moderate scale of loan book with decline in disbursements, geographical concentration and challenging operating environment for housing finance companies (HFC's).

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes NHHFDL's business risk profile will be maintained over the medium term as it is being managed by experienced professional and will reap the benefits of synergy from group companies in near term.

IVR has principally relied on the standalone audited financial results of NHHFDL upto 31 March 2021, FY2022 provisional certified results and projected financials for FY23, FY24 and FY25, and publicly available information/ clarifications provided by the company's management.

#### Key Rating Sensitivities:

#### Upward Factors

- Significant scaling up the business operations while maintaining the asset quality and profitability indicators.
- Improved diversification in terms of geography



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### Downward Factors

- Significant deterioration in leverage indicators, asset quality and/or profitability metrics in order to improve the lending operations.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Resourceful promoters and experienced management:**

During January 2022, the promoters of the company have changed from Wave Finserve Private Limited (WFPL), part of Wave Group, to Save Solutions Private Limited (SSPL, rated CARE BBB-; Stable). SSPL is the flagship company of SAVE Group and is also the 100% holding company of Save Microfinance Private Limited (SMPL) and Save Financial Services Private Limited (SFSPL). NHHFDL is supported by experienced promoters and board members. Governance is vested with a board of directors comprising 5 directors who are well qualified with experience, adequate knowledge of finance, banking, accounting, administration, technology and in corporate governance and management. Mr. Ajeet Kumar Singh, promoter director has more than 15 years of extensive experience in financial services and banking sector across rural & urban areas. He is ably supported by well qualified management team which helps the company in managing business operations effectively.

- **Synergies from group companies:**

Save Solutions Private Limited (SSPL), the holding company of NHHFDL and has 12,500 customer service points spread over 30 states and union territories covering 480 districts across the country. SSPL works on the spirit of financial inclusion, and it provides major banking services to the underserved and unserved population in the rural and semi urban geography of India. Also Save Microfinance Private Limited (SMPL), a group company, has 170 branches in Bihar, Chhattisgarh, Jharkhand, Uttar Pradesh, Rajasthan, and Haryana. Further, SMPL plans to open over 250 branches in the next three years in the existing states and in Punjab, Uttarakhand and Madhya Pradesh. Businesses model of the holding company and other group companies will provide synergy & thrust to the business activities of the company by way of loan origination support, due diligence support etc. in sourcing of good proposals besides administrative support.

- **Financial support from the holding company:**

New Habitat Housing Finance and Development Limited (NHHFDL) is wholly owned subsidiary (WOS) of SSPL. SSPL has raised funds from Incofin (through agRIF Fund) and Maj Invest by way of investment in the share capital of SSPL. International Funds namely Incofin (through agRIF Fund) and Maj Invest have invested Rs. 68.40 crore and Rs. 150 crore respectively in the share capital of SSPL. SSPL has also raised NCDs of



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Rs. 18.20 crore and Rs. 50.60 crore from International Investor namely “Symbiotic” (Singapore Based Fund) in 2019-20 and 2020-21. Also, SSPL has raised NCDs of Rs. 8.20 crore from Incofin during 2020-21. Thus, SAVE Group has wide acceptability amongst International PE Investors/ Funds who have strong appetite for further investment in NHHFDL through SSPL. Further, SSPL has FDRs of Rs. 26.93 crore in SBI and NHB for availing bank limits of Rs 26.93 crore against 100% margin in favour of existing guarantors of Wave Group. Out of this FDR's of Rs. 21.10 crore has been released on 31st March 2022 on substitution of personal & corporate guarantees of Wave Group with the corporate guarantee of SSPL & personal guarantees of promoter directors. Similarly, FDR's of Rs.5.83 crore is under process to be released by NHB on taking over of management of NHHFDL by SAVE Group. This amount of Rs. 26.93 crore shall be invested by SSPL in the share capital of NHHFDL.

- **Improving asset quality:**

The asset quality of the company has improved with the decline in AUM in FY2022. It has improved in FY2022, due to no impact of second wave of COVID-19 disruptions coupled with relatively low fresh loan disbursements as compared to FY2021, with absolute GNPA decreasing by 65.45% y-o-y and stood at Rs. 2.28 crores as on March 31, 2022, from Rs. 6.60 crores as on March 31, 2021. Net NPA (NNPA) has also decreased by 84.71% y-o-y to Rs. 0.70 crores as on March 31, 2022, from Rs. 4.58 crore as on March 31, 2021. Its GNPA% and NNPA% has improved to 2.98% and 0.91%, respectively as on March 31, 2022, from 6.21% and 4.31% respectively as on March 31, 2021. However, presence of fully secured loans and applicability of provisions of SARFAESI Act 2002 gives comfort towards the recovery of loans.

### Key Rating Weaknesses

- **Moderate scale of loan book and decline in disbursements:**

The total AUM of the company stood moderate at Rs. 76.58 crore in FY2022 (Provisional). Majority of the portfolio comprises of home loans, in FY2021 home loans were ~71.00% of the total portfolio size which remains almost same with ~68% in FY2022. In FY2022 the company had disbursed only Rs. 5.25 Cr of loans as against Rs. 28.74 Cr in FY2021 which leads to reduction in AUM from Rs. 106.21 Cr in FY2021 to Rs. 76.58 Cr. in FY2022. The decline in disbursements is a combine impact of covid pandemic and change in management from Wave Finserve Private Limited (WFPL), part of Wave Group, to Save Solutions Private Limited.

- **Moderate profitability margins:**

The PAT has shown marginal improvement, however, remained moderate in FY2022 (Provisional) at Rs.2.51 crore as against Rs.2.15 crore in FY2021. It reported net interest



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margin (NIM) of 9.84% in FY2022 (Provisional) as against 7.54% in FY2021. ROTA stood at 2.63% in FY2022 (Provisional) as against 2.05% in FY2021. Going forward, if the asset quality levels deteriorate further, the profitability is expected to be impacted.

- **Challenging operating environment for HFCs:**

Currently, the HFCs in India, are facing liquidity and funding challenges, resulting in subdued growth/degrowth and potential ALM mismatches in the short term. This is also expected to adversely affect the borrowing profile and profitability of HFCs. The COVID-19 pandemic has aggravated the liquidity issues of HFCs, with the loan moratorium announced by the RBI affecting their collection efficiencies and the resultant impact on asset quality and profitability. Furthermore, NHHFDL operates in a highly competitive housing finance space, thereby its ability to demonstrate profitable growth while maintaining asset quality will be critical.

- **Geographical concentration:**

Company currently operates in 3 states, New Delhi, Uttar Pradesh and Haryana with maximum exposure in Delhi (52% of AUM), followed by Uttar Pradesh with 41% of AUM, Haryana with 7% of AUM as on March 31, 2022, exposing NHHFDL to high geographic concentration risk.

**Analytical Approach:** For arriving at the ratings, IVR has analysed NHHFDL's credit profile by considering the standalone financial statements of the company.

**Applicable Criteria:**

[Rating Methodology for Non-Banking Finance Companies](#)  
[Financial Ratios & Interpretation \(Financial Sector\)](#)

**Liquidity – Adequate**

The company had adequately matched asset liability profile as on March 31<sup>st</sup>, 2022, with no negative cumulative mismatches in any of the time buckets up to 5 years. Liquidity is marked adequate by adequate capital adequacy ratio of 116.16% on March 31, 2022 (Provisional). Overall gearing stood comfortable at 0.41x as on March 31<sup>st</sup>, 2022 (Provisional). The working capital limits utilization stood low at ~9.00% in last twelve months period ending 31<sup>st</sup> December 2021 which gives excess availability of cash credit limit.



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### About the Company

New Habitat Housing Finance and Development Limited (NHHFDL) is a non-deposit taking and a Non-Banking Finance Company registered with National Housing Bank on 6th June 2012. NHHFDL was earlier owned by Wave Group and was later acquired by the Save group in January 2022 and is 100% subsidiary of Save Solutions Private Limited (SSPL).

NHHFDL is engaged in providing housing loans to individuals (salaried and self-employed) and non-housing loans like loan against property (LAP), top up loans etc. to individuals and corporates. NHHFDL had 660 borrowers and an AUM of Rs. 76.58 crore as on March 31, 2022. It currently operates three branches in Noida, Delhi and Gurgaon. It has aggressive plans of fast expansion in upcoming years. NHHFDL's portfolio has mainly ticket size of around Rs.5 lakh - Rs.50 lakh having a tenor of 5-25 years.

### **Financials (Standalone):**

For the year ended as on	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Provisional
Total Income	14.63	13.32
PAT	2.15	2.51
Total Debt	52.01	23.01
Tangible Networth	53.99	56.56
Total Loan Assets	106.21	76.58
Overall Gearing Ratio (x)	0.96	0.41
GNPA (%)	6.21	2.98
NNPA (%)	4.31	0.91
CAR (%)	78.73	116.16

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable





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### Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based	Long Term	100.00	IVR BBB-/Stable (Assigned)	-	-	-

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We



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are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	1.00	IVR BBB-/Stable
Term Loan-1	-	-	March 2025	9.32	IVR BBB-/Stable
Term Loan-2	-	-	March 2026	7.41	IVR BBB-/Stable
Term Loan-3	-	-	June 2027	4.19	IVR BBB-/Stable
Term Loan-4	-	-	March 2025	1.84	IVR BBB-/Stable
Proposed WC/TL	-	-	-	76.24	IVR BBB-/Stable

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-New-Habitat-May22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).