



Press Release

Save Housing Finance Limited (erstwhile New Habitat Housing Finance and Development Limited)

June 01, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Previous Ratings	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	65.66	IVR BBB-/ Stable (IVR Triple B Minus; with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus; with Stable Outlook)	Reaffirmed	Simple
Long Term Bank Facilities- Proposed	179.34	IVR BBB-/ Stable (IVR Triple B Minus; with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus; with Stable Outlook)	Reaffirmed	Simple
Total	245.00	Rupees Two Hundred Forty Five Crores Only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed long-term rating to IVR BBB- with a Stable outlook for the bank loan facilities of Save Housing Finance Limited (SHFL).

The rating continues to draw comfort from the support from promoters and experienced management, comfortable scale of operations and comfortable collection efficiency, CAR and low levels of GNPA's. However, these strengths are partially offset by small size and geographically concentrated operations and decline in profitability margins.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes SHFL's will continue benefit from its experienced management, controlled NPA level, availability of fund for further growth and higher acceptability of the company in the market.

IVR has principally relied on the standalone audited financial results of SHFL upto 31 March 2023, and projected financials for FY2024, FY2025 and FY2026, and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations with Total income above Rs. 25 crore, profitability margins and asset under management
- Maintain strong asset quality
- Sustenance of the overall gearing

Downward Factors

- Deterioration in overall gearing
- Substantial rise in slippages to NPA's
- Continuous deterioration in the asset quality and earning profile of the company

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Support from promoters and experienced management:**

SHFL is wholly owned subsidiary of Save Solutions Private Limited (SSPL) which is a 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). SSPL has provided continuous support to SHFL by timely equity infusion as and when required. SHFL 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.

- **Comfortable scale of operations:**

The total income (TI) has improved by 16.28% in FY2023 to Rs. 15.50 crore from Rs. 13.33 crore mainly due to increase in loan disbursements in FY2023 which in turn increased interest income and fee income which resulted in increase in total income. The assets under management (AUM) have grown to Rs 121.09 crore (Owned Portfolio-Rs. 106.79 crore and Assigned Portfolio-Rs. 14.30 crore) in FY2023 from Rs. 76.73 crore in FY2022. The net interest margin has improved to 11.19% in FY2023 from 9.85% in FY2022 mainly due to an increase in scale of operations. Going forward, the company's continued ability to diversify their resource profile and raise funds at competitive interest rates would add to the profitability of the company.



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- **Comfortable collection efficiency, CAR and low levels GNPA's**

The collection efficiency has remained at comfortable levels around 95.05% during past 12 months ending 30th April 2023. The gross and net NPAs stood to 1.75% and 0.74% respectively in FY2023 as compared to 2.98% and 0.91% respectively in FY2022. In FY2023, SHFL's 82.92% of the total portfolio is current and 15.33% falls within 90DPD bucket and remaining 1.75%, are declared as NPA against the total loan portfolio in FY2023 due to better recovery process and quality customers. The capital adequacy ratio remained comfortable at 89.62% in FY2023.

Key Rating Weaknesses

- **Small size and geographically concentrated operations:**

In FY2023, SHFL is operating out of the seven states of Delhi, Uttar Pradesh, Haryana, Uttarakhand, Rajasthan, West Bengal and Madhya Pradesh, with 20 branches and currently employing more than 148 people. Loan portfolio stood at Rs. 121.09 crore as on March 31, 2023. The portfolio remains geographically concentrated with two state exposure in Uttar Pradesh which forms 47.57% of the portfolio and Delhi which forms 30.38% of the portfolio as on March 31, 2023. IVR expects geographic diversification to improve gradually as the company increases its scale in the medium term.

- **Decline in profitability margins:**

The operating profit margins and net profit margins have declined to 18.64% and 13.67% respectively in FY2023 from 25.58% and 19.35% respectively in FY2022. The margins have declined due to higher operating and employee expenses as the company is in expansion mode. Going forward, if the asset quality levels deteriorate further, profitability is expected to be impacted.

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

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFC's](#)
[Financial Ratios & Interpretation \(Financial Sector\)](#)
[Criteria for Assigning Rating Outlook](#)



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Liquidity – Adequate

The liquidity profile of the company remains adequate with did not have cumulative mismatches in its asset-liability management profile as on March 31, 2023, due to favourable asset maturity profile. Further, SHFL's has a liquidity cushion of Rs. ~12.75 crore in the form of unencumbered cash and cash equivalents as on April 30, 2023. Also, the company maintains surplus liquidity to cover four weeks to its debt obligations and operating expenses. IVR does not foresee any liquidity risk in the near term, given SHFL's adequate liquidity position and its ability to raise funds.

About the Company

Save Housing Finance Limited (SHFL) erstwhile New Habitat Housing Finance and Development Limited (NHHFDL) is a Non-deposit taking & Non-Banking Finance Company registered with National Housing Bank on 6th June, 2012. The company aims to provide customized housing finance solutions with personalised services to its customers. SHFL is 100% subsidiary of SAVE Solutions Private Limited (SSPL). The company changed its name to SHFL on 11th May 2023. The company is offering a wide array of products like home loans, home improvement/ extension loan, balance Transfer/ top-up Loan, loan against property, lease rental discounting etc. SHFL is primarily focused on the low-ticket housing loans & low tickets loan against property (LAP Loans). The company is now operational in seven states with 20 branches states like Delhi, Haryana, Uttar Pradesh, West Bengal, Madhya Pradesh, Rajasthan and Uttarakhand.

Financials (Standalone):

For the year ended as on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Income	13.33	15.50
PAT	3.41	2.89
Total Debt	23.01	47.05
Tangible Networkth	56.44	72.04
Total loan assets/AUM	76.73	121.09
Overall Gearing Ratio (x)	0.41	0.65
Return on Total Assets (%)	2.70	2.09
Gross NPA (%)	2.98	1.75
Net NPA (%)	0.91	0.74



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Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (11 May 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based	Long Term	245.00	IVR BBB-/Stable (Reaffirmed)	IVR BBB-/Stable)	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Shivam Bhasin Tel: (011) 45579024 Email: shivam.bhasin@infomerics.com	Name: Mr. Om Prakash Jain Tel: (011) 45579024 Email: opjain@infomerics.com
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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

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	-	-	March 2025	7.57	IVR BBB- /Stable
Term Loan	-	-	March 2026	16.18	IVR BBB- /Stable
Term Loan	-	-	September 2026	30.00	IVR BBB- /Stable
Term Loan	-	-	January 2027	4.62	IVR BBB- /Stable
Term Loan	-	-	March 2027	1.20	IVR BBB- /Stable
Term Loan	-	-	July 2027	2.09	IVR BBB- /Stable
Term Loan	-	-	May 2028	3.00	IVR BBB- /Stable
Proposed	-	-	-	179.34	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-SaveHousing-jun23.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](#).