Sasvitha Home Finance Limited

July 08, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities – Term Loan	102.21 (Reduced from Rs. 127.55 crore)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Rating reaffirmed	Simple
Long term Bank Facilities – Cash Credit	0.50	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Rating reaffirmed	Simple
Long term Bank Facilities – Proposed Term Loan	72.79 (Reduced from Rs. 121.85 Crore)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Rating reaffirmed	Simple
Total	**175.50 (Rupees One Hundred and Seventy-Five Crore and Fifty Lacs)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings assigned to the bank facilities of Sasvitha Home Finance Limited (SHFL) which continues to derive strength from moderate earnings profile, comfortable capitalisation levels, growth potential in the affordable housing segment and support from promoters and experienced board of members. The ratings are however partially constrained by moderation in AUM growth, average asset quality and inherent risks associated with HFCs.

Infomerics expects outlook to remain stable on back of expectations of continued support from the promoters, improvement in asset quality, capitalisation and profitability coupled with stable growth in AUM levels.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in scale of operations by geographical diversification while maintaining healthy asset quality, profitability and capitalization.

Downward Factors

- Substantial decline in loan portfolio and/or any deterioration in asset quality, profitability and capitalization levels below regulatory requirement.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Moderate earnings profile: SHFL's earnings profile is moderate marked by total income which has grown y-o-y by ~12% to Rs. 27.79 crore in FY25 (prov.) (refers to period 1st April 2024 to 31st March 2025) despite stagnancy in AUM levels on back of better yield on advances. This has led to improvement in NIM levels to 8.24% in FY25 (prov.) from 7.28% in FY24. Additionally, SHFL's PAT in absolute terms declined to Rs. 3.61 crore in FY25 (prov.) from Rs. 4.69 crore in FY24 driven by net write-off of NPA accounts worth Rs. 2.07 crore in FY25 (prov.). This led to ROTA declining to 2.20% in FY25 (prov.) from 3.06% in FY24. Furthermore, SHFL's cost to income ratio increased to 52.78% in FY25 (prov.) from 47.23% in FY24 on back of higher interest costs and write-off. Going forward, SHFL's ability to improve its earnings profile will remain a key rating monitorable.

Comfortable Capitalisation Levels: SHFL's capitalisation levels remain comfortable marked by total CRAR of of 62.86% in FY25 (prov.) (FY24: 57.54%). The capitalisation levels are supported by SHFL's tangible net worth of Rs. of Rs. 60.44 crore in FY25 (prov.) ((Rs. 57.63 crore in FY24) supported by accretion of profits to reserves and surplus. Additionally, SHFL's overall gearing improved marginally to 1.70x in FY25 (prov.) from 1.83x in FY24 on back of stable debt levels given the stagnant AUM levels. Going forward, SHFL's capitalisation levels are expected to remain comfortable on the expectations of capital raising through the external investors in FY26 – FY28.

Growth potential in the affordable housing segment: The affordable housing segment in India holds significant growth potential driven by rapid urbanization, a large unmet housing demand, government initiatives like PMAY (Pradhan Mantri Awas Yojana), and increasing income levels among lower- and middle-income groups. With a growing focus on housing for all and supportive policy measures such as interest subsidies, tax benefits, and infrastructure status for affordable housing, the sector is attracting both private and institutional investment, positioning it as a key driver of long-term growth in the Indian real estate and housing finance markets.

Support from promoters and experienced board of members: SHFL is supported by experienced promoters and board members. Governance is vested with a board of directors comprising 7 directors who are well qualified with experience, adequate knowledge of finance, banking, accounting, administration, technology and in corporate governance and management.

Key Rating Weaknesses

Moderation in AUM growth: SHFL's AUM growth has remained stagnant in FY25 (prov.) with total AUM of Rs. 162.73 crore (FY24: Rs. 162.30 crore). The stagnancy in growth was due to conservative approach adopted by the company in fresh disbursements on account of challenging funding environment for NBFCs / HFCs in FY25 which led to SHFL adopting a stringent credit policy coupled with intensive competition from the large well-funded Banks / FIs targeting its affordable housing segment borrowers base by offering competitive rate of interest. However, going forward, given the improvement in funding environment for NBFCs on back of RBI policy decisions like rates cuts and lower risk weights for NBFCs coupled with expected capital raising worth ~Rs. 100 crore through external investors which is expected to materialise in FY26 as per the management to fund AUM growth for SHFL in FY26 – FY28.

Average asset quality: SHFL's asset quality continues to remain average with GNPA and NNPA at 2.87% & 2.39% respectively in FY25 (prov.) (FY24: 2.98% & 2.35%). Furthermore, SHFL's on-time portfolio declined to ~71% in FY25 (prov.) from ~81% in FY24. This is primarily on account of the RBI directive dated 29.12.2023, effective from 01.04.2024, penal interest was converted into penal charges, leading to immediate demand creation. This resulted in temporary residual overdue of Rs. 4.28 L in 152 accounts with an outstanding of Rs.8.82 crore, mainly due to pending obtention of revised NACH mandates, though the accounts are otherwise regular. Additionally, repeated natural calamities—unprecedented rains in May 2024 in southern Tamil Nadu and monsoon floods in Dec 2024–Jan 2025 in northern districts—severely disrupted livelihoods, impacting repayment capacity of self-employed and small business borrowers. SHFL's provision coverage ratio decreased to 17.17% in FY25 (prov.) from 25% in FY24. Going forward, SHFL's ability to improve its asset quality will remain key rating monitorable.

Inherent risks associated with HFCs: Housing Finance Companies (HFCs) face several inherent risks due to the nature of their operations. Key among these is credit risk, as they lend primarily to retail borrowers, including those with weaker credit profiles in the affordable housing segment. They are also exposed to interest rate risk and asset-liability mismatches, since they often borrow short-term funds to finance long-term loans, making them vulnerable to liquidity pressures. Market risks arise from downturns in the real estate sector, which can affect the value of collateral, while operational and regulatory risks stem from internal control lapses or changes in norms by regulators like the RBI or NHB. These factors collectively make HFCs sensitive to economic cycles and underscore the need for robust risk management practices.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs]

[Financial Ratios & Interpretation (Financial Sector)]

[Criteria on assigning rating outlook]

[Policy on Default Recognition and Post-Default Curing Period]

[Complexity Level of Rated Instruments/Facilities]

Liquidity –Adequate

SHFL's liquidity profile is adequate marked by adequately matched ALM profile with no cumulative negative mismatches across various buckets as on 31st March 2025. Additionally, SHFL's cash and cash equivalent stood at Rs. 1.66 crore whereas SHFL's capitalization levels are comfortable with CRAR at 62.86% as on 31st March 2025.

About the Company

SHFL (formerly Sasvitha Home Finance Pvt Ltd), a Chennai-based non-deposit taking housing finance company, was incorporated on June 21, 2017. Registered with NHB in July 2018, it began operations soon after. SHFL focuses on providing affordable housing loans to low- and middle-income groups, primarily in Tamil Nadu, targeting underserved areas in urban, metro, and Tier 2/3 towns.

Financials (Standalone):

(Rs. crore)

For the year ended* / As on	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	24.80	27.79
PAT	4.69	3.61
Tangible Net worth	57.63	60.44
Total Loan Assets	162.30	162.73
Ratios		
NIM (%)	7.28	8.24
ROTA (%)	3.06	2.20
Interest Coverage (times)	1.52	1.39
Total CRAR (%)	57.54	62.86
Gross NPA [Stage III] (%)	2.98	2.87
Net NPA [Stage III] (%)	2.25	2.39

* *Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025 - 26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024 - 25	Date(s) & Rating(s) assigned in 2023 - 24	Date(s) & Rating(s) assigned in in 2022 - 23
					--	March 29, 2024	Feb 08, 2023
1.	Term Loan	Long Term	102.21	IVR BBB / Stable (July 08, 2025)	IVR BBB / Stable (May 10, 2024) IVR BBB / Stable (May 06, 2024)	IVR BBB / Stable	IVR BBB / Stable
2.	Cash Credit	Long Term	0.50	IVR BBB / Stable (July 08, 2025)	IVR BBB / Stable (May 10, 2024)	IVR BBB / Stable	IVR BBB / Stable

Sr. No.	Name of Security/Facilities	Current Ratings (2025 - 26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024 - 25	Date(s) & Rating(s) assigned in 2023 - 24	Date(s) & Rating(s) assigned in 2022 - 23
					--	March 29, 2024	Feb 08, 2023
					IVR BBB / Stable (May 06, 2024)		
3.	Proposed Term Loan	Long Term	72.79	IVR BBB / Stable (July 08, 2025)	IVR BBB / Stable (May 10, 2024) IVR BBB / Stable (May 06, 2024)	IVR BBB / Stable	IVR BBB / Stable

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Press Release

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank Facilities – Term Loan	-	-	-	Valid up to April 2031	102.21	IVR BBB/ Stable
Long term Bank Facilities – Cash Credit	-	-	-	Revolving	0.50	IVR BBB/ Stable
Long term Bank Facilities – Proposed Term Loan	-	-	-	-	72.79	IVR BBB/ Stable

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-sasvitha-home-8july25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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 www.infomerics.com.