

SRG Housing Finance Limited

December 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	500.00	CARE BBB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of SRG Housing Finance Limited (SHFL) reflects its long operational track record and experienced promoter, who has been managing the housing finance business for over two decades. The rating also factors in company's healthy profitability aided by high yielding loans, adequate capital adequacy levels, improvement in scale of operations and moderate asset quality metrics. CARE Ratings Limited (CareEdge Ratings) notes the recent capital infusion of ₹50 crore through a preferential equity issue in March 2025.

However, the rating remains constrained by SHFL's relatively smaller scale of operation, geographical concentration of the portfolio despite gradual improvement, moderate seasoning of the book given growth in the last three years and moderate resource profile. The company's focus on self-employed individuals in the Tier II, Tier-III cities expose it to economic vulnerabilities, in-line with most affordable housing companies. Secured nature of the loan book with moderate loan-to-value (LTV) ratio provides comfort.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sustained growth in loan portfolio while maintaining the asset quality and earnings.
- Substantial increase in net worth.
- Geographical diversification of the loan portfolio.
- Diversification in the resource profile with demonstrated ability to garner resources at favourable rates.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in asset quality with gross non-performing asset (GNPA) ratio above 3.5%.
- Deterioration in profitability on a sustained basis.
- Overall gearing exceeding 4x.

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook is on the expectation that SHFL will continue to grow its loan book with stable asset quality and relatively stable profitability, considering its healthy capitalisation levels.

Detailed description of key rating drivers:

Key Strengths

Long track record of operations and experienced promoter

Incorporated in 1999 as Vitalise Finlease Private Limited, SHFL commenced operations in 2002 after registering with the National Housing Bank (NHB) and later converted into a public company. With over two decades of experience, SHFL primarily caters to undocumented and unbanked self-employed customers in rural and semi-urban areas.

The company is led by Vinod Jain, Managing Director and Promoter, who brings over 25 years of industry experience. He is supported by a seasoned management team with expertise in banking and financial services. Archis Jain, CEO since April 2023 and associated with SHFL since 2017, oversees business and operational activities.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Adequate capital adequacy levels

SHFL's capitalisation profile remains adequate following an equity infusion of ₹50 crore through preferential allotment in March 2025. Consequently, the capital adequacy ratio (CAR) improved to 42.68% (Tier-I CAR: 42.27%) as of September 30, 2025, compared to 39.44% (Tier-I CAR: 38.98%) as on September 30, 2024, well-above the regulatory requirement.

Tangible net worth (TNW) increased to ₹272 crore as of September 30, 2025 (₹257 crore as of March 31, 2025), supported by equity infusion and internal accruals. The company's overall gearing improved to 2.52x as on September 30, 2025, from 2.76x as on March 31, 2025. CareEdge Ratings expects overall gearing to remain below 4x on a steady-state basis.

Moderate asset quality metrics

SHFL's asset quality showed an improvement in FY25, with GNPA (%) and net NPA (NNPA; %) at 1.84% and 0.61% respectively as on March 31, 2025, against 2.29% and 0.69% respectively as on March 31, 2024, supported by conservative underwriting standards with continuous monitoring of the loan portfolio. Asset quality continues to remain relatively moderate as on September 30, 2025, with GNPA (%) and NNPA (%) at 1.88% and 0.64% respectively. The company did not have restructured loans as on March 31, 2025, and September 30, 2025. As the company predominately operates in the rural Tier II and Tier III cities with low average ticket size, the company's asset quality continuous to remain monitorable. However, CareEdge Ratings also notes the shift in focus of the company towards relatively high-ticket size of ₹10 lakhs from ₹7lakh earlier. Going forward, the company's ability to maintain better underwriting practices and adequate internal controls, while scaling operations would remain a key monitorable.

Healthy profitability supported by high yields

SHFL reported a profit after tax (PAT) of ₹24 crore on total income of ₹155 crore in FY25, compared to PAT of ₹21 crore on total income of ₹127 crore in FY24, driven by assets under management (AUM) growth. Net interest margin (NIM) moderated to 9.85% in FY25 (FY24: 10.29%) due to a gradual shift towards higher ticket, lower-yielding loans. Operating expenses (as a percentage of average total assets) declined to 7.94% in FY25 from 8.22% in FY24, aided by economies of scale. Credit costs improved to 0.21% in FY25 from 0.24% in FY24, supported by conservative underwriting. Return on total assets (ROTA) moderated to 3.19% in FY25 from 3.58% in FY24.

In H1FY26, the company reported a PAT of ₹15 crore (H1FY25: ₹12 crore) on total income of ₹91 crore (H1FY25: ₹71 crore), with ROTA at 3.27%. Profitability remains healthy; however, operational expenses are expected to stay elevated in the near term due to expansion plans, with gradual improvement in operating expenses to be visible as scale of operations improves. Going forward, the company's ability to enhance profitability, while improving NIM and managing credit costs will remain a key monitorable.

Key weaknesses

Relatively small scale of operations with a geographically concentrated presence

The company's AUM stood at ₹759 crore as of March 31, 2025, reflecting year-on-year (y-o-y) growth of 26%, and further increased to ₹867 crore as of September 30, 2025, showing y-o-y growth of 33%. As on September 30, 2025, the company's portfolio was primarily concentrated in Rajasthan (40% of AUM) and Gujarat (40% of AUM). Over the years, it expanded its presence into other states as well. Currently, SHFL has operations in seven states/union territories (UT) particularly Rajasthan, Madhya Pradesh, Gujarat, Maharashtra, Delhi, Karnataka and Andhra Pradesh. Number of branches also increased to 93 as on September 30, 2025, against 84 as on September 30, 2024. The concentration in top two states (Rajasthan and Gujarat) continue to remain high at 80% of AUM as on September 30, 2025 (March 31, 2025: 82%), although it improved with expansion in other states. Going forward, the company plans to expand its branch network to ~100 and penetrate in deeper pockets of existing states.

Moderately diversified resource profile

As on September 30, 2025, the company's borrowing profile majorly comprises term loans from banks and non-banking finance companies (NBFCs)/housing finance companies (HFCs) forming 88% of borrowings (March 31, 2025: 94%), NHB borrowing of 4% (March 31, 2025: 6%), and non-convertible debentures (NCDs) forming the remaining 7% (March 31, 2025: 0%). The company has an established lender relationship with 32 lenders, as on September 30, 2025. SHFL's average cost of funds improved to 11.54% in FY25 from 11.98% in FY24, mainly due to the decreasing interest rate scenario. In H1FY26, cost of funds further improved to 10.98%. Going forward, the company's ability to raise funds from diversified sources at competitive rates would be monitored.

Exposed to inherent risk associated with the borrower segment; partly offset by secured nature of lending

SHFL primarily caters to self-employed and informal income borrowers in rural areas, most having undocumented income profiles. This customer segment is inherently exposed to cash flows volatility and economic disruptions. However, secured nature of the loan book, with all loans secured against residential properties and most loans having LTV below 50%, provides some risk mitigation. Given the vulnerability of this customer segment to economic downturns, the company's ability to maintain asset quality while scaling operations remains a key monitorable.

Liquidity: Adequate

Per the asset liability management (ALM) statement dated September 30, 2025, the company's liquidity profile is adequate with positive cumulative mismatches in all time buckets up to five years aided by the adequate cash and bank balance and investments maintained by the company. The liquidity is also supported by the recent equity infusion of ₹50 crore through preferential allotment in March 2025.

As on September 30, 2025, SHFL has unencumbered liquidity of ₹58 crore consisting of cash and cash equivalents, bank balance and investments (in bonds, mutual funds and shares), which is sufficient for debt repayment obligation for the next three months. The company also has undrawn sanctions of ₹70 crore as on September 30, 2025.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Housing Finance Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

Headquartered in Udaipur, SHFL is a housing finance company engaged in providing housing and mortgage loans. The company commenced operations in 2002 after registering with the NHB. Initially incorporated as Vitalise Finlease Private Limited on March 10, 1999, it was renamed SRG Housing Finance Private Limited in December 2000 and converted into a public limited company in January 2004. SHFL launched its IPO in September 2012, raising ₹7.01 crore and listing on BSE's small and medium enterprise (SME) segment.

The company is promoted by Vinod K Jain, who has over 25 years of experience across transport, finance, insurance, and construction and has been associated with SHFL since inception. Archis Jain, his son, was appointed CEO on April 24, 2023, after being part of the organisation since 2017, overseeing business and operations. As of September 30, 2025, SHFL operates through 93 branches across seven states with an employee strength of over 950. Its AUM stood at ₹867 crore, comprising 70% housing loans and 30% loans against property (LAP) as on September 30, 2025.

Brief Financials (₹ crore)	March 31, 2024	March 31, 2025	H1FY26
Standalone	(A)	(A)	(UA)
Total income	127	155	91
Profit after tax (PAT)	21	24	15
Assets under management (AUM)	602	759	867
On-book gearing (x)	3.20	2.28	2.52
AUM / tangible net-worth (TNW) (x)	3.91	2.96	3.19
Gross non-performing assets (GNPA) (%)	2.29	1.84	1.88
Return on managed assets (ROMA) (%)	3.58	3.19	3.27
Capital adequacy ratio (CAR) (%)	35.67	47.75	42.68

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term	-	-	-	March 2034	500.00	CARE BBB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-Long Term	LT	500.00	CARE BBB; Stable	-	1)CARE BBB; Stable (04-Dec-24)	1)CARE BBB; Stable (07-Dec-23)	1)CARE BBB; Stable (20-Dec-22) 2)CARE BBB; Stable (05-Jul-22) 3)CARE BBB; Stable (04-May-22)
2	Debentures-Non-Convertible Debentures	LT	-	-	-	1)Withdrawn (04-Dec-24)	1)CARE BBB; Stable (07-Dec-23)	1)CARE BBB; Stable (20-Dec-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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