

Sewa Grih Rin Limited

February 11, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	750.00 (Enhanced from 500.00)	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Sewa Grih Rin Limited (SGRL) factors in the expected support of Arpwood Partners (Arpwood) in the form of equity capital, experienced management team, and upgraded controls and processes. The rating derives strength from the comfortable capitalisation levels supported by the ongoing equity infusion from the promoter and other impact investors. The company has a committed equity capital infusion of ₹680 crore from Arpwood (of which ₹250 crore has already been infused) and ₹67 crore from the HDFC Bank Ltd & HDFC Life Insurance – HDFC Group (with ₹52 crore infused till date). As a result, SGRL's tangible net worth (TNW; net of deferred tax asset [DTA] and intangibles) stood at ₹531 crore as on December 31, 2025. The rating also derives comfort from low gearing levels, moderately diversified resource profile, and adequate liquidity profile of the company.

However, the rating remains constrained by the moderate scale of operations, low profitability metrics, moderate level of seasoning of the portfolio, and moderate asset quality compared to peers. CARE Ratings Limited (CareEdge Ratings) takes note of the strategic transition in the customer focus towards higher ticket (marginal average ticket size of ₹10-12 lakh) and relatively better customer profile.

However, the target customer segment comprises primarily self-employed, emerging middle-income group individuals in the TierII, Tier-III cities, and towns remaining vulnerable to economic downturns, in-line with most affordable housing companies. The secured loan book with low 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:

- Significant mobilisation of equity capital for further growth in business.
- Sustained growth in the loan portfolio while maintaining asset quality.
- Improvement in the profitability with return on total assets (ROTA) above 2% on a sustained basis.

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

- Inability to raise equity capital as envisaged.
- Moderation in its profitability with ROTA less than 0.5% on a sustained basis.
- Deterioration in asset quality with net non-performing assets (NNPA) ratio above 2.5% on a sustained basis.
- Overall gearing (total debt/TNW) exceeding 4x.

Analytical approach: Standalone profile of SGRL considering the benefits derived from Arpwood.

Outlook: Stable

The "Stable" outlook is on the expectation that SGRL will continue to grow its loan book while maintaining healthy capitalisation levels and stable asset quality.

Detailed description of key rating drivers:

Key strengths

Ability to raise capital from diverse investors leading to comfortable capitalisation

Arpwood holds 64.48% stake in SGRL as on December 31, 2025, post capital infusion of ₹250 crore in FY25, being classified as a promoter shareholder. Arpwood has made a total equity commitment of ₹680 crore in the company, of which ₹250 crore has

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

been infused till date and remaining is expected in the next 2-3 years in-line with company's growth plans. Currently, Arpwood has three representatives as nominee directors on SGRL's board, including Amol Jain (Founder and Partner, Arpwood), Rajeev Gupta (Founder, Arpwood), and Vishal Thakkar (Director, Investments, Arpwood). CareEdge Ratings expects Arpwood to maintain its commitment in providing ongoing support to SGRL.

Apart from Arpwood, the company has been able to raise equity capital from institutional and impact investors. In 9MFY26, the company raised equity capital of ₹62.43 crore from HDFC Bank Limited and HDFC Life Insurance (HDFC group), Oikocredit Ecumenical Development Cooperative Society U.A, Abler Nordic Fund IV KS and WWBCP II Non-SSA, LLC. HDFC Bank Limited HDFC Life Insurance (HDFC Group) has committed ₹67 crore in two tranches of ₹47 crore and ₹20 crore, of which ₹52 crore has been infused till date, and the balance ₹15 crore is expected to be received in August–September 2026.

SGRL's capitalisation profile remains comfortable, with TNW of ₹474 crore as on March 31, 2025, compared to ₹226 crore as on March 31, 2024. Capital adequacy ratio (CAR) improved significantly to 51% (TierI: 50%) as on March 31, 2025, compared to 35% (Tier-I: 34%) as on March 31, 2024. The company's overall gearing stood at 1.84x as on March 31, 2025 (PY: 4.35x), with total debt at ₹874 crore (PY: ₹980 crore).

Supported by the recent equity infusion, as on December 31, 2025, the TNW stood at ₹531 crore with overall CAR and tier-1 CAR at 54% and 53%, respectively. The company's overall gearing stood at 1.61x as on December 31, 2025.

CareEdge Ratings expects the company's overall gearing to remain below 4x in the medium term.

Experienced management team

The company's management team transitioned in the last year post change in the promoter holding in FY25. The company has an experienced management team, which includes people with extensive experience in retail lending. Currently, the company's operations are led by Ajesh A, Managing Director and Chief Executive Officer, who brings over 24 years' experience in the financial services industry. He holds an MBA and has previously held leadership roles at reputed institutions such as Bajaj Finance, Standard Chartered Finance, and HDFC Bank. Prior to joining SGRL, Ajesh A served as Executive Vice President at Bajaj Finance, where he was responsible for managing products, including business loans, affordable housing loans, Prime loan against property (LAP), and equipment finance. Business operations are further supported by the key management team with varied experience.

Following the investment by Arpwood and onboarding of the new management team, the company significantly strengthened its corporate governance framework. The company has prioritised operational improvements; undertaking, automating, and integrating its systems and technology infrastructure to drive efficiency, promote transparency, and support scalable growth.

SGRL's Board of Directors comprises eight members, including two Independent Directors and three Nominee Directors. The board is chaired by Renana Jhabvala, Chairperson of the board, a Padma Shri awardee and a prominent Indian social worker. She has decades of experience in serving women in the informal sector. She is also a chairperson of SEWA Bharat and National Coordinator of Self-Employed Women's Association (SEWA).

Moderately diversified resource profile

As on September 30, 2025, the company's resource profile continues to remain moderately diversified with 66% borrowings in the form of term loans (March 31, 2025: 66%, March 31, 2024: 67%), 6% from non-convertible debentures (NCDs; March 31, 2025: 6%, March 31, 2024: 6%) and 28% from external commercial borrowings (ECBs; March 31, 2025: 28%, March 31, 2024: 27%). Proportion of National Housing Bank (NHB) refinance (included in term loans) stands at 4% (March 31, 2025: 5%) as on September 30, 2025.

The company raised US\$30 million in ECB from International Development Finance Corporation in FY20 for 15-year long tenure. Weighted average cost of funds for the outstanding borrowings as on March 31, 2025, stood at 9.62%. Given surplus liquidity, in FY26, the company repaid its high-cost borrowings, thus improving its overall funding costs.

Going forward, the company's ability to further diversify its resource profile while raising funds at competitive rates would be a key monitorable.

Key weaknesses

Moderate scale of operations with geographically concentrated portfolio

The company's assets under management (AUM) stood at ₹1,071 crore as on March 31, 2025, against ₹1,150 crore as on March 31, 2024, declining 7% year-over-year (y-o-y). The AUM has increased to ₹1,390 crore as on December 31, 2025. In FY25, disbursements declined sharply by 76% to ₹161 crore (from ₹664 crore in FY24), as the company, amid an ongoing management transition, strategically chose to pause scale-up and focus on strengthening its technology, systems, and process in this period. The company is moving towards better customer profile with higher ticket size (marginal automatic transfer service [ATS] is in the range of ₹10–12 lakh). Going forward, disbursements are expected to improve owing to equity infusion in the company, strengthening the management team, systems, and processes.

As on March 31, 2025, the company has a presence in nine states through a network of 75 branches. The company's portfolio remains geographically concentrated with Rajasthan, Madhya Pradesh, and Uttar Pradesh contributing 74% AUM as on March 31, 2025. Going forward, the company intends to expand its branch network to 100 locations in the next 15-18 months, with a strategic focus on deepening its reach within existing states prior to entering new markets. In the next two years, the company plans to establish operations in southern states.

Moderate profitability metrics

The company's profitability remains moderate. In FY25, the total income and profit after tax (PAT) stood at ₹205 crore (PY: ₹190 crore) and ₹1 crore (PY: ₹3 crore), respectively. Net interest margin (NIM) stood at 6.39% in FY25, compared to 8.08% in FY24. Decline in NIM is due to higher liquidity maintained in FY25 led by equity infusion in November 2024. The cash, cash equivalents, and liquid investments formed 27% of total assets in FY25 (PY: 14%). Operating expense to total average assets (%) continues to remain high at 8.45% in FY25, despite improvement against 10.06% in FY24 led by significant investment in people, technology, and processes. The credit cost/average total assets decreased to -0.11% (PY: 1.36%), due to writeback of the residual amount post haircut, following the sale of the legacy portfolio to an asset reconstruction company (ARC). ROTA (%) moderated to 0.05% in FY25 (PY: 0.27%) majorly due to decline in the NIM.

In 9MFY26, company reported a loss of ₹4 crore considering rise in operating expenses owing to significant investments in technology, systems and processes, and employees. The ROTA (%) stood at -0.40% in 9MFY26. The company is profitable for Q2FY26 and Q3FY26 and is expected to be profitable for full year FY26.

SGRL's ability to maintain profitability with increase in scale of operations shall continue to remain a key monitorable going forward.

Moderate seasoning of the portfolio and exposure to under-banked segment of borrowers

SGRL commenced its lending operations in July 2011. The company's AUM grew at a compound annual growth rate (CAGR) of 49% in the last three years with majority disbursements in the last three to four years. Sanctioned tenure of home loans within ~12-20 years range forms 41% of total AUM with behavioural maturity of loans being ~7 years, and thus, sustenance of the portfolio's asset quality is yet to be witnessed.

As on March 31, 2025, the gross NPA (GNPA) and NNPA stood at 2.62% and 1.26% compared to 1.92% and 1.31%, respectively, as on March 31, 2024. The moderation in the asset quality is attributed to the macroeconomic scenarios and portfolio seasoning. One year's lagged GNPA stood at 2.34% as on March 31, 2025 (PY: 3.14%). As the company is in the transition phase, where the target customer segment is undergoing a shift, the newly originated book has shown better delinquencies levels. The company maintains a prudent management overlay of ₹7 crore, above the expected credit loss (ECL) provisions, reflecting its conservative and proactive approach to risk management.

As on December 31, 2025, the GNPA (%) and NNPA (%) stood moderate at 2.90% and 2.08%, respectively. Moderation in asset quality in 9MFY26 is attributed to lower growth rate and nil write-offs in 9MFY26.

SGRL primarily focuses on the self-employed, emerging middle-income group individuals in the Tier-II, Tier-III cities, and towns, most of them from the informal segment. This customer segment is exposed to volatility in cash flows and economic disruptions. However, the secured loan book (all loans secured against residential properties) with an average LTV of ~45% mitigates risk to some extent. Going forward, the company's ability to maintain good asset quality while increasing the scale of operations is a key rating monitorable.

Liquidity: Adequate

As on September 30, 2025, the company's cash, cash equivalents, and liquid investments stood at ₹157 crore, supported by the ongoing equity capital infusion. According to the asset liability maturity (ALM) statement dated September 30, 2025, there were no negative cumulative mismatches up to the one-year maturity bucket, indicating a comfortable liquidity profile.

The company's debt obligations in the next one-year stood at ₹167 crore. Against this, the company has inflows from advances of ₹86 crore and cash, cash equivalents and liquid investments of ₹157 crore, providing a comfortable liquidity cushion. The company expects additional equity infusion of ₹430 crore from Arpwood in the next 2-3 years and ₹35 crore from HDFC Group by December 2025. These infusions are expected to further strengthen the company's liquidity position. According to the management, the company broadly maintains 2-3 months of planned disbursements in the form of cash.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[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

SGRL is a non-deposit taking housing finance company, incorporated in July 2011 and licensed by the NHB in January 2015. Headquartered in Mumbai, the company operates under the brand name Sitara – a SEWA initiative and is committed to promoting financial inclusion by offering responsible credit solutions to underserved communities across India.

SGRL provides affordable housing loans and LAP, with a particular focus on self-employed individuals from lower and middle-income households residing in tier-II and tier-III cities and towns. The company has established a robust presence in the small ticket housing finance segment, with an average loan size of ~₹6 lakh. As part of its strategic evolution, SGRL is progressively transitioning towards an average loan size of ₹10 lakh, with the objective of enhancing its customer profile while maintaining its core market focus.

As on March 31, 2025, SGRL reported AUM of ₹1,071 crore, with a network comprising 75 branches across nine states. The company's equity structure is supported by a diverse group of shareholders, with funds advised by Arpwood serving as the majority investor. Arpwood and SEWA act as co-promoters holding 76% shareholding in the company as on March 31, 2025.

Brief Financials (₹ crore) Standalone	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total income	190	205	165
Profit after tax (PAT)	3	1	-4
Assets under management (AUM)	1,153	1,071	1,390
On-book gearing (x)	4.35	1.84	1.61
AUM / tangible net-worth (TNW) (x)	5.11	2.26	2.62
Gross non-performing assets (NPA) / gross stage 3 (%)	1.92	2.62	2.90
Return on managed assets (ROMA) (%)	0.26	0.05	-0.37
Capital adequacy ratio (CAR) (%)	35	51	54

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	-	-	-	June 2033	750.00	CARE A-; 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	750.00	CARE A-; Stable	1)CARE A-; Stable (20-Nov-25) 2)CARE A-; Stable (05-Aug-25)	-	-	-

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.

Contact us

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