

## India Shelter Finance Corporation Limited (Revised)

July 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	2,500.00 (Enhanced from 2,000.00)	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

### Rationale and key rating drivers

Reaffirmation of the rating for long-term bank facilities of India Shelter Finance Corporation Limited (ISFCL) factors in healthy growth in its scale, comfortable capitalisation with capital to risk weight assets ratio (CRAR) of 55.8% and gearing of 2.0x as on March 31, 2026, healthy profitability and diversified resource profile. ISFCL's asset quality metrics remained comfortable with gross non-performing assets (GNPA) at 1.2% as on March 31, 2026. However, there has been an inch up in its gross stage 2 (GS2) book to 3.3% in March 2026 from 2.7% in March 2025, and forward slippage would remain a key monitorable. While CARE Ratings Limited (CareEdge Ratings) expects some gradual uptick in its NPA as the book seasons, its asset quality metrics is expected to remain adequate in the near term, and hence, keep its credit cost contained.

However, the rating is constrained by relatively low portfolio seasoning, with majority portfolio being generated in recent years and the relatively high-yet-declining geographical concentration. Operating in affordable housing finance segment, ISFCL caters to relatively vulnerable borrower profile making the company susceptible to inherent asset quality risks. However, owing to granularity of the loan book with low loan-to-value ratio (LTV; average LTV of 52%) and established risk management and control systems, ISFCL has been able to keep its asset quality under control so far.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained scale up of operations while strengthening net worth and maintaining healthy profitability and comfortable asset quality.
- Achieving higher geographical diversification.

#### Negative factors

- Moderation in its earnings profile with return on total assets (RoTA) remaining below 2.5% on a sustained basis.
- Gearing level remaining above 5x on a sustained basis.

**Analytical approach:** Standalone

#### Outlook: Stable

The Stable outlook on ISFCL's long-term rating reflects CareEdge Ratings' expectation that the company will continue to grow at a healthy pace while maintaining adequate asset quality and healthy profitability.

### Detailed description of key rating drivers:

#### Key strengths

##### Comfortable capitalisation while growing scale

ISFCL's AUM has been consistently rising over the years with five years compounded annual growth rate (CAGR) of 38% till FY26 to ₹11,044 crore as on March 31, 2026, registering a year-on-year (y-o-y) growth rate of 29%. Its growth remained supported by timely capital raise and healthy internal accruals, which helped maintain a comfortable capital profile and low gearing. It reported CRAR of 55.8% and gearing of 2x as on March 31, 2026, compared to 60.6% and 1.8x, respectively, as on March 31, 2025. CareEdge Ratings expects the company to continue growing at a healthy pace and maintain its gearing below 5x in the medium term. Higher-than-anticipated growth would necessitate raising of further capital to maintain adequate gearing level.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Healthy earnings profile supported by comfortable asset quality metrics**

ISFCL reported a net profit of ₹505 crore in FY26, translating into RoTA of 5.8% and return on average tangible net worth (RoNW) of 17.1%, compared to ₹377 crore, 5.6% and 15.1%, respectively, in FY25. Its profitability was supported by healthy margin of 9.1% in relation to average total assets (ATA; 8.7% in FY25), healthy other income considering higher direct assignment (DA) and co-lending income, decline in opex by 10 bps and contained credit cost so far. Improvement in its margin in FY26 was primarily considering higher spread and low gearing as it had raised capital in FY25.

ISFCL's asset quality has remained under control so far with gross non-performing assets (GNPA)/ gross stage 3 (GS3) of 1.2% as on March 31, 2026, in line with GNPA level of March 2025. In FY26, its GS2 book increased to 3.3% in March 2026 from 2.7% in March 2025. While the entity is carrying adequate provision of 25% on GS3 and 5.2% on GS2 book, its ability to contain forward slippages and continue to maintain a comfortable asset quality metrics will remain a key monitorable.

**Diversified resource profile**

ISFCL's lender-wise borrowing profile is diversified, comprising banks, National Housing Bank (NHB), non-banking finance companies (NBFCs), financial institution (FI), and capital markets. As on March 31, 2026, the majority borrowings are availed from bank loans with 42% share, followed by NHB at 15%, direct assignment (21%), pass through certificates (PTC; 5%), external commercial borrowings (ECB; 3%) and non-convertible debentures (2%). Its cost of debt has remained comfortable at 7.9% (8.2% as per management calculation) in FY26 helping it maintain healthy margin.

**Key weaknesses****Limited portfolio seasoning**

Although the company has an operational track record of 14 years, its portfolio seasoning is limited with majority portfolio generated in the last few years. Disbursements in the last two years amount to 70% of the AUM as on March 31, 2025, and ~65% of the AUM as on March 31, 2026. Behavioural tenure for home loan (HL) is 7-8 years (against contractual tenure of 15-20 years) and for non-HL is 6-7 years (against a contractual tenure of 10-15 years). The company's performance in respect of maintaining its asset quality as the book seasons shall remain monitorable.

**Geographically concentrated, though gradually improving**

ISFCL operated in 15 states via 307 branches as on March 31, 2026. Its top three states (Rajasthan, Maharashtra, and Madhya Pradesh) accounted for ~56% of AUM as on March 31, 2026, although down from ~59% as on March 31, 2025. In line with the company's strategy to deepen its presence in the southern region, the exposure in Karnataka, Tamil Nadu and Telangana has been increasing over the years. As the company expands its scale in these nascent geographies, its concentration in top three states is expected to reduce but would still remain sizeable in the medium term.

**Vulnerable borrower segment**

As an AHFC, ISFCL is focused on providing secured retail home loans to low and middle-income borrowers in Tier-II and Tier-III regions, with majority having lack of formal income documents. Its customers are a mix of self-employed (76% of AUM as on March 31, 2026) and the balance to salaried borrowers, with mostly in Tier-III cities, exposing the company to the relatively economically vulnerable borrower segment. Since this segment is highly susceptible to the impact of economic downturns, maintaining good asset quality while increasing scale of operations remains a key sensitivity. However, the company has put in place adequate credit appraisal mechanisms and an integrated management information system (MIS). ISFCL operates in physical and digital modes (branded as 'Phygital') through a system-driven approach from sales to collection. The company's entire portfolio is secured with a moderate LTV of 52%.

**Liquidity: Strong**

The asset liability management (ALM) statement as on March 31, 2026, for ISFCL has positive cumulative mismatches across time buckets. ISFCL has a liquidity of ₹641 crore in form of cash and bank balance and unencumbered investments and undrawn sanctions of ~₹1387 crore as on March 31, 2026. Per the ALM statement, the company has adequate inflows in terms of repayable against advances and bank balance of up to one year of ₹1,170 crore against debt obligations of up to one year of ₹1,492 crore.

**Environment, social, and governance (ESG) risks:** Not applicable

**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

Originally incorporated as Satya Prakash Housing Finance Private Limited in October 1988, with the NHB, the entity was re-incorporated as ISFCL in March 2010, post-acquisition by Anil Mehta and others (promoters). The company commenced operations in its present form in March 2010 under the new management. As a housing finance company, it extends loans for an average ticket size of ₹10-11 lakh to urban households, who are a mix of self-employed and salaried workers with monthly incomes (documented or undocumented) of ₹25,000 and above, living in the periphery of urban and suburban areas of Tier-II and Tier-III cities. It offers products such as home construction, extension, improvement, purchase, and loan against property (LAP).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total income	860.4	1,174.8	1,530.2
Profit after tax (PAT)	246.9	377.05	505.1
Assets under management (AUM)	6,227	8,535	11,044
On-book gearing (x)	1.5	1.8	2.0
AUM / tangible net-worth (TNW) (x)	2.7	3.2	3.5
Gross non-performing assets (NPA) / gross stage 3 (%)	1.0	1.0	1.2
Return on managed assets (ROMA) (%)	4.2	4.7	4.8
Capital adequacy ratio (CAR) (%)	70.9	60.6	55.8

A: Audited; 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 - LT-Term Loan	-	-	-	July 2032	2500.00	CARE AA-; 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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	2500.00	CARE AA-; Stable	-	1)CARE AA-; Stable (02-Jul-25)	1)CARE AA-; Stable (02-Jul-24)	1)CARE A+; Positive (13-Mar-24) 2)CARE A+; Positive (30-Aug-23)

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 - LT-Term Loan	Simple

**Annexure-5: Lender details**

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

**Annexure-6: List of facilities/instruments and FSRs**

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, Fis	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, Fis	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA

<sup>2</sup>SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

\* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

**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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