

Press Release
SRG HOUSING FINANCE LIMITED
October 16, 2025
Rating Assigned and Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Shc Rating
Bank Loan Ratings	275.00	ACUITE BBB+ Positive Reaffirmed	-
Non Convertible Debentures (NCD)	50.00	ACUITE BBB+ Positive Assigned	-
Non Convertible Debentures (NCD)	50.00	ACUITE BBB+ Positive Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	375.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs. 275.00 Cr. Bank facility of SRG Housing Finance Limited (SHFL). The outlook is '**Positive**'.

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs. 50.00 Cr. Non Convertible Debentures (NCD) of SRG Housing Finance Limited (SHFL). The outlook is '**Positive**'.

Acuite has assigned the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs. 50.00 Cr. Non Convertible Debentures (NCD) of SRG Housing Finance Limited (SHFL). The outlook is '**Positive**'.

Rationale for the rating

The reaffirmation of the rating factor's in the SRG Housing Finance Limited's (SHFL) experienced management, established presence in its area of operations, healthy capital structure and moderate financial risk profile. The rating also considers the granularity of the portfolio with average loan size in the range of Rs. 6-8 lakhs and LTV ratio of around 40 percent. SHFL has maintained healthy capital structure and demonstrated ability to attract funding from banks and financial institutions at competitive interest rates. SHFL reported a networth of Rs. 263.95 Cr. and Capital Adequacy Ratio (CAR) of 47.75 percent as on March 31, 2025. The rating also factors in SHFL's GNPA levels of 1.84 percent and ~89.23 percent of on-time portfolio as on March 31, 2025 along with healthy scheduled collection efficiency of ~90.44 percent for the month of March 2025.

The rating is however, constrained by the relatively small scale of operations and recent expansion to new geography of the loan portfolio with ~44.47 percent in Rajasthan followed by ~39.12 percent in Gujrat, ~8.73 percent in Madhya Pradesh, ~5.81 percent in Maharashtra, ~0.78 percent in Andhra Pradesh & ~1.09 percent in Karnataka.

About the company

SRG Housing Finance Limited (which was originally incorporated as Vitalise Finlease Private Limited in 1999 and later renamed in 2000 as SRG Housing Finance Private Limited) is an Udaipur based Housing Finance Company (HFC). In 2002, the company was registered as HFC with National Housing Bank and in 2004 was reconstituted as a public limited company. SHFL is engaged in extending Home loans and Loan against property. The company is promoted by

Mr. Vinod Kumar Jain who has over three decades of experience in financial services. SHFL is listed on BSE platform. The company operates through a network of 90 branches spread across seven states namely, Rajasthan, Madhya Pradesh, Gujarat, Andhra Pradesh, Karnataka, New Delhi and Maharashtra as on March 31, 2025.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuité has considered standalone business and financial risk profile of SHFL to arrive at the rating.

Key Rating Drivers

Strength

Established presence in the areas of operations.

SRG Housing Finance Limited commenced its lending operations as a housing finance company since 2002. SHFL has established its presence as a housing finance company especially in Rajasthan. The promoter of the company Mr. Vinod Kumar Jain has over three decades of experience in financial services. Mr. Jain has been associated with financial services sector since 1991 by way of providing vehicle financing. Later, the promoter family shifted its focus on Housing Finance. The second generation of family is actively involved in the business. SHFL primarily extends housing loans, loan against property. The company majorly caters to self-employed borrowers in rural and semi-urban areas. SHFL focuses on Tier II & Tier III cities with ~90 percent of loan portfolio in rural areas and ~8 percent in urban areas followed by ~2 percent in semi-urban areas. The company has modest loan portfolio of Rs. 759.36 crore as on March 31, 2025 having average ticket size of Rs. 6-8 lakhs. SHFL has gradually diversified its operations from Rajasthan to Madhya Pradesh, Gujarat, Karnataka, Andhra Pradesh and Maharashtra over the years and has created a borrower base of ~13,549 borrowers as on March 31, 2025.

Acuité believes that the company will benefit from its experienced promoters and established presence in financial services industry.

Healthy capital structure & financial risk profile

SHFL's networth stood at Rs. 263.95 Cr. as on March 31, 2025 and reported a healthy capital adequacy ratio (CAR) of 47.75 percent majorly comprising Tier 1 capital. The company's leverage indicators stood at 2.21 times as on March 31, 2025 and 3.08 times as on March 31, 2024. The company has a diversified lender profile comprising Banks and NBFC/FI's, with total debt of Rs. 584.33 Cr. outstanding as on March 31, 2025.

SHFL's AUM grew from Rs 601.59 Cr. in FY24 to Rs 759.36 Cr. in March 31st 2025, owing to the healthy disbursement growth. SHFL expanded its branch network from 84 branches in FY24 to 90 branches in FY25. SHFL's Net Interest Margin (NIM) stood at 10.97 percent as on March 31, 2025 (11.72 percent as on March 31, 2024). On account of recent capital infusion the company's Return on Average Assets (RoAA) stood at 3.19 percent as on March 31, 2025 (3.59 percent as on March 31, 2024). Operating Expense to Earning Assets, remained stood at 7.77 percent as on March 31, 2025 as against 8.08 percent as on March 31, 2024. During FY25, the company reported PAT of Rs. 24.39 Cr. as compared with FY24 it stood at Rs.21.06 Cr.

Acuité believes that the company's comfortable capitalization levels will support its growth plans over the medium term.

Weakness

Small scale of operations & geographical concentration

The company extends loan against property to borrowers who are self-employed and are engaged in small businesses and trading activities in Tier II & Tier III areas. With a loan book of Rs. 759.36 crore as on March 31, 2025, the company has small scale of operations. The company's operations are concentrated in Rajasthan with ~44.47 percent of the overall outstanding portfolio as on March 31, 2025. SHFL has started to diversify its geographical presence by operating branches in Madhya Pradesh, Gujarat, Andhra Pradesh, Karnataka and Maharashtra. Occurrence of events such as slowdown in economic activity or shifting of

activity to other geographies could impact the cash flows of the borrowers, thereby impacting the credit profile of SHFL.

Acuité believes that the company's ability to scale-up its business model & franchise as well as geographically diversify its operations are critical.

Susceptible to inherent risks in LAP segment amidst relatively low seasoned portfolio; likelihood of elevated stress in asset quality

SHFL's product portfolio comprises housing loans and loan against property having an average tenure of 6-7 years. The company's loan book stood at Rs. 759.36 Cr. as on March 31, 2025 has grown significantly from Rs. 601.59 Cr. as on March 31, 2024. Due to substantial growth in loan book in the last couple of years, ~45 percent of the overall portfolio has a seasoning of less than two years. 95% of the entire loan book including LAP book is against residential self occupied property. The LAP book will always be less than 30% as per NHB guidelines, limiting risk. Additionally, the historic performance of the company has not shown any significant difference in delinquencies in HL or LAP Portfolio.

The company's gross non performing assets (GNPA) levels (at PAR 90+ days past due) stood at 1.84 percent as on March 31, 2025 and 2.29 percent as on March 31, 2024. The GNPA levels for March 31, 2025 were at 1.84 percent with delinquencies in softer buckets of 0-30 dpd and 31-90 dpd at 3.55 percent and 3.62 percent respectively. Despite these delinquencies, SHFL has maintained GNPA at lower levels characterizing behaviour of portfolio having exposure to rural & semi-urban areas. The overall collection efficiency stood at an average of ~90.44 percent for 6-month period ended Mar 31, 2025. While the housing finance as an asset class has been relatively resilient, low portfolio seasoning coupled with any rising share of LAP could result into asset quality pressures.

Acuité believes that the company's ability to maintain its asset quality given low seasoning will remain a key rating monitorable.

ESG Factors Relevant for Rating

SRG Housing Finance Limited (SHFL) belongs to the housing finance sector which complements banks' efforts in improving mortgage penetration in India. Some of the material governance issues for the financial services sector are policies and practices with regard to business ethics, board diversity and independence, compensation structure for board and KMPs, role of the audit committee and shareholders' rights. On the social aspect, some of the critical issues for the sector are the contribution to financial inclusion and community development, responsible financing including funding of environmentally friendly housing projects and policies around data privacy. The industry, by nature has a low exposure to environmental risks. SHFL maintains adequate transparency in its business ethics practices as can be inferred from the entity's disclosures regarding related party transactions, vigil mechanism, insider trading and whistle blower policy. It also adheres to Reserve Bank of India's Fair Practices Code and has the necessary interest rate and grievance redressal policies. The board of directors of the company comprises four independent directors and two female directors out of a total of seven directors. The company works on several community development initiatives through its CSR projects.

Rating Sensitivity

- Movement in collection efficiency and asset quality
- Movement in liquidity & capitalization buffers
- Movement in profitability metrics
- Changes in the regulatory environment

All Covenants

Until the Final Settlement Date, the issuer shall:

- Maintain the ratio of the Total Debt of the Issuer to the Tangible Net Worth of the Issuer of not more than 4 times;
- Maintain a Capital Adequacy Ratio of not less than 25% or any other higher threshold as may be prescribed by the RBI from time to time, whichever is higher

- NNPA to be below 2.0% respectively
- Cumulative Asset Liability mismatch should always be positive in all the buckets upto 12 months to the extent of at least 10%. If the said covenant is breached, then the company will have a curing period of 2 months to set right the same.
- Issuer to remain PAT positive on a quarterly basis.
- Maximum exposure to a single state should not exceed 50% of the total AUM at any point of time during the life of the instrument.

The financial covenants set out in the Section 6.2.2 (Financial Covenants) shall be tested on a quarterly basis for each Quarterly Date, on the basis of consolidated and standalone financial statements of the Issuer.

For the purpose of aforementioned Financial Covenants, following terms shall have the following meanings:

Capital Adequacy Ratio means the capital adequacy ratio prescribed by the RBI from time to time.

Total Debt shall include the following:

- All Long-Term Borrowings including ineligible portion of subordinated debt in form of Tier II Capital including current maturities
 - All Short Term Borrowing
 - Any Guarantee or Letter of Comfort/Shortfall undertaking provided by the Company, if any "Net NPA" shall be as defined under RBI NBFC Directions (as amended from time to time)"
- "Tangible Net-worth" shall mean the equity share capital plus all reserves and surplus, as reduced by intangible assets, deferred tax assets, revaluation reserve, miscellaneous expenses, and any credit enhancement provided by the Company on managed asset book.

All covenants would be tested on a quarterly basis i.e. as on 31st March, 30th June, 30th September, 31st December every year, starting from 30-June-2025, on consolidated and standalone balance sheet till the redemption of the NCDs. Without prejudice to its other rights under the Facility Documents, Lender reserves the right to levy a penalty of a sum equivalent to 2% (Two percent) of the amount outstanding under the Facility on the Borrower in the event of breach of any of the Financial Covenants ("Penalty for Breach"). In such an event, the Borrower shall pay the Penalty for Breach to the Lender within 60 calendar days from the date of such breach.

The covenants shall be certified by the Company within 60 (Sixty) calendar days from the end of each financial quarter.

Liquidity Position Adequate

SHFL's overall liquidity profile remains adequate with no negative cumulative mis-matches in near to medium term as per ALM dated March 31, 2025. The company has maintained cash and bank balances of ~Rs. 31.47 Cr. as on March 31, 2025. The borrowing profile of SHFL of ~Rs. 584.33 Cr. as on March 31, 2025 comprised Term loans from Banks, NBFC/FI's and NCD's . As per ALM statement, the company has debt servicing obligations of Rs. ~135.55 Cr. over the period of one year vis a vis collection from advance and proceeds from investments of Rs.151.31 Cr.

Outlook: Positive.

Other Factors affecting Rating None.

Key Financials - Standalone / Originator

Particulars	Unit	FY25(Actual)	FY24(Actual)
Total Assets	Rs. Cr.	863.10	665.26
Total Income*	Rs. Cr.	92.51	75.85

PAT	Rs. Cr.	24.39	21.06
Net Worth	Rs. Cr.	263.95	159.67
Return on Average Assets (RoAA)	(%)	3.19	3.59
Return on Average Net Worth (RoNW)	(%)	11.52	14.38
Debt/Equity	Times	2.21	3.08
Gross NPA	(%)	1.84	2.29
Net NPA	(%)	0.61	0.69

**Total income equals to Net Interest Income plus other income*

Status of non-cooperation with previous CRA (if applicable):

Not Applicable

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Aug 2025	Proposed Long Term Bank Facility	Long Term	275.00	ACUITE BBB+ Positive (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	50.00	ACUITE BBB+ Positive (Assigned)
28 Feb 2025	Proposed Long Term Bank Facility	Long Term	275.00	ACUITE BBB+ Stable (Assigned)
12 Nov 2024	Non-Covertible Debentures (NCD)	Long Term	25.00	ACUITE Not Applicable (Withdrawn)
28 Nov 2023	Non-Covertible Debentures (NCD)	Long Term	25.00	ACUITE BBB Stable (Reaffirmed)
28 Nov 2022	Non-Covertible Debentures (NCD)	Long Term	25.00	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE559N07058	Non-Convertible Debentures (NCD)	29 Aug 2025	11.52	01 Mar 2031	50.00	Simple	ACUITE BBB+ Positive Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	275.00	Simple	ACUITE BBB+ Positive Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB+ Positive Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Tejas Chaugule Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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