August 27, 2026

Shubham Housing Development Finance Company Limited: Rating upgraded; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term bank facilities	2,100.00	2,100.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Positive) and outlook revised to Stable from Positive	RBI
Non-convertible debentures	200.00	200.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Positive) and outlook revised to Stable from Positive	SEBI
Total	**2,300.00**	**2,300.00**		

**Instrument details are provided in Annexure I*

The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

Rationale

The rating action factors in the strengthening of Shubham Housing Development Finance Company Limited's (Shubham Housing) credit profile, supported by the improvement in its scale of operations, strong capitalisation levels, and healthy asset quality indicators. The company's assets under management (AUM) increased at a compound annual growth rate (CAGR) of ~32% over the last five years (FY2021 to FY2026) and stood at Rs. 8,752 crore as on June 30, 2026. Its net worth was Rs. 2,322 crore on as June 30, 2026 (Rs. 2,241 crore as on March 31, 2026) with a managed gearing of 3.2 times. ICRA expects the company to continue scaling up its operations with an envisaged AUM growth of 30-35% per annum over the near-to-medium term while maintaining a prudent capitalisation profile. Further, Shubham Housing's reported asset quality metrics improved with gross non-performing assets (NPAs) at 1.2% as on June 30, 2026 (1.2% as on March 31, 2026; 1.3% as on March 31, 2025) while the overall monitorable portfolio (comprising NPAs, repossessed assets, write-offs, security receipts [SRs]) declined to 1.8% (1.9% as of March 2026; 2.1% as of March 2025).

The rating also factors in the company's comfortable earnings profile with a profit after tax (PAT) of Rs. 260 crore in FY2026 (Rs. 77 crore in Q1 FY2027), translating to a return of 3.4% on average managed assets (AMA; 3.2% annualised in Q1 FY2027), supported by stable margins and improving operating efficiency. While the overall earnings profile is expected to remain comfortable over the near-to-medium term, Shubham Housing's ability to further enhance its operating efficiency and protect its margins/lending spreads, given the increasing competition in the sector, shall remain monitorable.

The rating continues to factor in the limited seasoning of the portfolio as a significant portion of the AUM was sourced in the last few years like most of the company's peers. The rating also considers the relatively high, albeit improving, geographical concentration, with Maharashtra comprising 27% of the AUM as of June 2026 (30% as of March 2025; 34% as of March 2024). Moreover, given the relatively riskier borrower profile of the low-and-assessed-income segments, the company remains exposed to volatility in the asset quality.

The Stable outlook reflects ICRA's opinion that Shubham Housing will be able to maintain its credit profile, given its strong capitalisation and comfortable earnings profile, as it continues to scale up its operations.

Key rating drivers and their description

Credit strengths

Strong capitalisation profile – The company's capitalisation profile remains strong with a net worth of Rs. 2,322 crore on as June 30, 2026 (Rs. 2,241 crore as on March 31, 2026) and a managed gearing of 3.2 times (3.0 times as on March 31, 2026; 2.2 times as on March 31, 2025). The capital-to-risk weighted assets ratio (CRAR) of 38.9% as on June 30, 2026 was well above the regulatory requirement. In ICRA's opinion, Shubham Housing is well capitalised to support its planned AUM growth of 30-35% p.a. over the near-to-medium term while maintaining a prudent capitalisation profile with the managed gearing remaining below 5 times.

Comfortable earnings profile notwithstanding scope for further improvement in operating efficiency – Shubham Housing's earnings profile remains comfortable with a profit after tax of Rs. 260 crore in FY2026, translating to a return of 3.4% on AMA, supported by the improving operating efficiency. The company reported a slight increase in its net interest margin to 8.1% of AMA in FY2026 from 8.0% in FY2025 while operating expenses declined to 4.6% of AMA from 5.0% during this period. ICRA notes that credit costs increased in FY2026 due to higher provision coverage, but remained under control. While profitability moderated in Q1 FY2027 with PAT of Rs. 77 crore and RoMA of 3.2% amid the pressure on margins, the overall earnings profile remains comfortable. While the overall earnings profile is expected to remain comfortable over the near-to-medium term, the company's ability to further improve its operating efficiency and protect its margins/lending spreads, given the increasing competition in the sector, shall remain monitorable.

Healthy asset quality – Shubham Housing's asset quality indicators remained healthy with limited slippages and a current collection efficiency of 97-98% in FY2026 and Q1 FY2027. The asset quality indicators improved with gross NPAs of 1.2% as on June 30, 2026 (1.2% as on March 31, 2026) vis-à-vis 1.3% as on March 31, 2025. Further, the overall monitorable portfolio of NPAs, repossessed assets and security receipts declined to 1.8% as on June 30, 2026 (1.9% as on March 31, 2026) from 2.1% as on March 31, 2025. Moreover, the solvency profile remained comfortable with the net monitorable portfolio (net of provision on NPAs) at 5.0% of the net worth as on June 30, 2026 (5.1% as on March 31, 2026). ICRA expects the company to continue scaling up its operations at a strong pace while maintaining healthy asset quality metrics.

Credit challenges

Limited portfolio seasoning, given high pace of growth – Shubham Housing continues to scale up its operations, driven by buoyant demand, and its AUM rose to Rs. 8,752 crore as on June 30, 2026 (Rs. 8,171 crore as on March 31, 2026; Rs. 6,034 crore as on March 31, 2025). The AUM increased at a CAGR of ~32% over the last five years (FY2021 to FY2026) with disbursements over the past eight quarters (till June 2026) being equivalent to 76% of the AUM as of June 2026. A significant portion of Shubham Housing's AUM was sourced in the last few years, like most of its peers, leading to limited portfolio seasoning in relation to the contractual tenure of the loans. Given that the AUM growth rate is expected to stay high, portfolio seasoning is likely to remain limited and would be monitorable.

Relatively high geographical concentration; exposure to comparatively vulnerable borrower profile – Shubham Housing's operations are geographically concentrated with a relatively high share in Maharashtra (27% of AUM as of June 2026). While the company had operations in 13 states/Union Territories (UTs), the top 3 states comprised ~58% of the AUM as on June 30, 2026, though the same has been declining gradually (59% as of March 2025; 64% as of March 2024; 66% as of March 2023). Given the limited portfolio seasoning and target borrower segment, geographical concentration makes the company vulnerable to geography-specific issues.

Additionally, Shubham Housing mainly lends to borrowers in the low-income segment, which is more vulnerable to income shocks. ICRA notes that ultimate losses are expected to be low, given the secured nature of the portfolio and moderate loan-to-value ratios. However, the company remains exposed to volatility in the asset quality due to the relatively riskier borrower profile, comprising low-and-assessed-income segments, with ~14% of the borrowers being new-to-credit.

Liquidity position: Adequate

The company's liquidity profile remains adequate, given the on-book liquidity maintained by it and its demonstrated ability to raise funds from diverse sources. It held a free cash and bank balance and liquid investments of ~Rs. 467 crore as on March 31, 2026 (~Rs. 650 crore for June 30, 2026). As per the asset-liability management statement as on March 31, 2026, Shubham Housing has scheduled collections (principal) of ~Rs. 288 crore against scheduled debt repayments (principal) of ~Rs. 1,324 crore over the next 12 months, i.e. till March 31, 2027. The presence of Rs. 1,097 crore of sanctioned but unutilised funding lines, as on March 31, 2026 (Rs. 770 crore as on March 31, 2025), supports its liquidity profile.

Rating sensitivities

Positive factors – A significant increase in the scale of operations along with geographical diversification, while maintaining healthy asset quality and profitability and a prudent capitalisation profile, could positively impact the rating.

Negative factors – Pressure on the rating could arise in case of an increase in the managed gearing beyond 5 times on a sustained basis or a deterioration in the asset quality indicators (90+ days past due (dpd) above 2.5%) on a sustained basis, thereby impacting the earnings. A deterioration in the liquidity profile could also negatively impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Rating Methodology for Non-banking Finance Companies]
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Shubham Housing Development Finance Company Limited is a housing finance company (HFC) registered with National Housing Bank. It provides retail home loans and loan against property to low-income borrowers. Mr. Sanjay Chaturvedi and Ms. Rupa Basu are the company's promoters. Shubham Housing has an experienced senior management team across various functions with extensive knowledge of the mortgage industry. Six private equity funds, namely Premji Invest Opportunities Fund (Premji Invest), Dillenia Limited (Creador),British International Investment PLC (formerly known as CDC Group plc), Asian Development Bank, Topaz Inclusion Pte. Ltd. (Leapfrog) and Multiples Private Equity Fund (Multiples), are currently invested in the company. Premji Invest and Multiples hold 19.71% and 21.72%, respectively on fully diluted basis, as on June 30, 2026.

As on June 30, 2026, Shubham Housing had a network of 211 branches, spread across 13 states/UTs, with assets under management of Rs. 8,752 crore.

Key financial indicators (audited)

Shubham Housing Development Finance Company Limited	FY2025	FY2026	Q1 FY2027*
As per	**Ind-AS**	**Ind-AS**	**Ind-AS**
Total income	824	1,129	326
Profit after tax	175	260	77
Total managed assets^	6,364	9,066	9,826
Return on average managed assets	3.1%	3.4%	3.2%
Gearing (managed; times)	2.2	3.0	3.2
Gross stage 3 assets	1.3%	1.2%	1.2%
Capital-to-risk weighted assets ratio	46.2%	39.9%	38.9%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Limited review*
^Total managed assets = Total assets + Impairment allowance + Off-book portfolio

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug-27-2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long-term term loan – Fund based	Long term	2,100.00	[ICRA]AA- (Stable)	Aug-28-2025	[ICRA]A+ (Positive)	Sep-19-2024	[ICRA]A+ (Stable)	May-05-2023	[ICRA]A (Stable)
						Mar-26-2025	[ICRA]A+ (Stable)	Oct-05-2023	[ICRA]A (Stable)
								Feb-02-2024	[ICRA]A (Positive)
Non-convertible debentures	Long term	200.00	[ICRA]AA- (Stable)	Aug-28-2025	[ICRA]A+ (Positive)	Sep-19-2024	[ICRA]A+ (Stable)	May-05-2023	[ICRA]A (Stable)
						Mar-26-2025	[ICRA]A+ (Stable)	Oct-05-2023	[ICRA]A (Stable); withdrawn
Commercial paper	Short term			-	-	Sep-19-2024	[ICRA]A1	May-05-2023	[ICRA]A1
						Mar-26-2025	[ICRA]A1; withdrawn	Oct-05-2023	[ICRA]A1
								Feb-02-2024	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term bank facilities	Simple
Non-convertible debentures	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Long-term bank facilities**	October 2020 to June 2025	5.50% to 11.65%	November 2025 to January 2035	2,100.00	[ICRA]AA- (Stable)	RBI
INE967Q07049	**Non-convertible debentures**	Sep-25-2024	9.50% + Bank MCLR	Sep-27-2027	200.00	[ICRA]AA- (Stable)	SEBI

Source: Company, ICRA Research

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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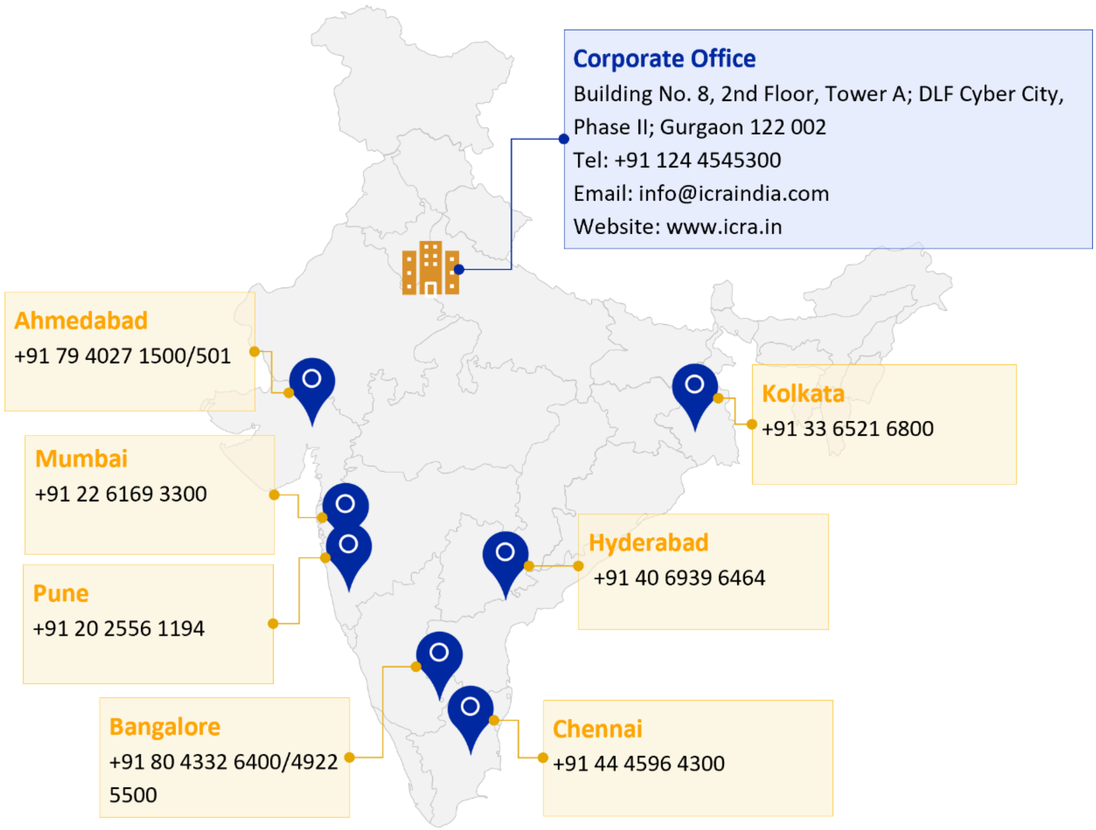

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