

June 06, 2025

## ManiBhavnam Home Finance India Pvt. Ltd.: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	85.00	85.00	[ICRA]BBB- (Stable); reaffirmed
<b>Total</b>	<b>85.00</b>	<b>85.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reflects ManiBhavnam Home Finance India Pvt. Ltd.'s (ManiBhavnam) adequate capitalisation as it continues to expand its operations. The company reported a capital-to-risk weighted assets ratio (CRAR) of 34.0% as of March 2025 while its managed gearing<sup>1</sup> stood at 4.0 times as on March 31, 2025 (3.9 times as on March 31, 2024). It last raised ~Rs. 9-crore equity in FY2024 and had planned to raise ~Rs. 50-crore equity capital in FY2025, though the same did not materialise. Given its growth plans and modest internal accruals, the company will need to raise equity capital in the near term to maintain adequate capital buffers, going forward. ManiBhavnam's assets under management (AUM) grew by 23% to Rs. 276 crore as of March 2025 and it aims to achieve AUM of ~Rs. 400 crore by March 2026. The company continues to broaden its funding base with its active lending relationships growing to 24 as of March 2025 from 22 as of March 2024, while it gradually increases the share of funding from banks.

The rating remains constrained by ManiBhavnam's modest earnings and moderate asset quality. The company reported a provisional net profit of Rs. 8.0 crore in FY2025 vis-à-vis Rs. 2.4 crore in FY2024, supported by higher income from direct assignment transactions. Further, its reported gross non-performing assets (GNPAs) increased to 2.8% as on March 31, 2025 from 1.5% as on March 31, 2024. Additionally, ManiBhavnam held repossessed assets and a standard restructured portfolio of 2.5% and 1.8%, respectively, as on March 31, 2025. (restructured loans under Resolution Framework 1.0 & 2.0 for Covid-19-related stress). The company's ability to control fresh slippages and achieve recoveries from delinquent accounts would remain monitorable. The portfolio's limited seasoning due to rapid growth in recent years and the relatively vulnerable borrower base also weigh on the rating.

The Stable outlook reflects ICRA's expectation that the company will continue to maintain an adequate capital profile and gradually improve its earnings profile as it scales up its operations.

### Key rating drivers and their description

#### Credit strengths

**Adequate capitalisation profile** – ManiBhavnam's CRAR of 34.0% was well above the regulatory requirement of 15% as on March 31, 2025. It remains adequately capitalised at present with a net worth of Rs. 59 crore and a managed gearing of 4.0 times as on March 31, 2025 (3.9 times as on March 31, 2024). Given its high growth plans and modest internal accruals, ManiBhavnam would continue requiring equity infusions to maintain a prudent capitalisation profile as it keeps expanding its operations. The company last raised ~Rs. 9-crore equity in FY2024 and had planned to raise ~Rs. 50-crore equity capital in FY2025, though the same has not materialised. ICRA takes note of the delay in raising equity capital and shall continue to monitor the same.

<sup>1</sup> Managed gearing = (On-book borrowings + Off-book portfolio)/Net worth

## Credit challenges

**Limited track record and small scale of operations with relatively vulnerable borrower profile** – Since commencing operations in February 2017, ManiBhavnam has expanded its presence to 21 branches across six states, growing its AUM to Rs. 276 crore as on March 31, 2025. Despite this progress, the company's overall scale remains modest. Further, given the limited track, portfolio seasoning is low compared to the longer-tenure asset class. ManiBhavnam primarily serves low- and middle-income individuals and families, many of whom rely on informal or undocumented sources of income. This borrower segment tends to be more vulnerable to economic downturns, given their limited financial buffers to absorb external shocks. Nonetheless, given the secured nature of the portfolio, ultimate losses are expected to be lower.

**Moderate asset quality** – ManiBhavnam's GNPA's rose to 2.8% as on March 31, 2025 from 1.5% as on March 31, 2024 due to higher slippages and delays in recovery proceedings. Additionally, the company reported repossessed assets and a standard restructured portfolio of 2.5% and 1.8%, respectively, as on March 31, 2025. (1.2% and 3.0%, respectively, as on March 31, 2024) (restructured loans under Resolution Framework 1.0 & 2.0 for Covid-19-related stress). ICRA notes that the share of restructured assets is on a declining trend. Furthermore, ManiBhavnam has made adequate provisions against this portfolio and the expected loss in the event of default is likely to be limited, given the secured nature of the underlying assets. Despite these mitigating factors, the company's ability to manage incremental slippages and improve recoveries from delinquent accounts will remain a key monitorable from a credit perspective.

**Modest profitability** – ManiBhavnam's overall profitability remains modest with a provisional net profit of Rs. 8 crore in FY2025 (Rs. 2.4 crore in FY2024), characterised by elevated operating expenses, although improving. While the operating efficiency improved to an extent in FY2025 with operating expenses declining to 6.0% of average managed assets (AMA) from 6.8% in FY2024, the same remains elevated due to continuous branch expansion and employee-related expenses. Credit costs remained under control at 0.3% of AMA (0.3% of AMA in FY2024) despite the deterioration witnessed in FY2025.

ICRA takes note of the company's efforts to improve its cost of funding with a gradual increase in the share of relatively lower-cost funding from banks. These factors, along with the rise in direct assignment transactions, helped ManiBhavnam report a higher profit in FY2025. Nonetheless, the company's ability to continue improving its operating efficiency while controlling its credit costs shall remain important from a credit perspective.

## Liquidity position: Adequate

As on March 31, 2025, the company held ~Rs. 4 crore of unencumbered on-book liquidity. This, along with the scheduled inflows of Rs. 49 crore over the next 12 months (i.e. March 31, 2026), shall help in meeting the scheduled debt obligations of Rs. 55 crore during the same period. The presence of Rs. 17 crore of sanctioned and unutilised lines also supports the liquidity profile.

## Rating sensitivities

**Positive factors** – A sustained improvement in scale and diversification of operations while improving its profitability and asset quality and maintaining a prudent capitalisation profile could positively impact the rating.

**Negative factors** – A deterioration in the asset quality indicators, resulting in sustained pressure on the profitability indicators, could negatively impact the rating. Inability to maintain prudent capitalisation, with the managed gearing exceeding 5 times on a sustained basis, or a stretch in the liquidity position could also put pressure on the rating.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Non-banking Finance Companies</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

ManiBhavnam Home Finance India Pvt. Ltd. (ManiBhavnam), which was incorporated in 2016, started operations in February 2017 with a focus on the affordable housing space for the under-financed segment. It was founded by Mrs. Meghha Gupta and Mr. Ayyushman Mehta. Mr. Deepak Joshi joined the company in August 2016 as the Chief Founding Mentor and Director.

The company reported a profit after tax (PAT) of Rs. 8.0 crore in FY2025 (provisional) on gross assets under management (AUM) of Rs. 276 crore as on March 31, 2025 against a PAT of Rs. 2.4 crore in FY2024 on gross AUM of Rs. 225 crore as on March 31, 2024. Operating in six states as on March 31, 2025, the AUM comprised home loans (57%) and loan against property (43%) with a focus on the self-employed borrower segment (66%).

## Key financial indicators

ManiBhavnam Home Finance India Pvt. Ltd.	FY2023	FY2024	FY2025*
Total income	24.5	35.6	45.1
PAT	1.4	2.4	8.0
Total managed assets	193	254	309
Return on managed assets <sup>^</sup>	0.9%	1.1%	2.8%
Managed gearing (times)	3.8	3.9	4.0
Gross NPA	1.4%	1.5%	2.8%
CRAR	41%	38%	34%

Source: Company, ICRA Research; \*Provisional; All ratios as per ICRA's calculations; <sup>^</sup>PAT/Average (Total assets + Assigned book); Amount in Rs. crore

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	Date & rating in FY2026 Jun 06, 2025	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023
				Jun 05, 2024	Apr 01, 2024		
Term loans	Long term	85.00	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	-	Feb 17, 2023

## Complexity level of the rated instrument

Instrument name	Complexity indicator
Long-term fund based – Term loan	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
NA	<b>Long-term fund based – Term loan</b>	Dec 2021 to Dec 2022	10.9-11.8%	Nov 2026 to Dec 2029	85.00	[ICRA]BBB- (Stable)

Source: Company

[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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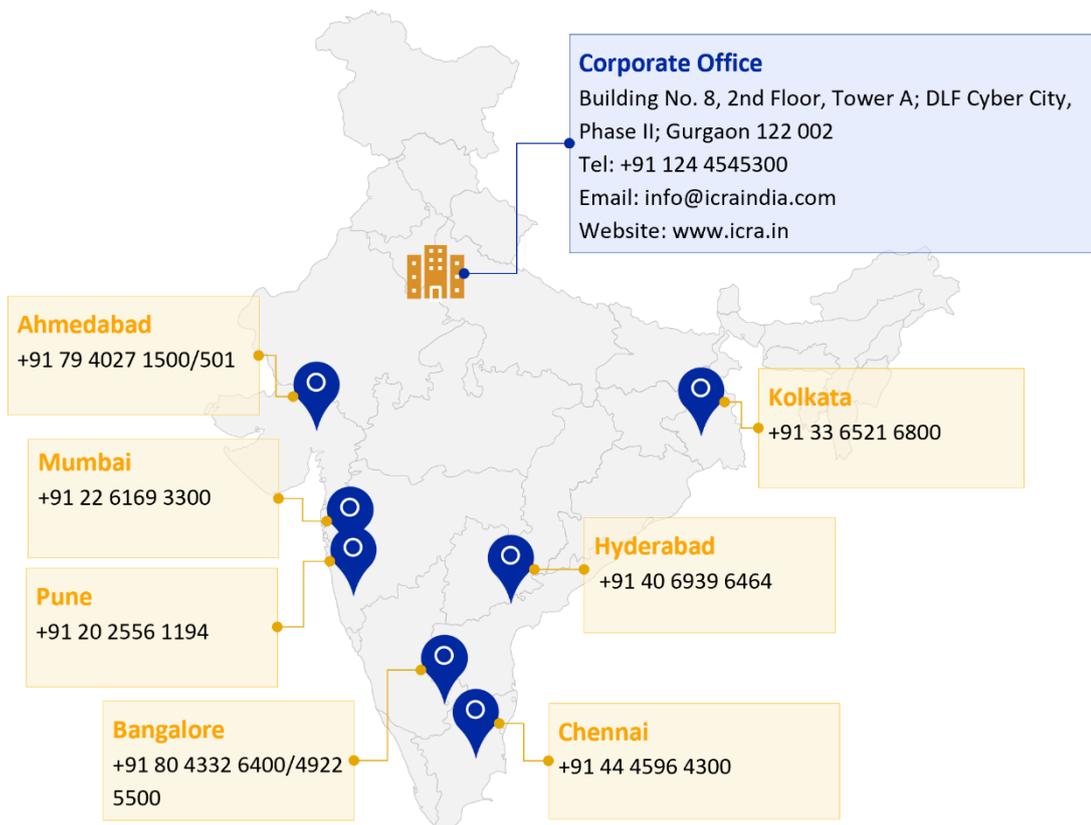
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