

June 26, 2026

Ummeed Housing Finance Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previously rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper programme	55.0	55.0	[ICRA]A1; reaffirmed
Total	55.0	55.0	

*Instrument details are provided in Annexure II

Rationale

Ummeed Housing Finance Private Limited's (UHFPL) rating factors in its comfortable capitalisation profile (managed gearing of 2.1 times as on March 31, 2026¹) for the current scale of operations. ICRA notes that the company has scaled up its business, with assets under management (AUM) of Rs. 2,721 crore as on March 31, 2026, registering a compound annual growth rate (CAGR) of 44% over the 3-year period of FY2023-FY2025. The AUM growth was, however, lower at 19% in FY2026 due to the moderation in disbursements on account of the change in the disbursement recognition criteria from Q2 FY2026. UHFPL has maintained control over the asset quality indicators thus far with its reported gross non-performing assets (GNPAs) at 1.2% as on March 31, 2026, albeit on limited portfolio seasoning due to the high pace of growth over the past few years.

The rating considers the moderation in the earnings profile, with the return on managed assets (RoMA) at 2.1% in FY2026 vis-à-vis 2.8% in FY2025, and the geographically concentrated portfolio with the top 3 states accounting for 73% of the AUM as on March 31, 2026. ICRA notes that the target borrower profile (consisting of low-to-middle income borrowers and largely self-employed/cash salaried/informal income) remains vulnerable to income shocks. UHFPL's ability to increase the scale of operations while maintaining its profitability and asset quality would be a key rating driver. ICRA also notes the recent changes in the board of directors and the senior management team over the past few months. The impact of the same on the company's business operations will remain monitorable.

Key rating drivers and their description

Credit strengths

Comfortable capitalisation for current scale of operations – UHFPL's capitalisation profile is comfortable for its current scale of operations, supported by regular capital infusions in the past. Since inception, it has raised total capital of Rs. 711.5 crore and its net worth stood at Rs. 968 crore as on March 31, 2026. UHFPL's managed gearing stood at 2.1 times and the capital-to-risk-weighted assets ratio (CRAR) was 63% as on March 31, 2026 compared to 1.7 times and 70%, respectively, as on March 31, 2025. ICRA notes that UHFPL has outlined a road map for robust AUM growth (targeted AUM of about Rs. 5,800 crore by March 31, 2029 at a CAGR of 28-30%), which is likely to increase the leverage from the current level. In this regard, growth capital would be required in the next three years to keep the managed gearing below 4 times on a steady-state basis.

Asset quality has remained under control; however, portfolio seasoning remains low – UHFPL's asset quality indicators have remained under control with gross NPAs of 1.2% as on March 31, 2026. Write-offs remain low, with cumulative write-offs amounting to Rs. 9.4 crore (0.2% of the cumulative disbursements) since FY2018. However, given the rapid expansion, the loan book has witnessed limited seasoning.

¹ Data as on March 31, 2026/FY2026 is provisional

UHFPL started operations in 2016 with three hubs in three states. Its presence has expanded rapidly over the past four years with the addition of 83 branches during this period. The AUM increased at a CAGR of 37% over the 4-year period of FY2023-FY2026 to Rs. 2,721 crore as on March 31, 2026 from Rs. 766 crore as on March 31, 2022. ICRA expects the AUM to expand at a CAGR of 28-30% over the next three years; thus, portfolio seasoning would remain monitorable.

Credit challenges

Moderation in earnings profile – UHFPL’s earnings profile moderated in FY2026 on account of the compression in the net interest margin (NIM) and decline in other income despite the reduction in operating expenses and controlled credit costs. NIMs compressed to 8.5% of the average managed assets (AMA) in FY2026 from 9.3% in FY2025 because of the rise in the share of the lower-yielding home loan segment. At the same time, other income declined to 0.8% in FY2026 from 1.1% in FY2025 because of lower fee income as disbursements moderated. While operating expenses (as a percentage of AMA) reduced to 6.1% in FY2026 from 6.6% in FY2025, credit costs remained under control at 0.3% (0.2% in FY2025). Consequently, the profitability moderated with RoMA of 2.1% in FY2026 vis-à-vis 2.8% in FY2025. Going forward, UHFPL’s ability to generate adequate profitability in relation to its growth plans would be key.

Exposure to relatively vulnerable borrower profile; geographically concentrated operations – UHFPL caters to underbanked customers from tier II and tier III/IV cities, who have informal income and limited or no credit history. Its portfolio largely comprises low-to-middle income self-employed customers (~70% of the AUM as on March 31, 2026), who are relatively more vulnerable to economic cycles and have limited buffer to absorb income shocks. In ICRA’s opinion, the secured nature of the portfolio, backed largely by self-occupied residential properties and low loan-to-value (LTV) ratios (about 65% of the AUM as of March 2026 had an LTV of less than 60%), is a key mitigant against the inherent risks associated with the company’s portfolio.

In terms of geographical presence, UHFPL commenced operations in Rajasthan, Haryana and Delhi NCR and has expanded its reach to nine states/Union Territories (UTs) over the years. However, geographical concentration remains high, with the majority of the portfolio in Rajasthan (46%), Haryana (15%) and Delhi NCR (11%) as on March 31, 2026. The rest is in the neighbouring states of Madhya Pradesh, Uttar Pradesh, Uttarakhand, and Punjab and the southern states of Andhra Pradesh and Telangana. ICRA takes note of the company’s gradual diversification to other geographies over the past four years.

Liquidity position: Adequate

UHFPL’s liquidity position is characterised by positive cumulative mismatches across all buckets up to one year, as per the provisional asset-liability maturity (ALM) profile as on March 31, 2026. For the 12-month period ending March 31, 2027, the company has debt repayments of Rs. 310 crore against scheduled inflows from performing advances of Rs. 523 crore. Further, the liquidity is supported by an unencumbered cash and bank balance of about Rs. 74 crore (equivalent to 5% of on-balance sheet borrowings), sanctioned and unutilised term loans of Rs. 532 crore and undrawn cash credit limits of Rs. 39 crore as on March 31, 2026.

UHFPL’s borrowing profile is adequately diversified for the current scale of operations, with bank lines forming the largest share at 37% as on March 31, 2026, followed by securitisation and assignment (25%), debentures (15%), external commercial borrowings (ECBs; 9%), National Housing Bank (NHB) refinance (8%) and term loans from non-banking financial companies/financial institutions (NBFCs/FIs; 4%).

Rating sensitivities

Positive factors – A significant increase in the scale of operations while maintaining good asset quality and profitability indicators (RoMA of more than 3.0%) on a sustained basis.

Negative factors – A deterioration in the asset quality indicators, resulting in pressure on the profitability indicators, could negatively impact the rating. Managed gearing exceeding 4x on a sustained basis, would also be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

UHFPL, a non-deposit-accepting affordable housing finance company registered with NHB, was incorporated in January 2016 and is based in Gurugram (Haryana). It commenced operations in August 2016 and is focussed on providing finance to underbanked customers with informal income and limited or no credit history in tier II/III/IV cities through home loans (HLs) for the purchase, construction, extension or renovation of houses, as well as non-home loans (NHLs) such as loan against property (LAP; for consumption and personal use), business loans (BLs; for working capital and other business requirements) and small-ticket business loans (STBLs; for short-term loan requirements of shopkeepers).

It had a network of 127 branches across nine states/UTs (Rajasthan, Haryana, Delhi NCR, Uttar Pradesh, Uttarakhand, Punjab, Madhya Pradesh, Andhra Pradesh and Telangana) as on March 31, 2026. Its AUM (provisional) stood at Rs. 2,721 crore as on March 31, 2026 with HL accounting for 63.7%, followed by LAP (20.9%), STBL (9.8%) and BL (5.6%).

The company is promoted by Mr. Ashutosh Sharma, who has over 25 years of experience in banking and financial services. He held an 15.2% stake in UHFPL on a fully-diluted basis as on March 31, 2026. Other key investors include Norwest Capital (25.8%), Morgan Stanley (20.9%), A91 Partners (17.0%), Thyme Private Limited (11.8%) and others (9.3%).

The company reported a profit after tax (PAT) of Rs. 59 crore (provisional) in FY2026 on total managed assets of Rs. 3,043 crore (provisional) as on March 31, 2026 compared to a PAT of Rs. 59 crore in FY2025 on total managed assets of Rs. 2,470 crore as on March 31, 2025.

Key financial indicators

UHFPL	FY2024 Audited	FY2025 Audited	FY2026 Provisional
Total income	243	317	372
PAT	53	59	59
Total managed assets	1,828	2,470	3,043
Return on managed assets	3.4%	2.8%	2.1%
Managed gearing (times)	1.8	1.7	2.1
Gross NPA	0.5%	0.8%	1.2%
CRAR	63.0%	69.9%	63.1%

Source: Company, ICRA Research; All figures and ratios as per ICRA's nomenclature/definition/calculations; Amount in Rs. crore

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						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		
			Jun-26-26	Date	Date	Rating	Date	Rating	
Commercial paper	Short term	55.00	[ICRA]A1	Jun-27-25	[ICRA]A1	Jun-19-24	[ICRA]A1	-	-

Source: ICRA Research

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (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 Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	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.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. no.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI

10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA
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(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper programme	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA*	Commercial paper programme	NA	NA	NA	55.0	[ICRA]A1

Source: Company; *Yet to be placed

Annexure III: List of entities considered for consolidated analysis

Not applicable

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