November 11, 2026

Sitaara Housing Finance Limited (erstwhile Sewa Grih Rin Limited): [ICRA]A2+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Commercial paper	200.00	[ICRA]A2+; assigned	RBI
Total	200.00		

**Instrument details are provided in Annexure I*

 # 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 financial sector regulators (FSRs) other than SEBI

Rationale

The assigned rating factors in Sitaara Housing Finance Limited's (Sitaara) adequate capitalisation profile, supported by sizeable capital commitments and equity infusions from its promoter, Vixar Inc. (formerly Arpwood Partners), and other institutional shareholders. The rating also considers the company's focus on the secured mortgage finance segment and the strengthening of its underwriting and operating infrastructure after the change in its ownership and management. Following the Reserve Bank of India's (RBI) approval for the change in shareholding and management in September 2024, Vixar emerged as the controlling shareholder and committed Rs. 680 crore of equity capital to Sitaara. While Rs. 357 crore was infused as on September 30, 2026, the balance (Rs. 323 crore) is available to support future growth. This would lead to a net worth of over Rs. 1,000 crore by March 2027.

The change in ownership was accompanied by a complete overhaul of the senior management team and strengthening of the board, underwriting framework, technology and collections infrastructure, positioning the company to support the envisaged scale-up of its secured mortgage portfolio. The existing capital base, along with Vixar's remaining commitment, provides some headroom to aid the targeted scale-up in the assets under management (AUM). ICRA expects Sitaara to raise capital in a timely manner to support its growth plans while keeping the managed gearing[1] below 3.5 times over the medium term.

The rating is, however, constrained by the company's moderate though improving profitability and the limited seasoning of loans under the new management team, as disbursements scaled up significantly from FY2026. Further, an improvement in the profitability remains contingent on the achievement of operating efficiency as the business scales up while containing credit costs. ICRA also takes note of the geographical concentration in the loan portfolio, with the top 3 states (Uttar Pradesh, Rajasthan, Madhya Pradesh) accounting for 71% of AUM as on June 30, 2026. The target borrower profile (low-to-middle-income borrowers and largely self-employed/cash salaried/informal income) remains vulnerable to income shocks. Given the low seasoning and strong growth target, Sitaara's ability to maintain the asset quality as the portfolio seasons will remain a key monitorable.

Key rating drivers and their description

Credit strengths

Experienced management team – Following Vixar's investment and the consequent change in the promoter shareholding in FY2025, Sitaara's leadership and governance framework underwent a significant transition. The company strengthened its senior management team, inducting professionals with experience in scaling retail lending businesses at established non-banking financial companies (NBFCs) and banks. The broader senior management team comprises experienced professionals across key functional areas. Alongside the management transition, the board was reconstituted with the induction of

[1] *Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth*

independent members. The 8-member board comprises three independent directors and four nominee directors, including two nominees from Vixar and one each from Sewa Mutual Benefit Trust and HDFC Bank.

The new management has undertaken a significant overhaul of Sitaara's underwriting, risk management and technology infrastructure, with a focus on building systems and processes capable of supporting a much larger scale of operations. This includes strengthening the credit appraisal and approval framework and investing in scalable loan origination, loan management and collection platforms. The company has shifted from the erstwhile small-ticket affordable housing segment, with an average ticket size of Rs. 4-5 lakh, to relatively higher-ticket customers, with an average ticket size of Rs. 10-12 lakh. With much of this operating infrastructure already in place, Sitaara is well positioned to scale up its portfolio. However, the effectiveness of these controls and systems, as the recently originated portfolio seasons, remains monitorable.

Adequate capitalisation supported by equity infusions – Sitaara's capitalisation remains adequate for its current scale of operations, aided by the cumulative equity infusion of Rs. 498 crore as of September 2026 (FY2025 to H1 FY2027), comprising Rs. 357 crore from Vixar, Rs. 67 crore from the HDFC Group and Rs. 74 crore from other existing institutional shareholders. Consequently, its net worth increased to Rs. 746 crore as of September 2026, with a healthy capital-to-risk weighted assets ratio (CRAR) of 43.3% and a managed gearing of 2.3 times. Further, the company has an additional commitment of Rs. 323 crore from Vixar (pro forma net worth of ~Rs. 1,070 crore), which can be drawn down at any point in time. ICRA expects Sitaara to raise capital in a timely manner to support its growth plans while keeping the managed gearing below 3.5 times over the medium term.

Credit challenges

Limited portfolio seasoning and moderate earnings profile, given the modest scale of operations – Sitaara has a limited operating track record under the current promoter group and management, following the change in ownership and leadership in FY2025. Supported by the scaling up of fresh business under the new management team, the AUM expanded to Rs. 2,251 crore as on September 30, 2026. Given the significant disbursements over the last 1-2 years, portfolio seasoning remains limited relative to the contractual tenure of the loans. With strong AUM growth expected to continue, the performance of the portfolio as it seasons would remain a key monitorable.

Given its limited scale, Sitaara's operating expenses (opex) remain elevated at 8.4% and 8.0% of average total managed assets (AMA) in FY2026 and H1 FY2027, respectively (19.4% and 11.4% of disbursements in FY2026 and H1 FY2027, respectively), reflecting investments in loan origination, technology, senior management and collections infrastructure. The earnings profile remained moderate, with a profit after tax (PAT) of Rs. 9 crore and a return on managed assets (RoMA) of 0.8% (annualised) in H1 FY2027 (Rs. 1.7 crore and 0.1%, respectively, in FY2026). ICRA also takes note of the proposed consultation paper of Insurance Regulatory and Development Authority of India (IRDAI) aimed at capping commission income earned by distribution partners, which will have a bearing on Sitaara's profitability as this forms a sizeable part of its profitability in FY2026. Nonetheless, ICRA expects the profitability to improve over the medium term as the business scales up and benefits from operating leverage, provided credit costs remain under control.

Exposure to relatively vulnerable borrower profile; high geographical concentration – Sitaara operates in the affordable housing finance segment, which is relatively riskier (compared to prime housing finance) due to the low-to-middle-income profile of the borrowers. Its portfolio largely comprises self-employed customers (~79% of the AUM as on June 30, 2026) and borrowers who work in small private enterprises, who are comparatively more vulnerable to economic cycles and have limited buffers to absorb income shocks. ICRA, however, notes that ultimate losses are expected to be low, given the secured nature of the portfolio and adequate loan to-value ratios (about 67% of the AUM, as on June 30, 2026, had an LTV of less than 60%). The company reported gross and net stage 3 of 1.8% and 1.3%, respectively, as on September 30, 2026. With the increase in the share of the new portfolio and the seasoning of the same, the evolution of the asset quality metrics and credit costs will be monitorable.

The company's portfolio remains geographically concentrated, with a single state accounting for nearly 26% of the AUM and the top 3 states accounting for around 71% as on June 30, 2026. Given the limited portfolio seasoning and target borrower segment, geographical concentration makes the company vulnerable to geography-specific issues.

Liquidity position: Adequate

As on September 30, 2026, Sitaara had unencumbered cash and cash equivalents of Rs. 172 crore, sufficient to cover scheduled debt obligations of Rs. 111 crore over the next three months. Further, the liquidity is supported by sanctioned and unutilised term loans of Rs. 300 crore as on September 30, 2026. As per the Statement of Structural Liquidity as on September 30, 2026, Sitaara had positive cumulative mismatches in all buckets, reflecting its adequate liquidity profile.

Rating sensitivities

Positive factors – A significant increase in the scale of operations, while maintaining comfortable asset quality and improving the earnings profile, could positively impact the rating.

Negative factors – Sustained weakening in the asset quality profile or inability to improve the earnings performance or significant deterioration in the liquidity could negatively impact the rating. Continued increase in the managed gearing above 3.5 times could also exert pressure on the rating.

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

Sitaara Housing Finance Limited (formerly SEWA Grih Rin Limited) is a non-deposit taking housing finance company incorporated in July 2011 and licensed by National Housing Bank (NHB) in January 2015. The company was originally promoted within the Gujarat-based Self-Employed Women's Association's (SEWA) ecosystem, which was established to support women engaged in the informal sector. Consistent with this vision, the company initially focussed on providing housing finance to women from low income and economically weaker sections. It was headquartered in New Delhi.

In May 2024, Vixar Inc. (formerly Arpwood Partners) initiated the acquisition of a controlling stake in the company, involving over 26% of the paid-up share capital and a change in management control. Following RBI approval in September 2024, the company underwent a comprehensive transformation in FY2025, including changes in ownership, board composition and management. It was subsequently rebranded as Sitaara Housing Finance Limited in July 2026. Vixar is the largest shareholder and promoter with a stake of 64.5% as on June 30, 2026, while the other promoter, Sewa Mutual Benefit Trust, holds 4.5%. The other key shareholders include Abler Nordic Fund IV KS, Oikocredit Ecmenical Development Cooperative Society U.A and HDFC Bank Limited.

Post the management change, Sitaara focusses on affordable housing loans and LAP, with a particular focus on self-employed individuals from lower and middle-income households, residing in Tier-II and Tier-III cities and towns with an average ticket size of ~Rs. 11 lakhs.

Key financial indicators (audited)

Sitaara Housing Finance Limited	FY2025	FY2026	H1 FY2027
	Audited	Audited	Audited
Total income	204	243	163
PAT	0.6	1.7	9.0
Total managed assets*	1,541	1,907	2,558
Return on managed assets	0.0%	0.1%	0.8%
Managed gearing (times)	2.0	1.8	2.3
Gross stage 3	2.6%	2.4%	1.8%
CRAR	50.8%	57.6%	43.3%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * Total assets including off-book*

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)	Nov 11, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	200.00	[ICRA]A2+	-	-	-	-	-	-

Source: ICRA Research

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
Yet to be placed	**Commercial paper programme**	NA	NA	7-365 days	200.0	[ICRA]A2+	RBI

Source: Company

 # 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 financial sector regulators (FSRs) other than SEBI

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6114 6000
ashish.modani@icraindia.com

Sachin Sachdeva
+91 124 4545 307
sachin.sachdeva@icraindia.com

Neha Parikh
+91 22 6114 3426
neha.parikh@icraindia.com

Shubham Deokar
+91 22 6114 3427
shubham.deokar@icraindia.com

Rushabh Gohel
+91 22 6114 3427
rushabh.gohel@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

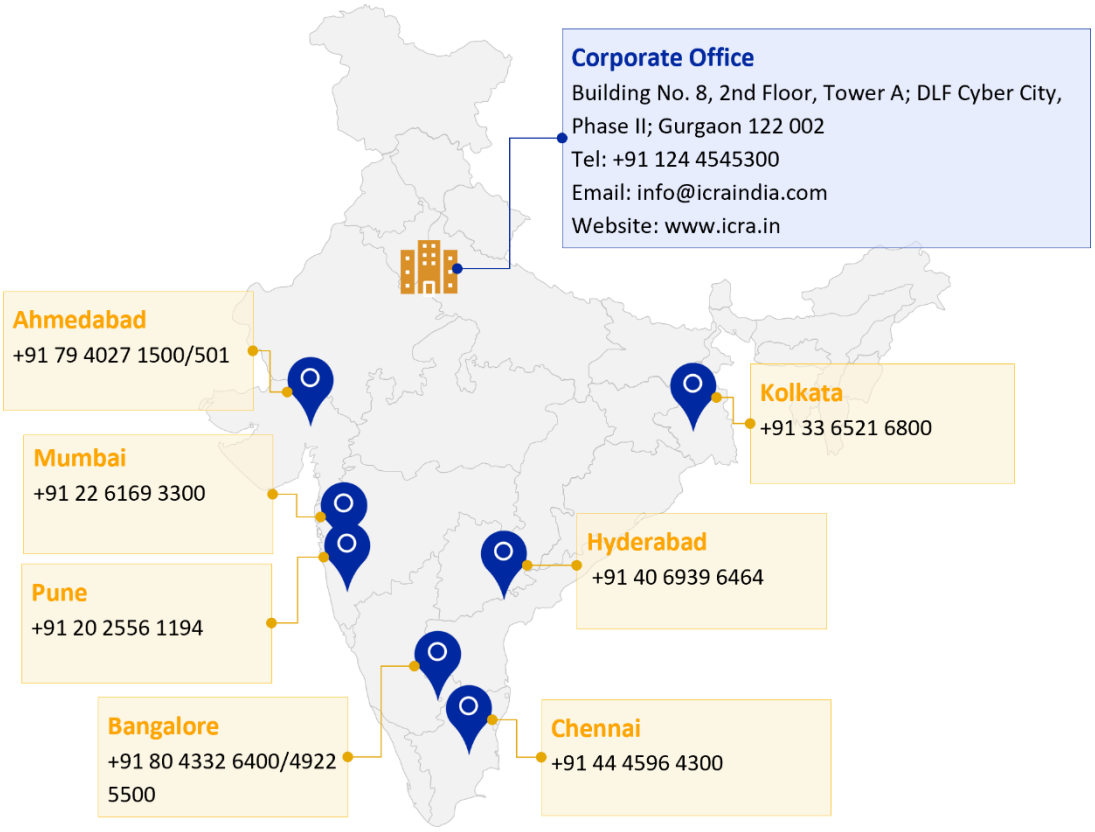
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.