

India Ratings Downgrades Star Housing Finance's NCDs and Bank Loan Facilities to 'IND D'

Feb 19, 2026 | Housing Finance Company

India Ratings and Research (Ind-Ra) has downgraded Star Housing Finance Limited's (SHFL) debt instruments' rating to 'IND D' from 'IND BBB'. The Outlook was Stable. The detailed rating actions are as follows:

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Outlook	Rating Action
Bank loan facilities (Long term rating)	-	-	-	INR4,500	IND D	Downgraded
Non-convertible debentures*^ (Long term rating)	-	-	-	INR2,500	IND D	Downgraded

*Details in annexure

^ unutilised

Analytical Approach

Ind-Ra continues to take a standalone view of Star HFL to arrive at the ratings

Detailed Rationale of the Rating Action

The downgrade reflects Star HFL's delay in the payment of term loan instalments to at least four of its lenders in February 2026, indicating severe liquidity stress. However, all the dues have been paid, as confirmed by the respective lenders. SHFL's liquidity position has come under significant strain, primarily because an investor in one of its NCDs exercised their right to recall their investment in December 2025, triggered by the exit of the chief financial officer (CFO). Furthermore, the company has not been able to recruit a new CFO for more than six months now.

Furthermore, in the provisional financials for 9MFY26, the auditor has put an adverse comment with respect to liquidity, highlighting the delays in the payment of salaries to employees due to poor liquidity. Ind-Ra expects the company to face continued pressure in meeting its debt obligations in the near term.

List of Key Rating Drivers

Weakness

- Delay in debt servicing

Strength

None

Detailed Description of Key Rating Drivers

Delay in Debt Servicing: SHFL delayed payments on its debt instalments in at least four instances by two-to-eight days in February 2026 due to a tight liquidity position, as the company had to redeem the NCDs called back by one of the investors. However, Ind-Ra notes that all the dues were subsequently paid to the said lenders.

Liquidity

Poor: SHFL's liquidity position has weakened significantly and there could be further delays in meeting its debt obligations.

Rating Sensitivities

Positive: Timely debt servicing for at least three consecutive months could result in a positive rating action

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on StarHFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please [click here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please [click here](#).

About the Company

Star HFL (erstwhile Akme Star Housing Finance Limited) is a housing finance company registered with the National Housing Bank ([debt rated at 'IND AAA'/Stable](#)) and was incorporated in 2005. It commenced business operations in September 2009. The company provides retail loans and mortgage loans to the affordable segment, catering to both salaried and self-employed customers. Self-employed customers account for 70% to the total assets under management (AUM). The company operations are spread across 35 branches, mainly in the states of Madhya Pradesh, Gujarat, Maharashtra, Rajasthan, Uttar Pradesh and Tamil Nadu. At end-9MFY26, the company had an AUM of INR5,548 million.

Key Financial Indicators

Particulars	9MFY26	FY25	FY24
Total assets (INR million)	5673	5550	4,903
Total equity (INR million)	1466	1439	1330
Net profit (INR million)	36.7	111	88.8
Return on average assets (%)	0.9	2.1	2.3
Debt/Equity (x)	2.8	2.6	2.4
Tier 1 capital (%)	42.9*	50.1	54.3

Source: Star HFL, Ind-Ra's analysis
* Provisional number

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook				
	Rating Type	Rated Limits (million)	Rating	7 August 2025	8 May 2025	9 May 2024	10 May 2023	27 April 2023
Bank loans	Long-term	INR4,500	IND D	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable

Non-convertible debentures	Long-term	INR2500	IND D	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable	IND BBB/Stable	-
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Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low
Non-convertible debentures^	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

ISIN	Date of Issue	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE526R07017	19 October 2023	13.10	19 April 2027	INR 200.0	IND D
INE526R07025	12 March 2024	13.35	25 November 2027	INR 110.0	IND D
			Limit utilised	INR 310.0	
			Limit unutilised	INR 2190	
			Total	INR 2500	
Source: NSDL; Star HFL					

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About India Ratings

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

Default Recognition and Post-Default Curing Period

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