

June 19, 2025

Nissan Renault Financial Services India Private Limited: Ratings downgraded to [ICRA]A (Negative)/[ICRA]A1; outlook revised to Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture	100.00	100.00	[ICRA]A (Negative); downgraded from [ICRA]A+ and outlook revised to Negative from Stable
Commercial paper	100.00	100.00	[ICRA]A1; downgraded from [ICRA]A1+
Term loans	200.00	200.00	[ICRA]A (Negative); downgraded from [ICRA]A+ and outlook revised to Negative from Stable
Total	400.00	400.00	

*Instrument details are provided in Annexure I

Rationale

The rating action considers the weakening in the credit profile of Nissan Motor Company Limited¹ (Nissan), which holds a 70%² stake in Nissan Renault Financial Services India Private Limited (NRFSI) through its wholly-owned subsidiary, Nissan International Holdings B.V. ICRA expects NRFSI to continue receiving operational and managerial support from Nissan and thus will monitor the movement in Nissan's credit risk profile and take appropriate rating action on NRFSI, if required.

The ratings continue to factor in NRFSI's comfortable capitalisation (gearing of 1.7 times as of March 2025) and asset quality, notwithstanding moderation seen in FY2025. Additionally, the company's moderate track record of operations with a predominant reliance on the financing of Nissan/Renault³-branded passenger vehicles being a captive financier, has been considered. ICRA notes that NRFSI's loan portfolio declined in FY2024 and FY2025, largely on account of the reduction in the sales volume of the original equipment manufacturer (OEM). The sales volume/market share trend of the OEM would be a key sensitivity for NRFSI's ability to grow its disbursements and loan portfolio. The ratings also consider the highly competitive nature of the auto financing industry, which limits the company's scope to expand its business margins.

The negative outlook reflects the weakened credit profile of Nissan, which is expected to impact NRFSI's near-term business performance. The weakened profile of the parent entity is also expected to restrict incremental financial support to NRFSI. While ICRA notes that NRFSI is comfortably capitalised for the current scale, from a funding perspective, it presently has a sizeable dependence on intercorporate deposits from Renault Nissan Automotive India Private Limited (RNAIPL). Nissan recently sold its stake in RNAIPL to Renault as part of its restructuring plan. However, the global alliance between Nissan and Renault remains, and Nissan shall continue to utilise RNAIPL for its automotive operations.

¹ The senior unsecured rating was downgraded to Ba2 with negative outlook from Ba1 by Moody's Investors Service (Moody's)

² The balance (30%) is held by RCI Banque, a wholly-owned subsidiary of Renault SA (Renault). Moody's has a Baa1 rating with a stable outlook for the senior unsecured debt instruments of RCI

³ Original equipment manufacturers (OEMs)

Key rating drivers and their description

Credit strengths

Comfortable asset quality, notwithstanding moderation in FY2025 – NRFSI's portfolio delinquencies remained comfortable, notwithstanding some increase in FY2025. The 90+ days past due (dpd) stood at 2.3% as of March 2025 vis-à-vis 1.6% as of March 2024, partly supported by write-offs. The company wrote off Rs. 22.5 crore and 30.2 crore in FY2025 and FY2024, respectively. The overall asset quality of this segment remains comfortable, given the provision cover of 60% as of March 2025. ICRA expects NRFSI's portfolio delinquencies to remain range-bound in the near term.

Comfortable capitalisation profile – NRFSI has a comfortable capitalisation profile, characterised by net worth and gearing of Rs. 1,208 crore and 1.8 times, respectively, as of December 2024. NRFSI's portfolio declined in FY2025, and its performance in the near term is expected to remain muted, thus the company shall not require any external capital.

Strategic importance to Nissan's India operations – NRFSI has received Rs. 710 crore equity from the shareholders since inception and enjoys funding lines from RNAIPL at favourable terms. Given its strategic importance to the Group and the common branding, ICRA expects NRFSI to continue benefitting from the operational and management support from the Group.

Adequate funding support from Group companies, however, funding diversification crucial for long-term growth plans – NRFSI's funding profile predominantly comprises inter-corporate loans from RNAIPL. As of March 2025, 52.0% of the borrowings was from RNAIPL, followed by term loans from banks (31.1%), working capital loans from banks (16.5%), and securitisation (1.5%). The company raises funds from a few international banks, leveraging its parentage and the Group's established relationships. NRFSI currently enjoys favourable funding terms from RNAIPL. Nissan recently sold its stake in RNAIPL to Renault as part of its restructuring plan. However, the global alliance between Nissan and Renault remains, and Nissan shall continue to utilise RNAIPL for its vehicles. Considering the significant reliance on RNAIPL for funding, the company would need to diversify and secure funds at competitive rates to support business expansion.

Credit challenges

Moderate track record of operations; competitive business segment – NRFSI was incorporated in October 2013 and received a non-banking financial company (NBFC) licence in June 2014. Its overall portfolio stood at Rs. 3,346.6 crore as of March 2025 and Rs. 3,691.9 crore as of March 2024 (Rs. 3,877.6 crore as of March 2023). The decline in the portfolio was mainly due to lower disbursements as the OEM's sales volume moderated. The company continues to focus on the sale of new vehicles of the Nissan and Renault brands. NRFSI's loan portfolio is expected to remain flat in the near term due to the moderation in demand for the ageing models of the OEM.

NRFSI faces competition from established players, including banks and other large NBFCs. This results in significant constraints on its lending yields and consequently its interest margins. The company has been taking steps, including increasing the share of higher-yielding loans such as loans to self-employed borrowers, used vehicle loans, etc. However, the impact of the same could be limited in the near term. Going forward, the portfolio growth would be contingent on the success of the OEMs' planned product launches, revision in vehicle prices and NRFSI's penetration levels.

Moderate profitability levels – NRFSI's net profitability is moderate and stood at 1.5% in FY2025 and 1.6% in FY2024. The profitability was impacted in FY2025 due to the increase in credit costs to 0.8% from 0.5% in FY2024 on account of write-offs. Nonetheless, it was supported by the improvement in the net interest margin to 4.8% in FY2025 from 4.4% in FY2024, partly due to moderation in the leverage levels. Going forward, improving interest margins and fee-based income while restricting the credit cost would be crucial for incremental profitability.

Liquidity position: Strong

NRFSI had cash and cash equivalents of Rs. 36 crore and undrawn sanctioned bank lines of ~Rs. 1,783 crore as on May 31, 2025, which are available on an immediate basis for utilisation. It has repayment obligations of Rs. 360 crore during June-August 2025. The company's collections remain relatively stable and access to commensurate funding lines provides comfort from a liquidity perspective.

Rating sensitivities

Positive factors – NRFIS's ratings could be positively impacted in case of a significant improvement in Nissan's risk profile.

Negative factors – Further weakening in Nissan's risk profile or lower-than-expected support from Nissan could have a negative impact on the ratings. A substantial deterioration in NRFSI's scale of operations, earnings or asset quality, or a weakening in its liquidity profile would also negatively impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	While arriving at the ratings of NRFSI, operational and managerial support from Nissan is taken into consideration
Consolidation/Standalone	The ratings are based on the standalone financial statements of the company

About the company

Incorporated in October 2013, NRFSI is a systemically important, non-deposit taking non-banking financial company (SI-ND-NBFC). It provides financing for the Nissan and the Renault brands of vehicles (retail loans) and extends term loans and inventory funding facilities to the automobile dealers (wholesale loans) of the above-mentioned vehicles. NRFSI is a 70:30 joint venture between Nissan International Holdings B.V., a wholly owned subsidiary of Nissan, and RCI, a wholly owned subsidiary of Renault.

In FY2025, NRFSI reported a net profit of Rs. 53.2 crore on a total managed asset base of Rs. 3,376.0 crore compared to a net profit of Rs. 64.4 crore on a total managed asset base of Rs. 3,788.8 crore for FY2024.

Key financial indicators (Ind-AS)

NRFSI – Standalone	Ind-AS	Ind-AS	Ind-AS
	Audited	Audited	Audited
	FY2023	FY2024	FY2025
Total income	384.6	405.4	385.1
Profit after tax	61.4	64.4	53.2
Total managed assets	4,159.6	3,788.8	3,376.0
Return on managed assets	1.6%	1.6%	1.5%
Managed gearing (times)	2.7	2.2	1.7
Gross stage 3	1.7%	1.6%	2.3%
CRAR	27.6%	30.5%	34.8%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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 (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	June 19, 2025	Date	Rating	Date	Rating	Date	Rating
Non-convertible debenture	Long term	100	[ICRA]A (Negative)	04-Mar-2025	[ICRA]A+ (Stable)	24-Nov-2023	[ICRA]AA- (Stable)	30-Sep-2022	[ICRA]AA- (Stable)
				06-Sep-2024	[ICRA]AA- (Stable)	15-Sep-2023	[ICRA]AA- (Stable)		
Commercial paper	Short term	100	[ICRA]A1	04-Mar-2025	[ICRA]A1+	24-Nov-2023	[ICRA]A1+	30-Sep-2022	[ICRA]A1+
				06-Sep-2024	[ICRA]A1+	15-Sep-2023	[ICRA]A1+		
Term loans	Long term	200	[ICRA]A (Negative)	04-Mar-2025	[ICRA]A+ (Stable)	24-Nov-2023	[ICRA]AA- (Stable)		
				06-Sep-2024	[ICRA]AA- (Stable)				

Complexity level of the rated instrument

Instrument	Complexity indicator
Non-convertible debenture	Very Simple
Commercial paper	Very Simple
Long-term fund-based term loans	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 date	Amount rated (Rs. crore)	Current rating and outlook
Yet to be placed	Non-convertible debenture	NA	NA	NA	100.00	[ICRA]A (Negative)
Yet to be placed	Commercial paper	NA	NA	NA	100.00	[ICRA]A1
NA	Term loans	30-Jun-2023 to 05-Aug-2024	NA	27-Jun-2025 to 05-Aug-2027	200.00	[ICRA]A (Negative)

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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