

April 25, 2025

Religare Housing Development Finance Corporation Limited: Rating upgraded to [ICRA]BBB- (Stable)/[ICRA]A3

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term bank lines	400	400	[ICRA]BBB- (Stable)/ [ICRA]A3; upgraded from [ICRA]BB (Stable)/[ICRA]A4
Total	400	400	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade factors in favourable developments at Religare group following the classification of the Burman Group (promoter family of Dabur India Limited) as promoters of Religare Enterprises Limited (REL) — the ultimate parent of RHDFCL and strengthening of the board composition of REL augurs well for the credit profile of the group. The ratings also factor in RHDFCL's adequate capitalisation profile for its current scale of operations with a net worth of Rs. 208 crore and managed gearing of 0.3 times as on December 31, 2024 and stated intent from the Religare Group to support the subsidiaries, including RHDFCL, through growth capital as and when required. Going forward, funding access and the disbursements trajectory is expected to improve with the abatement of concerns over the group related issues, which had impacted RHDFCL's performance in the past.

ICRA favourably notes the asset quality profile has been on an encouraging trajectory over the past few years, supported by limited fresh slippages. Moreover, gross stage 3 assets declining to Rs. 8.3 crore as on December 31, 2024 and Rs. 9.2 crore as on March 31, 2024, from Rs. 12.3 crore as on March 31, 2023. The ratings factor in the modest profitability indicators with company reporting losses in 9M FY2025 owing to high operating expenses due to reduction in the business scale and company investing in improvement of systems. RHDFCL's ability to grow the business volumes profitably while keeping the asset quality indicators under control will be a key rating sensitivity.

Key rating drivers and their description

Credit strengths

Improvement in REL Group profile – The abatement of concerns at Group level with the classification of the Burman Group (promoter family of Dabur India Limited) as promoters of Religare Enterprises Limited (REL) — the ultimate parent of RHDFCL. The intent of promoter to support the Group, demonstrated through the Open Offer for shares up to Rs. 2,116 crore, however the actual amount of subscription was Rs 5.4 crore. Further, the reconstitution and strengthening of the board composition of REL augurs well for the Group's credit profile. The Board and shareholders of REL had approved the appointment of two Additional Directors (Non-Executive Independent Directors) and appointment of four Non-Executive Non-Independent Directors. The appointment of four Non-Executive Non-Independent Directors is however subject to RBI approval.

Favourable growth potential on affordable housing – In the past, the Group related issues had impacted RHDFCL's financial flexibility and fund flow and consequently its asset under management (AUM) moderated to Rs. 258 crore as on December 31, 2024 from Rs. 282 crore as on March 31, 2024 (Rs. 317 crore as on March 31, 2023). RHDFCL is expected to continue to operate as a retail affordable housing loan financier with an average ticket size of ~Rs. 11 lakh (home loans account for ~70% of on-book portfolio as on December 31, 2024). ICRA favourably notes the asset quality profile has been on an encouraging trajectory over the past few years, supported by limited fresh slippages, with the gross stage 3 assets declining to Rs. 8.3 crore as on December 31, 2024 and Rs. 9.2 crore as on March 31, 2024, compared with Rs. 12.3 crore as

on March 31, 2023. ICRA also notes that company has entered into co-lending partnerships to grow the business volumes, with meaningful traction on this front expected over the medium term. Going forward, funding access and the disbursements trajectory is expected to improve with the abatement of concerns over the Group related issues, which impacted RHDFCL's performance in the past.

Adequate Capitalisation – RHDFCL is adequately capitalised for the current scale of operations and to support the near term growth with a net worth of Rs. 208 crore translating into a managed gearing of 0.3 times as on December 31, 2024. The stated intent from the Group to support the subsidiaries through growth capital as and when required provides additional comfort. Going forward, the gearing is expected to increase from current levels, nonetheless expected to remain adequate over the near term as RHDFCL would need fresh funding lines to grow as per business plans.

Credit challenges

Moderation in scale of operation due to weak resource profile – While ICRA notes that RHDFCL's scale has remained modest over past few years with disbursements of Rs. 14 crore in 9MFY2025 and Rs. 32 crore in FY2024 as the company's financial flexibility had been impacted because of Group level issues, which led to curtailed business operations. Consequently, its AUM moderated to Rs. 258 crore as on December 31, 2024 from Rs. 282 crore as on March 31, 2024 (Rs. 317 crore as on March 31, 2023). The company has not been able to raise any external fresh funding lines since FY2019. Going forward, funding access and the disbursements trajectory is expected to improve with the abatement of concerns over the Group related issues, which impacted RHDFCL's performance in the past.

Low financial flexibility; ability to raise fresh debt imperative for business growth – RHDFCL's financial flexibility has been impacted because of challenges at Religare Group, which curtailed its business operations. The company has not been able to raise any external fresh funding lines since FY2019. In the past, RHDFCL had repaid all its debt obligations on/before time, primarily through the inflow from the loan book, supplemented by liquidity raised through loan sell-downs, and liquidity support from REL. ICRA also notes that company has entered into co-lending partnerships to grow the business volumes going forward and meaningful traction on this front is expected over the medium term. Going forward, RHDFCL's ability to raise fresh funds, and restart its lending operations will remain a key monitorable.

Modest profitability indicators – The net interest margin (NIM) decreased to 9.6% in 9M FY2025 from 10.3% in FY2024 and operating expenses rose to 15.6% in 9M FY2025 from 13.2% in FY2024 due to the run down on the portfolio while the company has been retaining the business teams for growth and building on IT infrastructure, while credit costs remained low. Overall, the profitability indicators have weakened with RoMA of -4.1% in 9M FY2025 compared with 0.05% in FY2024. While, the NIMs could remain under pressure over the near term with increase in leverage, economies of scale are expected to result in an improvement in the overall earnings profile. The company's ability to grow its business volumes profitably while improving its asset quality indicators will remain a monitorable, going forward.

Liquidity position: Adequate

RHDFCL did not have any external debt as on March 31, 2025. The liquidity profile is further supported by unencumbered cash and liquid investments of Rs. 11.7 crore as on March 31, 2025. Nonetheless, the company could be dependent on support from its ultimate holding company, REL, to grow its business until the sanction of any external fresh funding lines. However, expanding its lender base would be crucial, going forward.

Rating sensitivities

Positive factors – The company's ability to demonstrate a material and sustained improvement in its business volumes while maintaining the asset quality would be a credit positive. An improvement in the credit profile of the Religare Group with further increase in promoter holding and a stronger articulation of support to RHDFCL could also be a credit positive.

Negative factors – A sustained deterioration in the asset quality, profitability and/or weakening of the capitalisation and liquidity profile could be a credit negative. Inability to raise fresh funding and the consequent impact on business operations 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

RHDFCL was incorporated in June 1993 as Maharishi Housing Development Finance Corporation Limited. Religare Enterprises Limited (REL) acquired an 87.5% stake in RHDFCL in May 2009, which was later transferred to Religare Finvest Limited (RFL). The remaining stake (12.5%) is held by Maharishi Housing Development Trust and others. RHDFCL is a housing finance company registered with National Housing Bank (NHB) and it primarily provides housing loans.

The company reported a net loss of Rs. 9.4 crore in 9M FY2025 on a total managed assets of Rs. 291 crore as on December 31, 2024 compared to a profit after tax (PAT) of Rs. 0.2 crore in FY2024 on a total managed assets of Rs. 320 crore as on March 31, 2024. Its net worth stood at Rs. 208 crore as on December 31, 2024 based on provisional financials.

Key financial indicators

RHDFL	FY2023	FY2024	9MFY2025
	IndAS	IndAS	IndAS
Total income	52.0	43.3	24.5
PAT	2.1	0.2	-9.4
Total managed assets	358	320	291
Return on managed assets	0.5%	0.05%	-4.1%
Reported gearing	0.2	0.1	0.0
Managed gearing	0.5	0.4	0.3
Gross stage 3 %	4.7%	4.3%	4.3%
CRAR%	124.6%	134.3%	139.2%

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

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	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
				Apr 25, 2025	Apr 30, 2024	Aug 08, 2023	Apr 03, 2023	Apr 04, 2022
1	Long-term/Short-term bank lines	LT/ST	400.00	[ICRA]BBB-(Stable)/[ICRA]A3	[ICRA]BB-(Stable)/[ICRA]A4	[ICRA]BB-(Stable)/[ICRA]A4	[ICRA]BB-(Stable)/[ICRA]A4	[ICRA]B+(Negative)/[ICRA]A4

Source: ICRA Research

ST – Short term, LT – Long term

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term bank lines	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 (as on April 17, 2024)

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate (%)	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
Proposed	Long-term/Short-term bank lines	NA	NA	NA	400	[ICRA]BBB- (Stable)/ [ICRA]A3

Source: RHFCL, ICRA Research

[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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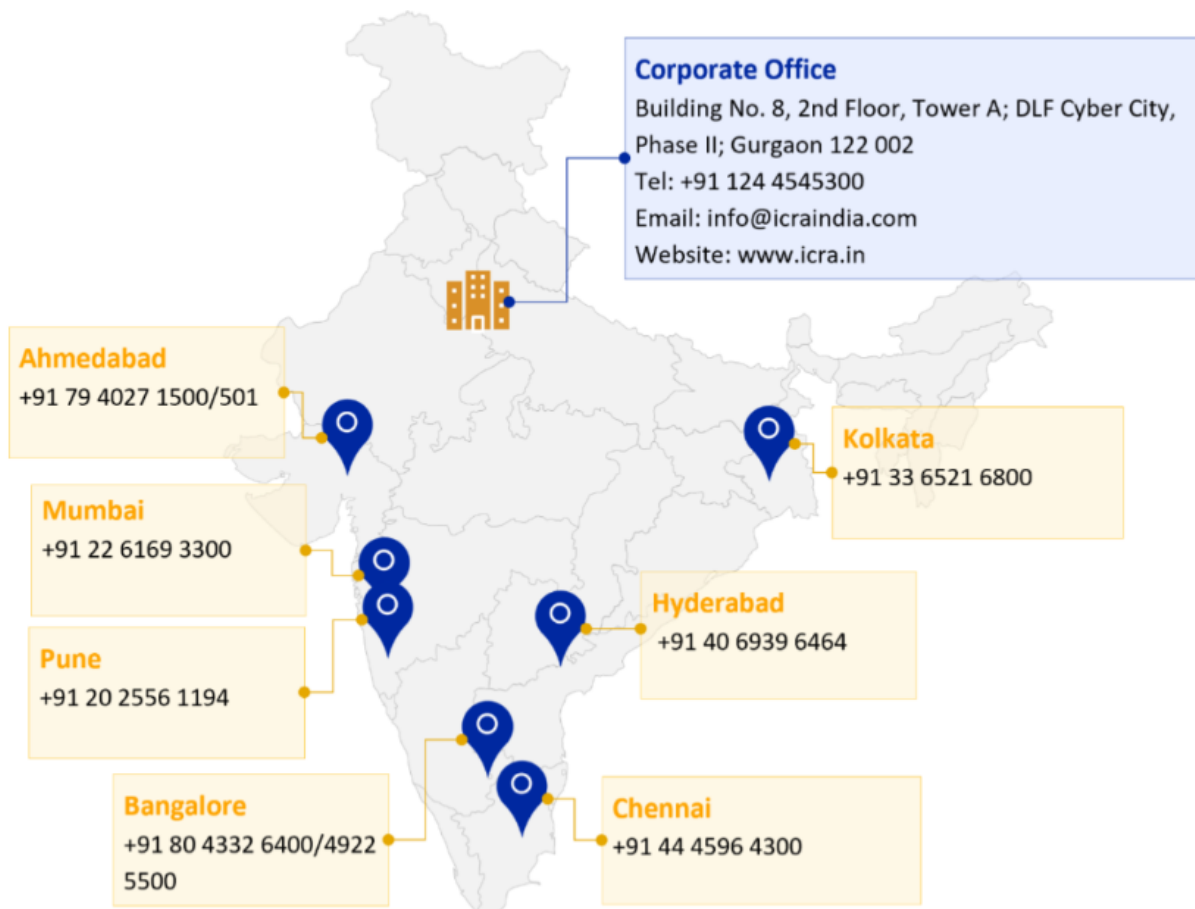


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