

July 22, 2025

Godrej Housing Finance Limited: Rating reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|------------------|--------------------------------------|-------------------------------------|-----------------------|
| Commercial paper | 2,000.00 | 2,000.00 | [ICRA]A1+; reaffirmed |
| Total | 2,000.00 | 2,000.00 | |

*Instrument details are provided in Annexure I

Rationale

While arriving at the rating, ICRA has considered the consolidated business and financial risk profiles of Godrej Capital Limited (GCL) and its wholly-owned subsidiaries – Godrej Housing Finance Limited (GHFL) and Godrej Finance Limited (GFL; collectively referred to as the Godrej Capital Group) – as these entities have significant operational and management linkages and operate under the common Godrej brand. The rating factors in the Group's parentage and the continued support expected from Godrej Industries Limited (GIL; rated [ICRA]AA+ (Stable)/[ICRA]A1+), which had a 90.7% stake in GCL as on March 31, 2025. In addition to the shared brand name, the company benefits from managerial support and operational synergies with the Godrej Group along with the associated financial flexibility, which enables it to secure credit lines at competitive rates.

GHFL is a housing finance company (HFC), which focusses on housing loans while GFL is a non-banking financial company (NBFC) with a focus on non-housing loans, including loan against property (LAP) and small and medium enterprise (SME) loans. The rating considers the adequate capitalisation profile for the current scale of operations and the committed capital support from GIL to help achieve growth over the medium term.

ICRA takes note of the Godrej Capital Group's subdued, but improving, profitability profile, given the nascent stage of operations. While the Group has reported comfortable asset quality since inception, the same is yet to be tested through economic cycles, given the limited seasoning in relation to the loan tenure.

Key rating drivers and their description

Credit strengths

Strong parentage and strategic importance to the group; supports financial flexibility - GHFL and GFL are wholly-owned subsidiaries of GCL under the ultimate parentage of GIL, which held a 90.7% stake in GCL as on March 31, 2025. GIL is the flagship company of the Godrej Group (Godrej Group held 69.7% equity in GIL as on March 31, 2025). The rating draws comfort from the shared Godrej brand name and access to the Godrej ecosystem. As it is a part of the Godrej Group, the Godrej Capital Group enjoys good financial flexibility with the ability to raise funds at competitive rates of interest from a diverse set of lenders. Nonetheless, as in the case of all HFCs with assets that are fairly long-term in nature, the company's ability to maintain prudent mix of long-term and short-term borrowings would be imperative for managing the asset-liability profile.

Adequate capitalization supported by regular capital raise – The Godrej Capital Group is adequately capitalised for the current scale of operations with GCL's consolidated managed gearing at 4.5 times as on March 31, 2025. Given the growth plans and with incremental business being funded out of fresh borrowings, the gearing is expected to gradually increase over the medium term, but it is projected to remain below 6 times (consolidated) for the Godrej Capital Group on a steady-state basis. Since inception, the Godrej Capital Group has raised equity capital worth ~Rs. 3,310 crore. Going forward, ICRA expects support from GIL to be forthcoming as and when required.

Credit challenges

Nascent stage of operations; evolving profitability - ICRA takes note of the early stage of operations of GHFL and GFL, which commenced lending operations in November 2020 and March 2022, respectively. The combined assets under management (AUM) of GCL had grown to Rs. 16,930 crore as on March 31, 2025 from Rs. 10,761 crore on March 31, 2024 (Rs. 5,124 crore on March 31, 2023). Given the nascent stage of operations and the resultant high operating expenses, the profitability indicators are likely to remain muted over the medium term till the company achieves economies of scale. ICRA takes note of the modest, albeit improving, profitability profile with a return on managed assets (RoMA) of 1.0% in FY2025 compared to 0.5% in FY2024 (-0.7% in FY2023). Over the long term, the ability to grow the portfolio while maintaining control over the asset quality and improving the operating efficiency would be key for enhancing the profitability.

Limited portfolio seasoning; asset quality yet to be tested across cycles - Although the Group has reported comfortable asset quality (GFL and GHFL had gross stage 3 assets of 0.5% and 0.1%, respectively, as on March 31, 2025), the same is yet to be tested through economic cycles given the limited seasoning in relation to the loan tenure. Portfolio seasoning is likely to remain low as ICRA expects the AUM to continue growing at a relatively high pace.

Liquidity position: Adequate

As per the combined (GHFL+GFL) Asset Liability Management (ALM) profile as on March 31, 2025, total debt obligations are ~Rs. 3,590 crore as against total expected inflows from advances of ~Rs. 2,271 crore over the next one year. Additionally, the group had cash and bank balances of ~Rs. 1,024 crore and liquid investments of ~Rs. 442 crore along with undrawn bank lines of Rs. 5,490 crore as on March 31, 2025, to support the liquidity profile. Further, the Godrej capital group has good financial flexibility to raise funding at competitive rates.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Godrej Capital Group's ratings are underpinned by its importance to GIL as the primary financial services business. Any significant change in the shareholding pattern of GCL or a change in the expectation of support from GIL or a deterioration in the credit profile of GIL could warrant a rating downgrade.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | ICRA's Credit Rating Methodology for Non-Banking Finance Companies |
| Parent/Group Support | ICRA expects GIL to extend financial support to Godrej Capital Group for the growth of the business. Godrej Capital group and GIL also share a common name, which in ICRA's opinion would persuade GIL to provide financial support to the group to protect its reputation from the consequences of a Group entity's distress. |
| Consolidation/Standalone | Consolidation. Refer to annexure 2 |

About the company

Godrej Housing Finance Limited (GHFL) was incorporated in October 2018 as a housing finance company (HFC) and is registered with National Housing Bank (NHB). It is owned by the Godrej family through Godrej Capital Limited. The company is headquartered in Mumbai and has a presence in Maharashtra, Karnataka, Gujarat, Haryana and Delhi & NCR.

The company reported a net profit of Rs. 51 crore in FY2025 on total income of Rs. 633 crore as on March 31, 2025 compared with a net profit of Rs. 80 crore in FY2024 on total income of Rs. 491 crore as on March 31, 2024. The net worth stood at Rs.

1,008 crore as on March 31, 2025 while the AUM was Rs. 7,488 crore. The loan portfolio stood at Rs. 6,812 crore comprising home loans (79%), loan against property (LAP) (7%), and inorganic loans (14%).

Godrej Industries Limited

GIL is the holding company of the GILAC Group Companies, which has interests in real estate, chemicals, agriculture and consumer goods (through its subsidiaries, associate companies and JV companies). On a standalone basis, apart from being the holding company for the group, the company is engaged in the manufacturing of oleochemicals, where it is the domestic market leader with presence in various sub-segments (like fatty acids, fatty alcohols, glycerine and surfactants). The Chemicals business caters to several end-user industries including FMCG, Oil & Gas, Chemicals intermediates, Pharmaceuticals, Tyres etc.

As on March 31, 2025, GIL's unencumbered listed investment portfolio (book value) stood at Rs. 8,354 crore (market value of unencumbered listed investments was ~Rs. 66,237 crore as on March 31, 2025), with key investments in Godrej Consumer Products Limited (23.7% stake), Godrej Agrovet Limited (64.9% stake) and Godrej Properties Limited (44.8% stake). The company's manufacturing facilities are located in Ambarnath (Thane, Maharashtra), Dombivli (Thane, Maharashtra), and Valia (Gujarat). GIL also generates rental income from its Vikhroli premises in Mumbai. The promoters hold 69.65% equity in the company (as on March 31, 2025) while the remaining is held by public.

Key financial indicators

| Godrej Housing Finance Limited (standalone) | FY2024 | FY2025 |
|---|---------|---------|
| | Audited | Audited |
| Total income | 491 | 633 |
| Profit after tax | 80 | 51 |
| Total managed assets | 6,212 | 8,390 |
| Return on managed assets | 1.5% | 0.8% |
| Managed gearing (times) | 5.8 | 7.2 |
| CRAR | 24.9% | 20.7% |
| Gross stage 3 | 0.004% | 0.12% |

Source: Company data, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; Managed gearing = Borrowings + Off-balance sheet advances/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + off-balance sheet advances

| Godrej Capital Limited (Rs. crore) (Consolidated) | FY2024 | FY2025 |
|---|---------|---------|
| | Audited | Audited |
| Total Income | 889 | 1,620 |
| Profit after Tax | 51 | 152 |
| Total Managed assets | 11,779 | 19,010 |
| Return on managed assets | 0.5% | 1.0% |
| Managed gearing | 3.7 | 4.5 |
| Gross stage 3 | 0.1% | 0.3% |

Source: Company data, ICRA Research; All ratios as per ICRA calculations; Amounts in Rs. crore; Managed gearing = Borrowings + Off-balance sheet advances/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + off-balance sheet advances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | FY2026 | | | Chronology of rating history for the past 3 years | | | | | |
|------------------|------------|--------------------------|--------------|---|-----------|-------------|-----------|-------------|-----------|
| | Type | Amount rated (Rs. crore) | Jul 22, 2025 | FY2025 | | FY2024 | | FY2023 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Commercial paper | Short term | 2,000.00 | [ICRA]A1+ | Jul-17-2024 | [ICRA]A1+ | Sep-29-2023 | [ICRA]A1+ | Jun-30-2022 | [ICRA]A1+ |
| | | | | - | - | - | - | Dec-14-2022 | [ICRA]A1+ |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|------------------|----------------------|
| Commercial paper | Very 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, is available on ICRA's website: [Click Here](#)

Annexure I: Instrument details as on July 14, 2025

| ISIN | Instrument name | Date of issuance/ Sanction | Coupon rate | Maturity date | Amount rated (Rs. crore) | Current rating and outlook |
|--------------|-----------------------------|-------------------------------|-------------|---------------|-----------------------------|----------------------------|
| INE02JD14575 | Commercial paper programme | Dec-02-2024 | 7.82 | Dec-02-2025 | 100 | [ICRA]A1+ |
| INE02JD14591 | Commercial paper programme | Feb-14-2025 | 7.85 | Feb-13-2026 | 100 | [ICRA]A1+ |
| INE02JD14609 | Commercial paper programme | Feb-17-2025 | 7.85 | Feb-17-2026 | 100 | [ICRA]A1+ |
| NA | Commercial paper programme* | NA | NA | 7-365 days | 1,700 | [ICRA]A1+ |

Source: Company; *Proposed

Annexure-2: List of entities considered for consolidated analysis:

| Company Name | Ownership* | Consolidation Approach |
|--------------------------------|------------|------------------------|
| Godrej Capital Limited | Parent | Full Consolidation |
| Godrej Finance Limited | 100% | Full Consolidation |
| Godrej Housing Finance Limited | 100% | Full Consolidation |

Source: Company data; *By GCL

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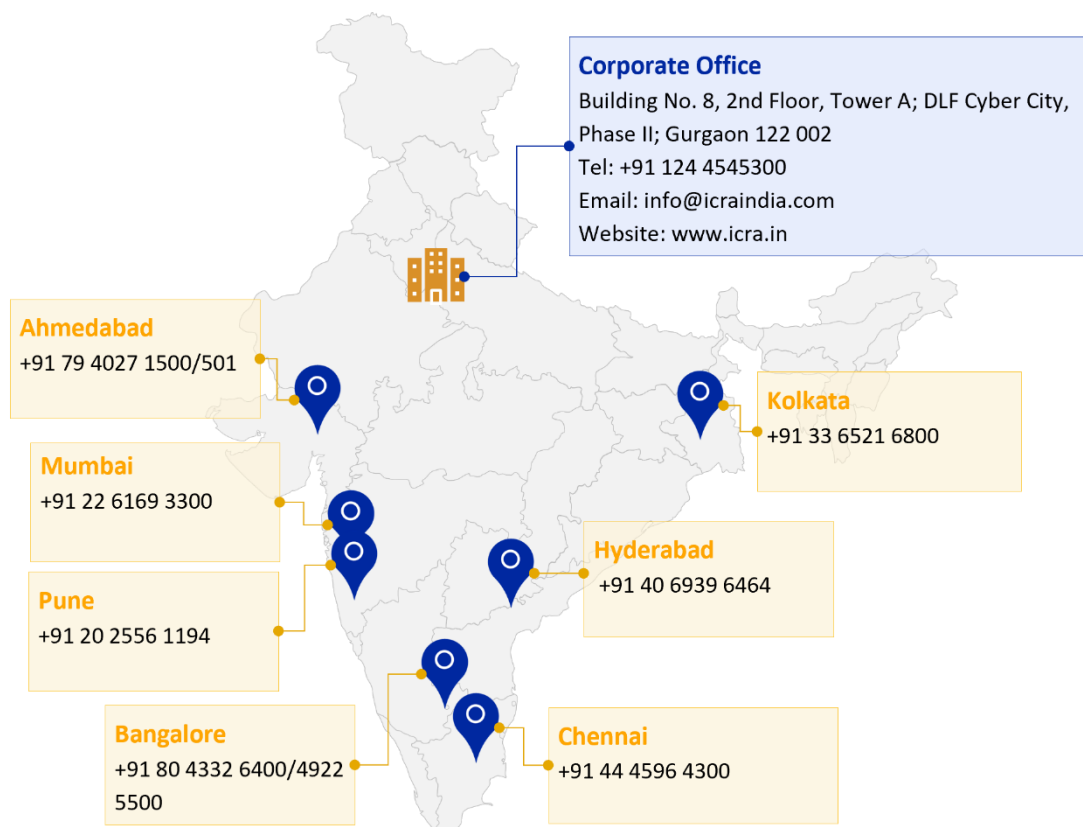


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