

October 29, 2025

India Mortgage Guarantee Corporation Pvt. Ltd.: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	NA	NA	[ICRA]AA (Stable); reaffirmed
Total	NA	NA	

*Instrument details are provided in Annexure I

Rationale

The rating factors in the benefits derived by India Mortgage Guarantee Corporation Pvt. Ltd. (IMGC) from the operating expertise of its shareholders {Enact Holdings Inc. (Enact) and Sagen International Holdings Inc. (Sagen)} in managing mortgage guarantee (MG) businesses. Further, its capitalisation profile remains adequate with a capital adequacy ratio of 26.5% and a net worth of ~Rs. 349 crore (provisional) as on June 30, 2025. ICRA takes note of the company's plans to raise equity capital in FY2027, which shall help maintain an adequate capitalisation profile while supporting growth.

The rating, however, remains constrained by the slower-than-expected growth in IMGC's MG business and the limited vintage of a significant part of the guaranteed portfolio. Given that a large part of the guarantees has been underwritten in the last 2-3 years and considering the relatively longer tenure of the underlying assets, the portfolio's performance in the longer term is yet to be seen. Further, business volumes remain concentrated, given the high share of the top 3 lending partners. The company reported assets under guarantee (AUG) of Rs. 24,522 crore with risk-in-force (RIF) of Rs. 4,923 crore as on June 30, 2025 (Rs. 23,371 crore and Rs. 4,694 crore, respectively, as on March 31, 2025; Rs. 17,327 crore and Rs. 3,485 crore, respectively as on March 31, 2024).

The rating also factors in IMGC's subdued profitability with a profit after tax (PAT) of Rs. 5.4 crore in FY2025 (provisional loss of Rs. 2.8 crore in Q1 FY2026), translating into a return on average RIF of 0.1% and a return on average assets (RoA) of 0.9% against Rs. 1.9 crore, 0.1% and 0.4%, respectively, in FY2024. ICRA notes that the company will need to improve its operational efficiency while controlling credit costs to enhance its earnings profile. Further, ICRA expects that IMGC will have to lower its mortgage guarantee income/fee to maintain a sustainable increase in its MG volumes. Improvement in the profitability would, therefore, remain a key monitorable.

The Stable outlook reflects ICRA's expectation that the company will be able to maintain a steady credit profile while scaling up its business volumes, given its established and recent tie-ups, and managing the underlying risk.

Key rating drivers and their description

Credit strengths

Adequate capitalisation profile with no external debt – IMGC's capitalisation profile remains healthy with a net worth of Rs. 349 crore (provisional) as on June 30, 2025 (Rs. 352 crore as on March 31, 2025) with nil external debt on its balance sheet. It had last raised primary equity capital in FY2023 from Sagen, which had helped improve its capitalisation profile. With this, the company has a significant buffer over the regulatory requirement of minimum net owned funds of Rs. 100 crore. Its capital adequacy ratio of 26.5%, as on June 30, 2025, was well above the regulatory requirement of 10%. However, ICRA notes that its RIF to adjusted net worth¹ ratio increased to 9.1 times as on March 31, 2025 (9.5 times in June 2025) from 7.3 times as on

¹ RIF to adjusted net worth = $\{RIF / (Net\ worth + Unearned\ MG\ fee)\}$

March 31, 2024. ICRA takes note of the company's plans to raise equity capital in FY2027, which shall help maintain an adequate capitalisation profile while supporting growth.

Good shareholder profile with expertise in managing mortgage guarantee businesses – IMGC is the only company operating as a mortgage guarantor in India and enjoys a first-mover advantage in the Indian markets while simultaneously leveraging Enact (formerly known as Genworth Mortgage Holdings, Inc.) and Sagen's expertise in managing MG businesses. It derives benefit from the operating expertise of Enact and Sagen in managing MG businesses internationally. Enact and Sagen held 49.5% and 47.5% in IMGC, respectively, as on June 30, 2025. Apart from this, National Housing Bank (NHB), International Finance Corporation (IFC) and Asian Development Bank (ADB) held a nominal stake in the company.

Credit challenges

Limited seasoning of guaranteed book with exposure to relatively riskier housing credit – A major portion of IMGC's guaranteed portfolio lacks seasoning as the majority of the guarantees were underwritten in the last 2-3 years. This is reflected by the 3-year compound annual growth rate (CAGR) of 31% in the AUG till March 31, 2025 (AUG of Rs. 23,371 crore as on March 31, 2025 and Rs. 24,522 crore as on June 30, 2025). IMGC's guarantee writing volumes over the last three fiscals (FY2023 to FY2025) was Rs. 19,584 crore. The portfolio's long-term performance is yet to be seen, considering the limited vintage of a significant part of the guaranteed portfolio.

IMGC's product proposition allows lenders to lend to borrowers with a relatively higher risk perception. Using MGs, lenders may choose to take additional risk and expand their reach. This increases the portfolio vulnerability and makes it imperative for IMGC to avoid adverse selection of portfolio. So far, the company has been able to keep its credit costs under control. IMGC's ability to manage the credit risk appropriately as the book expands would be critical.

Concentration of business volumes – ICRA notes that even though IMGC has continued onboarding mortgage lenders, the traction in business volumes remains below expectations and concentrated among a few lenders. As on March 31, 2025, its top 3 MG partners accounted for ~79% of its RIF (~80% in June 2025) compared to ~81% in March 2024. Any discontinuance or reduction of business or unfavourable repricing from one or more of these lenders would have an adverse impact on the company's operational and financial profile.

Subdued profitability indicators owing to high operating expenses and lower-than-expected growth in business volumes – Establishing its MG product has taken time for IMGC as it is the first-of-its-kind in the Indian market. The traction in business volumes has been slower than expected on account of lower acceptance of the product by lenders, including those operating in the affordable housing finance space. Earlier, the product was available only for housing loans but recently the company has received approval from the Reserve Bank of India to underwrite loan against property, which shall aid in some diversification of its product offerings and improve volumes.

The slower-than-expected business volume has kept the operating expenses high and the overall profitability subdued. IMGC reported a net profit of Rs. 5.4 crore in FY2025, translating into RoA of 0.9% and a return on average net worth (RoNW) of 1.6% against Rs. 1.9 crore, 0.4% and 0.6%, respectively, in FY2024. In relation to the average RIF, its profitability stood at 0.1% in FY2025 as well as FY2024. Operating expenses remained elevated at 11.3% with respect to average total assets (ATA) in FY2025 (11.0% in FY2024), keeping the overall profitability subdued. Further, the company reported a loss of Rs. 2.8 crore in Q1 FY2026 due to higher credit costs. The management's ability to improve the operating efficiency further while containing credit costs shall be important from a profitability perspective.

Liquidity position: Adequate

The company has no debt servicing obligations, given the nil debt level so far. However, it has to meet funding requirements for operating expenses and for paying claims. As it has sufficient unencumbered liquid investments (Rs. 582 crore as on June 30, 2025), IMGC's liquidity profile is adequate.

Rating sensitivities

Positive factors – ICRA could upgrade IMGIC's rating if it is able to report sustainable profits while significantly expanding its scale of operations and maintaining a healthy capital buffer above the regulatory requirement.

Negative factors – Pressure on IMGIC's rating could arise if it is unable to grow its business volumes significantly and attain sustainable profitability. Substantial weakening of the capitalisation profile and/or inadequate support from the shareholders could also lead to a negative rating action.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs) General Insurance
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

IMGIC was incorporated as a joint venture between Enact, NHB, IFC and ADB to conduct the business of mortgage guarantee in India. Sagen infused substantial capital in IMGIC in FY2023 and acquired a 31.4% stake. Enact and Sagen subsequently acquired some stake from the other three shareholders, increasing their stakes to 49.5% and 47.5%, respectively, as on March 31, 2024. The Reserve Bank of India's regulations for mortgage guarantee companies (MGCs) stipulate that an MGC cannot be a subsidiary of any company and that no shareholder can have a controlling stake in the company. IMGIC commenced operations in March 2014, underwriting a securitisation pool originated by Dewan Housing Finance Limited. It has subsequently grown its partner base comprising various banks and housing finance companies (HFCs).

As on June 30, 2025, IMGIC updated guaranteed loans (assets under guarantee; AUG) amounting to Rs. 24,522 crore against which the risk-in-force was Rs. 4,923 crore. It reported a net profit of Rs. 5.4 crore in FY2025 on an asset base of Rs. 614 crore as on March 31, 2025 compared with a net profit of Rs. 1.9 crore in FY2024 on an asset base of Rs. 552 crore as on March 31, 2024. IMGIC reported a net loss (provisional) of Rs. 2.8 crore in Q1 FY2026 on a total asset base of Rs. 624 crore as on June 30, 2025.

Key financial indicators (audited; Ind-AS)

IMGIC	FY2024	FY2025	Q1 FY2026*
Mortgage guarantee fee	44.8	52.8	15.4
Total income	80.6	93.5	26.5
Profit after tax	1.9	5.4	-2.8
Assets under guarantee (AUG)	17,327	23,371	24,522
Risk-in-force (RIF)	3,485	4,694	4,923
Total assets	552	614	624
Net worth	347	352	349
Capital-to-risk weighted assets ratio	33.3%	27.1%	26.5%

Source: Company, ICRA Research; * Provisional numbers; 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

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 29, 2025	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	NA	[ICRA]AA (Stable)	Dec 24, 2024	[ICRA]AA (Stable)	Nov 22, 2023	[ICRA]AA (Stable)	Nov 14, 2022	[ICRA]AA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not applicable

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
NA	Issuer Rating	NA	NA	NA	NA	[ICRA]AA (Stable)

Source: Company; NA – Not applicable

Annexure II: List of entities considered for consolidated analysis

Not applicable

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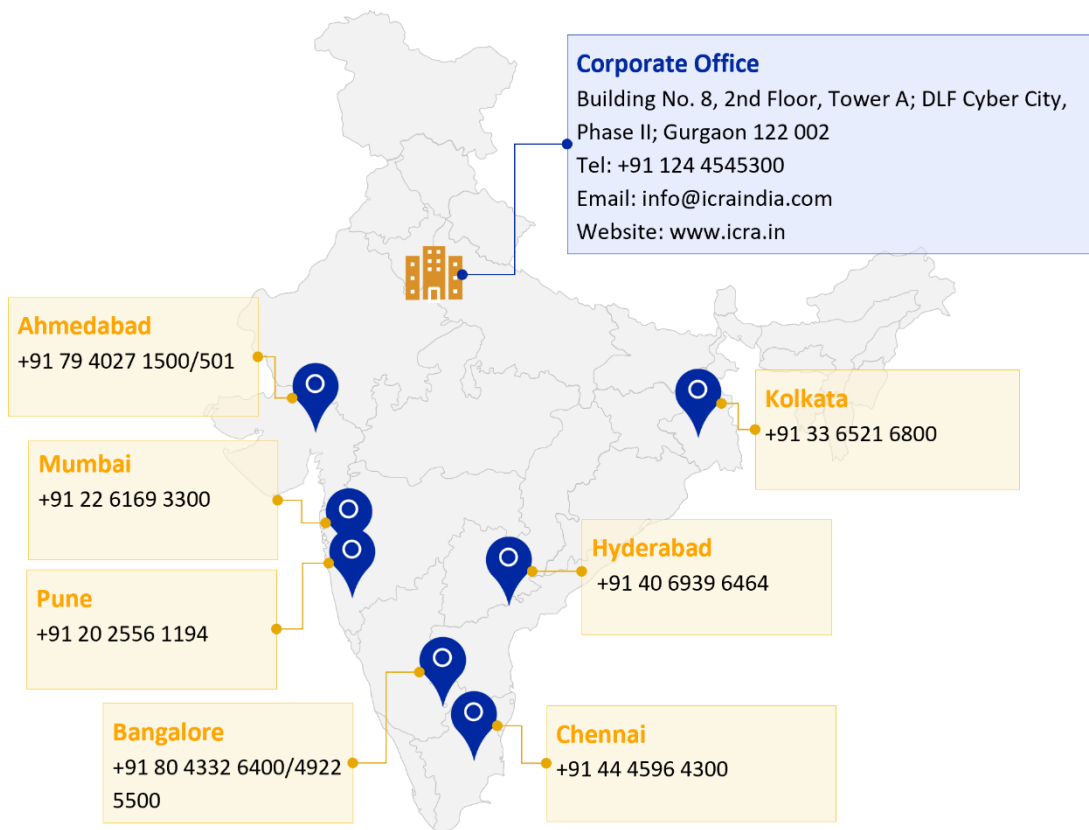
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