

August 21, 2026

Repco Home Finance Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long term fund based – Term loan	3,000.00	5,000.00	[ICRA]AA- (Stable); reaffirmed/assigned for enhanced amount	RBI
Commercial paper	800.00	800.00	[ICRA]A1+; reaffirmed	RBI
Non-convertible debentures	500.00	500.00	[ICRA]AA- (Stable); reaffirmed	SEBI
Total	4,300.00	6,300.00		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings take into consideration Repco Home Finance Limited's (RHFL) long track record in the housing finance business and its established franchise in South India, especially in tier II and tier III cities. As of March 2026, RHFL reached an AUM of Rs. 15,880 crore (Rs. 15,990 crore as of June 2026), growing at 10% during FY2026. Incrementally, the company envisages to grow its AUM close to 15% over the near-to-medium term. The ratings also factor in the comfortable capitalisation profile, characterised by a gearing of 3.0 times (provisional) and a capital adequacy ratio (provisional) of 36.1% as of June 2026, which is expected to be sufficient to meet the near-to-medium-term growth requirements. Further, the ratings consider RHFL's adequate net profitability, with PAT/AMA¹ at 2.8% in FY2026 (2.7% in Q1 FY2027) vis-à-vis 3.1% in FY2025 (2.3% in FY2023), supported by stable margins and modest credit costs on provision reversals.

RHFL's asset quality improved with the 90+ days past due (dpd) at 2.7% as of June 2026 (2.6% in March 2026) vis-à-vis 3.3% as of June 2025 on account of recoveries. ICRA notes that 90+dpd delinquencies in the loan portfolio which were originated post April 2022 (accounting for 67% of AUM outstanding) have been maintained at a healthy 1.1% as of June 2026. The standard restructured book stood at 1.7% as of March 2026 (2.2% in March 2025). ICRA expects the overall stressed portfolio (standard restructured + stage 3 assets) to moderate steadily, going forward. Overall, RHFL's ability to achieve and sustain the delinquency levels, in line with the pre-Covid-19 pandemic levels, would be crucial from a rating perspective. The ratings also note the regionally concentrated portfolio with Tamil Nadu (TN) accounting for 57% of the total portfolio as of June 2026. The ratings are constrained by RHFL's concentrated funding profile, with significant exposure to bank funding. The company's ability to diversify its funding profile as it scales up its operations would be important from a rating perspective.

The Stable outlook considers RHFL's adequate profitability metrics and comfortable capitalisation profile, which will support its growth plans over the medium term.

¹ Profit after tax/Average managed advances

Key rating drivers and their description

Credit strengths

Established franchise with long track record of operations – Set up in 2000, RHFL has built a track record of over 25 years in the housing finance segment. It has an established franchise in South India, especially in tier II and tier III cities, and it serves the salaried and self-employed borrower segments. The company operates through 210 branches, 32 satellite centres and 2 asset recovery branches spread across 12 states and 1 Union Territory (UT), with TN contributing 57% to the total portfolio as of June 2026. RHFL has a diversified 9-member board, consisting of five independent directors. The senior management team comprises members with adequate experience in their respective functional domains.

The company has focussed on strengthening its processes, including the segregation of the collection and recovery functions. As of June 2026, the company's assets under management (AUM) stood at Rs. 15,990 crore, supported by disbursements of Rs. 843 crore during the quarter. Home loans accounted for about 71% of its AUM, with the balance being derived from home equity loans as on date.

Comfortable capitalisation profile – The capitalisation profile is characterised by a capital adequacy ratio of 36.1% (provisional) as of June 2026 (37.1% as of March 2025). The gearing declined to 3.0 times (provisional) as of June 2026 (3.2 times as of March 2025) because of higher internal accruals and the moderate portfolio growth witnessed during this period. ICRA expects RHFL's near-term capital profile to remain comfortable despite the anticipated improvement in the growth rate. The company's portfolio is expected to register a CAGR of 10-15% over the next three fiscals vis-à-vis ~8% in the last three fiscals.

Adequate profitability – RHFL's profitability remained stable in FY2026, with PAT/AMA at 2.8% compared to 3.1% in FY2025. The earnings profile was supported by the stable net interest margin (NIM) of 4.8% (FY2025: 4.8%), benefiting from the lower cost of funds and moderation in the gearing levels. Operating expenses remained slightly elevated at 1.6%, primarily due to the one-time expenditure incurred towards the company's silver jubilee celebrations. Credit costs remained negligible at (-) 0.2%, aided by the improvement in portfolio delinquencies, which led to the reversal of provisions during the year. The company reported PAT/AMA of 2.7% in Q1 FY2027; credit costs increased to 0.2% as the impact of the provision reversals in earlier periods reduced, resulting in a slight moderation in earnings during the quarter. Undertaking effective recoveries and restricting incremental slippages would thus be required for keeping the credit costs under control. This would be critical for maintaining adequate profitability.

Credit challenges

Moderate, albeit improving, asset quality – The company's gross stage 3 (GS3) declined to 2.6% as of March 2026 from 3.3% as of March 2025, gradually reducing from the post-Covid-19 pandemic peak of 7.0% seen as of March 2022. However, it rose slightly in Q1 FY2027 to 2.7% as of June 2026, mainly due to the seasonal impact. On a segmental basis, the GS3 percentage in the non-housing and housing segments stood at 2.5% and 2.7%, respectively, as of June 2026 (2.4% and 2.6%, respectively, as of March 2026) vis-à-vis 3.1% and 3.3%, respectively, as of March 2025. Further, it was higher in the non-salaried segment at 3.6% vis-à-vis 1.6% in the salaried segment as of June 2026. RHFL had a restructured book of 2.3% (standard restructured book of 1.7%) of the total portfolio with a provision coverage of 30% as of March 2026 vis-à-vis a restructured book of 3.3% (standard restructured book of 2.2%) as of March 2025. The company also has an adequate stage 3 provision coverage ratio of 55% of the loan portfolio as of June 2026, though it has moderated as it undertook provision reversals on loan recoveries during the period.

ICRA notes that RHFL has a relatively higher share of borrowers in the self-employed segment (54% of the portfolio as of June 2026), who are vulnerable to adverse economic cycles. While the presence of a collateral cover on such exposures gives some

comfort, the ability to undertake effective recoveries and control incremental slippages would be crucial from a rating perspective.

Concentrated borrowing profile – RHFL’s funding continues to be largely from commercial banks, which accounted for 87% of the total borrowings as of June 2026, followed by National Housing Bank (NHB; 6%), Repco Bank (5%), non-convertible debentures (NCDs; 1%), and commercial paper and pass-through certificates (PTCs; 0.6% each). It recently received a Rs. 600-crore sanction from NHB. ICRA also takes note of RHFL’s recent diversification efforts, with the company testing securitisation and market issuances over the last one year. Nevertheless, going forward, as it scales up its loan portfolio, it would be important for it to further diversify its funding sources.

Geographically concentrated operations – The company’s loan book remains concentrated in the southern states – TN (57% of the portfolio as of June 2026), Karnataka (11%), Andhra Pradesh (6%), Telangana (6%) and Kerala (2%). During the last few years, RHFL has expanded its network to other states including Maharashtra, Gujarat, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, and West Bengal. While this has marginally reduced its exposure to the southern states in the recent past, the company is expected to remain a regional player in the medium term.

Environmental and social risks

While financial institutions like RHFL do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If its customers face any disruption in their cash flows because of physical climate adversities, the same could translate into credit risks for the company. However, such risk is not material for RHFL as it benefits from the diversified customer segment.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. RHFL has not faced such lapses over the years, which highlights its sensitivity to such risks. Customer preferences are increasingly shifting towards digital credit, which provides the opportunity to reduce the operating costs. To minimise the risks arising from the same, RHFL has been making investments to enhance its digital interface with its customers.

Liquidity position: Adequate

RHFL had on-book liquidity of Rs. 104 crore and sanctioned but unutilised bank lines of over Rs. 1,374 crore as of June 2026 against total debt obligations (including interest) of Rs. 1,010 crore during July 2026 to September 2026. The company has maintained positive cumulative mismatches in its asset-liability maturity (ALM) profile across all buckets. As of March 2026, it had a liquidity coverage ratio of 188%. ICRA expects RHFL’s liquidity to remain adequate, considering the on-book liquidity, expected cash inflow and its access to undrawn credit lines.

Rating sensitivities

Positive factors – The sustained scale-up of the operations while maintaining the profitability and keeping the 90+ dpd below 2% on a sustained basis could positively impact the rating.

Negative factors – Pressure on the ratings could arise in case of sustained weakening in the asset quality profile (90+ dpd increasing beyond 5%), which would adversely impact the earnings profile. A deterioration in the liquidity profile could also negatively impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

RHFL was incorporated in May 2000, promoted by Repco Bank, with its corporate office in Chennai. As of June 2026, Repco Bank held a 37.1% stake in RHFL while other institutional (domestic and overseas) and retail investors held the balance. The company extends housing and mortgage loans to salaried and self-employed individuals. As of June 2026, it had a network of 210 branches, 32 satellite centres and 2 asset recovery branches across 12 states and 1 UT.

In FY2026, RHFL reported a net profit of Rs. 453 crore on a total managed asset base of Rs. 16,649 crore compared with a net profit of Rs. 449 crore on a total managed asset base of Rs. 15,158 crore in FY2025. The company reported a net profit of Rs. 114 crore on a total asset base of Rs. 16,599 crore in Q1 FY2027.

Key financial indicators (audited)

Standalone	FY2025*	FY2026
Total income	1,715	1,798
Profit after tax	449	453
Total managed assets	15,158	16,649
Return on managed assets	3.1%	2.8%
Managed gearing (times)	3.2	3.1
Gross stage 3	3.3%	2.6%
CRAR	37.1%	36.7%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *restated financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		Rating
			Aug 21, 2026	Date	Rating	Date	Rating	Date	
Fund based – Term loan	Long term	5,000.00	[ICRA]AA- (Stable)	Oct-09-25	[ICRA]AA- (Stable)	Oct-15-24	[ICRA]AA- (Stable)	Jan-05-24	[ICRA]AA- (Stable)
				-	-	-	-	Mar-21-24	[ICRA]AA- (Stable)
NCD	Long term	500.00	[ICRA]AA- (Stable)	Oct-09-25	[ICRA]AA- (Stable)	Oct-15-24	[ICRA]AA- (Stable)	Jan-05-24	[ICRA]AA- (Stable)
				-	-	-	-	Mar-21-24	[ICRA]AA- (Stable)
Commercial paper	Short term	800.00	[ICRA]A1+	Oct-09-25	[ICRA]A1+	Oct-15-24	[ICRA]A1+	Jan-05-24	[ICRA]A1+
				-	-	-	-	Mar-21-24	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
NCD	Simple
Commercial paper	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	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator [#]
NA	Term loan 1	Nov-13-2017	-	Dec-31-2027	100.00	[ICRA]AA- (Stable)	RBI
NA	Term loan 2	Dec-07-2021	-	Dec-31-2030	249.86	[ICRA]AA- (Stable)	RBI
NA	Term loan 3	Sep-24-2021	-	Jun-30-2028	157.75	[ICRA]AA- (Stable)	RBI
NA	Term loan 4	Aug-05-2024	-	May-31-2031	576.40	[ICRA]AA- (Stable)	RBI
NA	Term loan 5	Sep-26-2024	-	Sep-30-2031	403.79	[ICRA]AA- (Stable)	RBI
NA	Term loan 6	Jan-30-2025	-	Mar-05-2030	37.50	[ICRA]AA- (Stable)	RBI
NA	Term loan 7	Jul-30-2025	-	Aug-31-2025	292.10	[ICRA]AA- (Stable)	RBI
NA	Term loan 8	Dec-12-2025	-	Dec-26-2030	112.50	[ICRA]AA- (Stable)	RBI
NA	Term loan 9	Nov-28-2025	-	Dec-31-2030	292.49	[ICRA]AA- (Stable)	RBI
NA	Term loan 10	Feb-20-2026	-	Feb-28-2034	300.00	[ICRA]AA- (Stable)	RBI
NA	Term loan 11	Feb-20-2026	-	Mar-26-2031	190.00	[ICRA]AA- (Stable)	RBI
NA	Term loan 12	May-05-2026	-	Jun-30-2031	100.00	[ICRA]AA- (Stable)	RBI
NA	Term loan - Unallocated	-	-	-	2,187.61	[ICRA]AA- (Stable)	RBI
INE612J07160	NCD	Mar 13, 2026	8.40%	Mar 13, 2029	125.00	[ICRA]AA- (Stable)	SEBI
NA	NCD*	NA	NA	NA	375.00	[ICRA]AA- (Stable)	SEBI
INE612J14596	CP	Jun 23, 2026	7.75%	Sep 21, 2026	75.00	[ICRA]A1+	RBI
NA	CP*	NA	NA	NA	725.00	[ICRA]A1+	RBI

Source: Company; * Yet to be placed

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3358

ashish.modani@icraindia.com

Deep Inder Singh

+91 124 4545 830

deep.singh@icraindia.com

Srinivasan Rangaswamy

+91 44 4596 4315

r.srinivasan@icraindia.com

Udbhav Krishnamani

+91 44 4596 4313

udbhav.krishnamani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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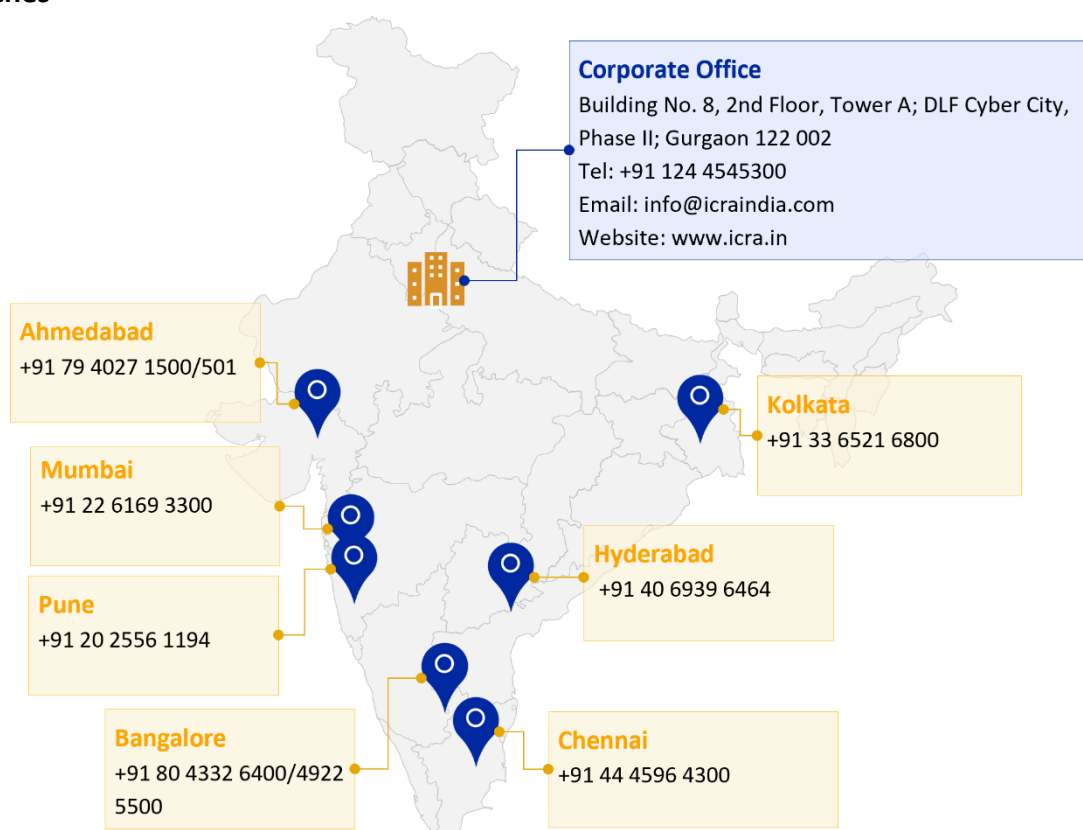
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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