Religare Housing Development Finance Corporation Limited

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities (Proposed)	500.00	CARE BBB-; Stable	Upgraded from CARE BB+; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the long-term rating for bank facilities of Religare Housing Development Finance Corporation Limited (RHDFCL) factors in the change in the ultimate promoter of RHDFCL with classification of Burman Group as promoter of Religare Enterprises Limited. Burman Group through four of its group entities, namely M.B. Finmart Private Limited, Puran Associates Private Limited, VIC Enterprises Private Limited, and Milky Investment & Trading Company, collectively hold a stake of 25.83% in Religare Enterprise Limited (REL) as on June 30, 2025. On July 11, 2025, REL announced an issuance of warrants convertible into equity shares by way of preferential allotment to the tune of ~Rs. 1,500 crore wherein the Burman Group is contributing Rs. 750 crore. Of the total amount planned to be raised, Rs. 250 crore will be invested in RHDFCL. Post this issue, the shareholding of Burman group in REL is expected to further increase to more than 26% in the near future with planned capital raise of Rs. 750 crore. Care Ratings Limited (CareEdge Ratings) notes that REL has appointed three directors on the board of REL representing the Burman Group. The rating change also factors in withdrawal of conditions imposed under Corrective Action Plan (CAP) by the Reserve Bank of India (RBI) on Religare Finvest Limited, RHDFCL's parent, vide letter dated July 23, 2025. These changes are expected to improve the financial flexibility of RHDFCL. CareEdge Ratings expects RHDFCL's accessibility to debt funding to improve, facilitating the expansion of its business and operations going forward.

The rating is further supported by comfortable capitalisation with nil gearing and healthy capital adequacy ratio (CAR) of 140.09% as on March 31, 2025, providing comfort for the entity to grow in the medium term. The rating also drives strength from entity's adequate liquidity, driven by need-based funding support from Religare Enterprises Limited (REL).

The rating, however, is constrained by RHDFCL's moderate scale of operations, weak profitability and moderate, albeit improving, asset quality metrics. Given the decline in its scale over past few years, its operating expenses have remained elevated, impacting its overall profitability. CareEdge Ratings notes that the entity has entered into co-lending arrangements to enhance its business volumes. Going forward, the company's ability to profitably scale up its operations and raise external debt to support growth will remain key monitorable.

Rating sensitivities

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade

- Ability to diversify borrowing base and raise incremental funding at competitive rate
- Sustained improvement in profitability profile while maintaining asset quality

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade

- Delay in raising resources, leading to a further decline in the portfolio size
- Significant deterioration in profitability or asset quality indicators
- Lower than expected support from promoters through REL, impacting entity's financial flexibility

Analytical approach: Standalone

CARE Ratings Limited (CareEdge Ratings) has analysed standalone credit profile of RHDFCL, factoring its linkages with the incoming promoters, Burman Group, through REL.

Outlook: Stable

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

The Stable outlook reflects CareEdge Ratings' expectation that the company will be able to profitably scale up its operations, while maintaining asset quality.

Detailed description of key rating drivers

Key Strengths

Change in ultimate promotor which is expected to improve RHDFCL's financial flexibility

Religare Finvest Limited, a wholly owned subsidiary of Religare Enterprises Limited, holds a 87.5% stake in RHDFCL. RHDFCL is a step down subsidiary of REL and Burman Group has been designated as the promoter of REL. The Burman Group through four of its group entities, namely M.B. Finmart Private Limited, Puran Associates Private Limited, VIC Enterprises Private Limited, and Milky Investment & Trading Company, collectively held 25.83% share in Religare Enterprise Limited (REL) as on June 30, 2025, which is further expected to increase to more than 26% in near future with planned capital raise of Rs. 750 crore. Furthermore, RBI has withdrawn conditions imposed under CAP on Religare Finvest Limited, vide letter dated July 23, 2025. These changes are expected to improve the financial flexibility of RHDFCL. CareEdge Ratings expects RHDFCL's accessibility to debt funding will improve, facilitating the expansion of its business and operations going forward.

Comfortable capitalisation level

RHFDCL has a comfortable capitalisation profile with Nil debt as on June 30, 2025. It reported CAR of 140.09% as on March 31, 2025, as against 134.29% in March 2024. While its gearing is expected to increase going forward, the same is expected to remain adequate. CareEdge Ratings does not foresee a capital raise requirement for RHDFCL in the near-to-medium term future, unless it grows at a significantly high rate.

Key weaknesses

Moderate scale of operations with weak asset quality metrics

The company has been operating for more than a decade post its acquisition by the Religare group in 2009. RHDFCL specialises in affordable housing finance, offering loans with an average ticket size of approximately ₹11 lakh. As of March 31, 2025, home loans constituted the majority (70%) of RHDFCL's Assets Under Management (AUM), while loan against property (LAP) and builder loans made up the remaining 30%. AUM declined to ₹250.5 crore as on March 31, 2025, from ₹282.2 crore as on March 31, 2024, owing to inability to raise resources to fund disbursement. In FY24 and FY25, the company entered co-lending arrangements with HFCs and NBFCs to grow its business volume, however, material growth is yet to be seen.

Company's GNPA continues to remain elevated at 3.6% as on March 31, 2025, although improved from 4.3% as on March 31, 2024. Its GNPA ratio remains relatively high on account of declining scale. The company was carrying an adequate provision cover of 25.6% on its GNPA as on March 31, 2025, as against 33.0% as on March 31, 2024.

Weak profitability profile

The profitability profile of the company has remained weak. The company reported a net loss of Rs. 12.7 crore in FY2025, translating into a RoTA of -5.56% and return on net worth (RoNW) of -6.10%, as against a profit after tax (PAT) of Rs. 0.2 crore with a RoTA of 0.06% and RoNW of 0.1% in FY2024. Company's profitability remains weak due to high operating expenses owing to declining scale while company retained its business teams for co-lending tie ups and has been incurring expenses on building information technology (IT) infrastructure. CareEdge Ratings notes that company's credit cost remained low in FY2025. While its opex is expected to improve as it scales up its operations, CareEdge Ratings expects that company's profitability to remain moderate in near to medium term. The company's ability to grow its business volumes profitably while improving its asset quality indicators will remain a monitorable, going forward.

Liquidity: Adequate

RHDFCL's liquidity is expected to remain adequate, driven by need-based support committed by REL. As on March 31, 2025, there were nil outstanding borrowings. The liquidity profile is further supported by unencumbered cash and liquid investments of Rs. 13.1 crore as on March 31, 2025. CARE Ratings notes that RHDFCL will continue to get support from its ultimate parent, REL, in the form of guarantee, if required, for external debt or direct credit line to support liquidity and to fund growth in the portfolio.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies

Notching by Factoring Linkages in Ratings

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Housing Finance Company

RHDFCL is a housing finance company-non-deposit-taking (HFC-ND) offering home loans and loans against property to its customers belonging to the low and medium-income groups. It was incorporated on June 30, 1993, with the name of 'Maharishi Housing Development Finance Corporation Limited'. The Religare group acquired it in May 2009 and changed its name to RHDFCL. The company provides loans for purchasing, improving, extending, and constructing houses under housing loans. As on March 31, 2025, the company has AUM of ₹250.5 crore with an average rate of interest (ROI) of 15%, average loan-to-value (LTV) of 50%, and a ticket size of ₹10.7 lakh.

Brief Financials (₹ crore)	31-03-2023	31-03-2024	31-03-2025
	A	A	A
Total income	52.0	43.3	32.3
PAT	2.1	0.2	-12.7
Interest coverage (times)	1.3	1.0	NA
Total assets	287.2	242.1	213.4
Net NPA (%)	2.7%	2.9%	2.7%
ROTA (%)	0.64%	0.06%	-5.56%

A: Audited; Note: 'the above results are latest financial results available'; NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	NA	Proposed			500.00	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	500.00	CARE BBB-; Stable	-	1)CARE BB+; Stable 2)CARE BB+; Negative (07-Aug-23) 3)CARE BB+; Stable (12-Jul-23)	-	-

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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