Repco Home Finance Limited

September 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	11,145.00	CARE AA-; Stable	Reaffirmed
Commercial paper	800.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and debt instruments of Repco Home Finance Limited (RHFL) reflect its comfortable capital adequacy levels and consistent profitability with Return on average total assets (ROTA) at 3.11% in FY25. Ratings continue to factor in the company's established track record in south India, particularly in Tier-II and Tier-III cities with asset under management (AUM) at ₹14,492 crore witnessing a compounded annual growth rate (CAGR) of 7% from FY22 to FY25. While the asset quality of RHFL improved over the years, it remains moderate compared to peer housing finance companies. Going forward, the scale of operations is expected to progress at a comparable pace, with continued emphasis on improving asset quality, reflecting the trend seen in the last few years.

However, ratings are constrained by regional concentration in the loan portfolio, a moderate resource profile with high reliance on bank borrowings and relatively higher exposure to certain risk-prone borrower segments.

Rating sensitivities: Factors likely to lead to rating actions

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

- Improvement in the scale of operations and asset quality, accompanied by geographical and product diversification.

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

- Moderation in profitability, with ROTA of less than 2.00% on a sustained basis.
- Weakening of the capitalisation, with overall gearing above 5x on a sustained basis.
- Deterioration in asset quality with gross non-performing assets (GNPA) above 5%.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Rating's) expectation of steady business growth, while maintaining comfortable capitalisation levels and profitability.

Detailed description of key rating drivers:

Key strengths

Established track record of operations, especially in South India

RHFL was established in 2000 and has built a strong track record spanning over two decades in the housing finance sector, with a focus on Tier-II and Tier-III cities across South India. RHFL's Board is well-diversified and comprises highly qualified Directors with extensive experience in finance, regulatory frameworks, banking, and government services. The Board consists of eight directors: five non-executive independent directors, two non-executive non-independent directors, and one managing director. T Karunakaran, Managing Director, RHFL, brings over 33 years of experience in the housing finance industry and has been associated with RHFL since 2004 across capacities.

RHFL's senior management team comprises experienced professionals, supported by a trained workforce operating from both the head office and branch locations.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

As on March 31, 2025, the company reported AUM of ₹14,492 crore compared to ₹13,513 crore as on March 31, 2024. This growth was supported by disbursements of ₹3,284 crore in FY25. As on June 30, 2025, the AUM further increased to ₹14,690 crore. Home loans constituted 72% of the overall portfolio, while home equity loans accounted for the balance 28% as on June 30, 2025.

Comfortable capitalisation

RHFL has consistently maintained a comfortable capital adequacy position, with its capital adequacy ratio (CAR) remaining comfortably above 20% in recent years, supported by healthy internal accruals and moderate loan portfolio growth. As on March 31, 2025, the total CAR stood at 37.09% compared to 34.00% as on March 31, 2024, and remained stable at 38.69% as on June 30, 2025. The company's gearing improved to 3.39x as of March 31, 2025 (from 3.72x in the previous year), and further to 3.31x by June 30, 2025. RHFL is well-capitalised and positioned to support its business expansion in the medium term.

Healthy Profitability

RHFL's ROTA improved to 3.11% in FY25 from 3.01% in FY24, primarily driven by significant reduction in credit costs. ROTA has consistently remained above 2% over the years, except for FY22, when elevated credit costs adversely impacted profitability. Despite an increase in the cost of borrowings in FY25, the impact was largely offset by a corresponding rise in the yield on advances. Operating expenses as a percentage of total assets increased slightly to 1.48% in FY25 (FY24: 1.30%), primarily due to higher employee costs arising from promotions and increased increments, and the company's operational expansion. Pre-provision operating profit (PPOP) rose to ₹550 crore in FY25, up from ₹524 crore in FY24. Credit cost turned negative in FY25, aided by provision write-backs following successful recoveries.

In Q1FY26, RHFL reported a ROTA of 2.94% (on annualised basis), reflecting continued strength in financial performance across key metrics, consistent with trends observed in FY25. Given the sustained improvement in asset quality in the last four years and the ongoing reduction in credit costs, CareEdge Ratings anticipates RHFL's profitability to remain healthy in the medium term.

Key weaknesses

Moderate asset quality parameters

RHFL's asset quality showed improvement in FY25, with GNPA declining to 3.26% as of March 31, 2025, from 4.08% as on March 31, 2024. This was driven by lower slippages and higher recoveries. Net NPA (NNPA) also reduced to 1.32% from 1.46% in the same period. As of June 30, 2025, GNPA and NNPA stood at 3.30% and 1.19%, respectively. While these figures reflect progress, asset quality remains moderate and continues to be a key monitorable.

The slippage ratio improved significantly from 1.79% in FY24 to 0.79% in FY25. GNPA in housing loans was 3.31%, while non-housing loans stood at 3.11% as on March 31, 2025. However, the Stage 2 portfolio remained elevated at 9.73% as of March 31, 2025, and 9.67% as of June 30, 2025, warranting close monitoring to prevent further slippages.

Gross stressed assets (GNPA + restructured assets) declined to 5.4% of gross advances as on June 30, 2025, from 6.8% as on June 30, 2024. Delinquencies in the restructured book remained higher than the overall portfolio, with the restructured book at ₹429 crore as of June 30, 2025, of which 42% was classified under Stage 2. Containing slippages from this segment remains a key rating sensitivity.

To strengthen collections, RHFL has established a dedicated vertical for accounts in the 1–90 days past due (DPD) bucket. Specialised teams have been formed to focus on NPA recovery, including initiating action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act. A central tele-calling team has also been deployed for regular follow-ups and borrower engagement. The company is actively ramping up its collection infrastructure, with continued emphasis on recovery expected in FY26.

Regional concentration of portfolio

RHFL's loan portfolio continues to be geographically concentrated in south India, with ~83% of the total portfolio spread across five southern states as on March 31, 2025, and June 30, 2025. Tamil Nadu dominated the portfolio with a share of 57% as on June 30, 2025, followed by Karnataka (13%), Maharashtra (10%), Andhra Pradesh (6%), Telangana (5%), Kerala (2%), and Gujarat (3%). Balance portfolio was spread across Pondicherry, Rajasthan, Jharkhand, Odisha, West Bengal, and Madhya Pradesh.

Although RHFL has initiated steps to improve regional diversification by opening new branches in other states, the business is expected to remain concentrated in the southern region—particularly Tamil Nadu—in the medium term.

Moderate resource profile with reliance on bank borrowings
Bank borrowings continue to be RHFL's primary source of funding, followed by refinance from the National Housing Bank (NHB). Since FY19, RHFL increased its reliance on bank borrowings due to favourable interest rates and relatively longer tenors compared to market borrowings, which typically offer shorter durations. Consequently, bank borrowings (excluding Repco Bank) accounted for 83% of total borrowings as on March 31, 2025, compared to 79% as on March 31, 2024.

Borrowings from NHB refinance and Repco Bank stood at 8% (PY: 11%) and 9% (PY: 9%), respectively, as on March 31, 2025. In Q1FY26, the company initiated commercial paper (CP) issuances, which constituted ~1% of total borrowings as on June 30, 2025. The overall resource profile remained largely unchanged as on June 30, 2025. RHFL has indicated plans to gradually increase its share of market borrowings through CP and non-convertible debentures (NCDs) going forward.

Relatively higher exposure to certain riskier borrower segments
RHFL primarily lends to relatively higher-risk borrower segments, including low-and-middle-income individuals in the informal sector, for housing finance needs. This segment remains more vulnerable to economic downturns, making asset quality a key monitorable. Despite persisting challenges, ultimate losses have remained contained, supported by factors such as lower loan-to-value (LTV) ratios, a modest average ticket size of ₹13 lakh, and a focused approach to collections. The salaried segment represents 48% of the overall AUM and is anticipated to remain stable at this level going forward. As on March 31, 2025, 81% of the outstanding loan portfolio had an LTV below 70%, offering some cushion against potential stress, even as asset quality remains a monitorable.

Liquidity: Adequate
RHFL's asset-liability management (ALM) profile remained adequate as on June 30, 2025, with no cumulative negative mismatches up to one year. As on June 30, 2025, RHFL held cash and cash equivalents of ₹166 crore and had unutilised sanctions of ₹681 crore. The company had access to total credit facilities of ₹194 (unutilised portion) crore from its parent, Repco Bank.

Environment, social, and governance (ESG) risks
Although RHFL's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise, if operations of any asset class in the portfolio are adversely impacted by environmental factors. RHFL, through its Green Home Loan Scheme, encourages homebuyers to invest in energy-efficient, eco-friendly housing solutions, contributing to long-term environmental sustainability. Operational practices continue to focus on minimising carbon footprint, reducing waste, and promoting responsible resource consumption in offices and facilities.

Social risks such as cybersecurity threats, customer data breaches, or mis-selling practices may affect RHFL's regulatory compliance and reputation, and hence, remain key monitorable. RHFL remains steadfast in providing access to home financing for individuals in economically weaker sections (EWS) and low-income groups (LIG), including those with limited or no access to formal financial services. There were no instances of data breaches in FY25.

RHFL's Board comprises eight directors, including five independent directors and one female director. The company has established a customer grievance redressal system to ensure quick and effective resolution of customer grievances.

Applicable criteria
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

RHFL is a housing finance company (HFC), established in April 2000, and a housing finance company promoted by Repatriates Cooperative Finance and Development Bank Limited (Repco Bank), a Government of India enterprise. The company's shares were listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) following its initial public offering (IPO) in FY13. As on June 30, 2025, Repco Bank held a 37.13% stake in RHFL, with the balance shareholding distributed among institutional and retail investors.

RHFL operates on a hub-and-spoke model and has a presence across 12 states and one Union Territory through a network of 203 branches and 31 satellite centres (sub-branches) as on June 30, 2025. The company reported assets under management (AUM) of ₹14,690 crore as on June 30, 2025, with an average ticket size of ₹13 lakh. The portfolio remains primarily concentrated in south India, with a strategic focus on Tier-II and Tier-III cities.

Brief Financials (₹ crore) (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total Income	1,541	1,725	441
PAT	395	439	108
Interest coverage (times)	1.62	1.61	1.60
Total Assets	13,694	14,586	14,740
Net NPA (%)	1.46	1.32	1.19
ROTA (%)	3.01	3.11	2.94

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	INE612J14570	06-06-2025	8.50%	05-06-2026	100.00	CARE A1+
	INE612J14588	25-06-2025	8.15%	25-06-2026	50.00	CARE A1+
	Proposed	-	-	-	650.00	CARE A1+
Fund-based - LT-Cash Credit	-	-	-	-	275.00	CARE AA-; Stable
Fund-based - LT-Term Loan	-	-	-	March, 2034	10870.00	CARE AA-; 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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	10870.00	CARE AA-; Stable	-	1)CARE AA-; Stable (04-Oct-24)	1)CARE AA-; Stable (06-Oct-23)	1)CARE AA-; Stable (07-Oct-22) 2)CARE AA-; Stable (21-Sep-22)
2	Commercial Paper-Commercial Paper (Standalone)	ST	800.00	CARE A1+	-	1)CARE A1+ (04-Oct-24)	1)CARE A1+ (06-Oct-23)	1)CARE A1+ (07-Oct-22) 2)CARE A1+ (21-Sep-22)
3	Fund-based - LT-Cash Credit	LT	275.00	CARE AA-; Stable	-	1)CARE AA-; Stable (04-Oct-24)	1)CARE AA-; Stable (06-Oct-23)	1)CARE AA-; Stable (07-Oct-22) 2)CARE AA-; Stable (21-Sep-22)

LT: Long term; ST: Short 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	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based - LT-Cash Credit	Simple
3	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: CareEdge 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:

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