Hinduja Housing Finance Limited (Revised)

December 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	10,712.65 (Reduced from 10,726.65)	CARE AA+; Stable	Reaffirmed
Long-term / Short-term bank facilities	470.00	CARE AA+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	114.00 (Enhanced from 100.00)	CARE A1+	Reaffirmed
Subordinated debt – I	300.00	CARE AA+; Stable	Reaffirmed
Subordinated debt – II	500.00	CARE AA+; Stable	Reaffirmed
Perpetual debt instrument - I	300.00	CARE AA; Stable	Reaffirmed
Non-convertible debentures - I	500.00	CARE AA+; Stable	Reaffirmed
Non-convertible debentures - II	500.00	CARE AA+; Stable	Reaffirmed
Commercial paper	250.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and debt instruments of Hinduja Housing Finance Limited (HHFL) continue to factor in strong parent support from Hinduja Leyland Finance Limited (HLF). Ratings also factor well-managed in-house appraisal, origination and collection teams, adequate capitalisation, strong fund-raising ability, and healthy profitability indicators.

Ratings factor in improvement in scale of operations, with asset under management (AUM) growing by 31% to ₹13,820 crore as on March 31, 2025, from ₹10,550 crore as on March 31, 2024. AUM stood at ₹14,903 crore as on September 30, 2025.

However, ratings are constrained by limited track record and low portfolio seasoning, with significant growth in loan portfolio for four years ended March 31, 2025. Ratings are also constrained by moderate asset quality and inherent risks associated with borrower profile, which largely comprises self-employed individuals in the informal segment.

Rating sensitivities: Factors likely to lead to rating actions

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

- Improving credit risk profile of the parent, HLF.

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

- Weakening credit risk profile of the parent, HLF.
- Materially diluting shareholding of HLF to below 51%.
- Significantly deteriorating asset quality resulting in reporting return on total assets (ROTA) of less than 1% on a sustained basis.

Analytical approach:

Standalone assessment, factoring linkages with parent, HLF. HHFL is a wholly owned subsidiary of HLF, through which HLF has a presence in the housing loan segment. Apart from funding support, HLF and HHFL share a common brand name and resources at the top management level.

Outlook: Stable

The stable outlook reflects the expectation of continued strong support from the parent, which will aid the company grow its loan portfolio and stable financial metrics.

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

Detailed description of key rating drivers:

Key strengths

Benefits derived from being part of the Hinduja group

Established in Mumbai in 1918, the Hinduja Group operates across 30 countries with diversified interests in automotive, banking and finance, information technology (IT)/IT-enabled services (ITES), energy, and chemicals. HHFL is a wholly owned subsidiary of HLF (rated 'CARE AA+ Stable/CARE A1+') and derives benefits from the group's strong financial standing, enabling it to access funding from sources at competitive rates.

Strong support from the parent, HLF

As a wholly owned subsidiary of HLF, HHFL benefits significantly from its parentage, which remains a key strength. HHFL holds strategic importance for the parent and receives ongoing support in the form of capital infusion, management guidance, and operational assistance. HLF had infused ₹493 crore into HHFL till FY25.

HHFL also leverages HLF's established branch network, market insights, terrain knowledge, and shared brand identity, facilitating operational expansion. Currently present in 19 states and union territories, HHFL primarily operates in tier-II and tier-III cities, with each branch covering six to eight locations staffed by sales officers. Operational support from HLF includes client sourcing and shared infrastructure across branches, which is expected to continue per CARE Ratings Limited (CareEdge Ratings).

HHFL's board comprises a balanced mix of Hinduja Group representatives and four independent directors with expertise in banking, financial services, and law. Strategic decisions are made at the board level, while daily operations are managed by a professional team led by the Managing Director, supported by a structured hierarchy of skilled personnel drawn from the housing finance sector.

Adequate capitalisation levels and good resource-raising ability

HHFL's capital adequacy remains adequate, with a capital adequacy ratio (CAR) of 24.89% as on March 31, 2025, compared to 20.11% as on March 31, 2024, and well above the regulatory requirement of 15%. Tier-I capital stood at 18.51%, compared to 16.38% in the previous year. In FY25, HHFL raised ₹210 crore through subordinated debt. As on September 30, 2025, CAR and Tier-I CAR were 24.37% and 18.05%, respectively. CareEdge Ratings expects capitalisation levels to remain adequate with a gearing of below 7x, supported by HLF.

As on September 30, 2025, HHFL's borrowing profile comprised bank borrowings (88%), non-convertible debentures (5%), subordinated debt (5%), and perpetual debt instruments (2%). As a wholly owned subsidiary of HLF, HHFL benefits from access to HLF's established lender base and raises funds at competitive rates and longer tenors.

Well-managed in-house appraisal, origination, and collection team and a good MIS system

HHFL has developed an in-house management information system (MIS), enabling real-time reporting across functions. The company's core operational strengths lie in its internal teams managing business sourcing, recovery, collections, technical assessments, and legal verifications. Credit appraisal and monitoring are centralised, with all activities handled centrally, including disbursements, except sourcing and collections.

Customer selection involves multi-level checks, including KYC compliance, risk assessment, personal interviews, verification of financial documents, and references. The technical and legal teams validate the asset's value and ownership offered as collateral.

Processes are fully digitised. Sales officers use handheld devices to upload customer data, which is reviewed by technical and legal teams via the MIS. Applications then move through a structured approval chain—from cluster manager to regional credit manager (RCM), and finally to the national credit manager (NCM). A dedicated team oversees collections and recovery.

Growth in the scale of operations

HHFL has demonstrated strong growth, recording a compound annual growth rate (CAGR) of 53% over four years, with AUM reaching ₹13,820 crore as on March 31, 2025. AUM stood at ₹14,903 crore as on September 30, 2025. Disbursements rose from ₹5,733 crore in FY24 to ₹6,003 crore in FY25. The AUM comprises 58.8% retail housing loans, 38.3% retail loan against

property (LAP) loans and 2.9% portfolio buy out, with a strategic focus on increasing the housing loan share by reducing exposure to the LAP segment.

The company expanded its branch network significantly over the recent years, reaching 363 branches by March 31, 2025. In FY25, the focus shifted to improving branch productivity, with no new additions. CareEdge Ratings expects HHFL to maintain its growth momentum in the medium term.

Healthy profitability

HHFL has remained profitable since inception. In FY25, the net interest margin (NIM) declined to 4.29% from 4.64% in FY24, primarily due to elevated borrowing costs and the company's strategic decision to reduce its exposure to the LAP segment to ~30% of the total loan portfolio, in line with regulatory guidance. To improve NIM, the company is actively expanding its low-income housing (LIH) loan portfolio, which typically carries higher interest rates than other product segments. The direct assignment income rose to ₹340 crore in FY25 from ₹199 crore in FY24. Operating expenses as a percentage of average total assets increased to 3.03% from 2.60%, reflecting the impact of branch expansion in recent years, with several branches yet to reach optimal productivity. Pre-Provision Operating Profit (PPOP) grew to ₹616 crore in FY25 from ₹453 crore in FY24. Credit costs increased to 1.16% from 0.76%, mainly due to asset quality trends in the portfolio buyout segment. Return on total assets (ROTA) moderated to 3.41% from 3.74%, impacted by lower NIM and higher operating expenses.

In H1FY26, HHFL reported a profit after tax (PAT) of ₹162 crore compared to PAT of ₹159 crore in H1FY25. The ROTA stood at 2.68% as on September 30, 2025. CareEdge Ratings expects profitability to remain healthy in the medium term. Going forward, the company's ability to improve the profitability while managing its credit costs and operating expense, would be a key rating monitorable.

Key weaknesses

Limited track record, low seasoning of portfolio, and exposure to an under-banked segment of borrowers

HHFL commenced operations in September 2015 and, given the longer tenor of its loans, has a relatively limited operational track record and low portfolio seasoning. Despite this, the company has consistently demonstrated strong loan portfolio growth. However, its asset quality and performance across varied economic cycles are yet to be established.

HHFL primarily extends housing loans to self-employed individuals with limited access to formal banking channels, who are relatively new to financial discipline and possess riskier credit profile. CareEdge Ratings notes that HHFL's customer base is similar to that of HLF, whose established track record in lending to this segment provides comfort.

Moderate asset quality

As on March 31, 2025, HHFL's gross non-performing asset (GNPA) and net NPA (NNPA) stood at 2.48% and 1.46%, respectively, compared to 2.39% and 1.39% a year earlier. The 30+ days past due (DPD) ratio declined to 12.00% from 13.57%. As on September 30, 2025, GNPA and NNPA stood at 2.41% and 1.71%, respectively.

In FY25, HHFL revamped its Expected Credit Loss (ECL) model based on historical data, resulting in revised provision coverage across stages. While Stage 3 Provision Coverage Ratio (PCR) declined, Stage 2 PCR improved, leading to an overall enhancement in PCR. The company also strengthened its recovery framework by restructuring and expanding its litigation team.

CareEdge Ratings notes that HHFL's ability to manage asset quality remains critical, and expects asset quality to remain moderate, given the relatively higher risk profile of its customer base.

Liquidity: Adequate

Per the asset-liability maturity (ALM) statement dated September 30, 2025, HHFL reported cumulative positive mismatches across time buckets up to one year. The company held unencumbered cash and cash equivalents, liquid investments of ₹179 crore as on September 30, 2025. The company also had unutilised credit lines amounting to ₹895 crore. As part of the Hinduja Group, HHFL is expected to manage its liquidity requirements effectively.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
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

Incorporated on April 15, 2015, HHFL is a housing finance company registered with the National Housing Bank (NHB) and commenced operations in the same year. It is a wholly owned subsidiary of HLF rated 'CARE AA+ Stable / CARE A1+'.

The company operates in the affordable housing segment, primarily serving self-employed individuals from the informal sector belonging to middle and low-income groups in semi-urban and rural areas. HHFL offers a range of products, including home loans, plot loans, construction loans, home extension loans, home improvement loans, and LAP, with an average ticket size of ₹10–20 lakh. As on March 31, 2025, HHFL is present in 19 states, mainly in tier-II and tier-III cities and is collocated with HLF branches.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	30-09-2025
Standalone	A	A	UA
Total income	1,209	1,769	956
Profit after tax (PAT)	300	372	162
Assets under management (AUM)	10,550	13,820	14,903
On-book gearing (x)	5.07	5.12	4.60
AUM / tangible net-worth (TNW) (x)	6.68	7.29	7.07
Gross non-performing assets (NPA) / gross stage 3 (%)	2.39	2.48	2.41
Return on managed assets (ROMA) (%)	3.26	2.77	2.05
Capital adequacy ratio (CAR) (%)	20.11	24.89	24.37

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)	Proposed	-	-	-	250.00	CARE A1+
Debt-Perpetual Debt – I	INE401Y08041	14-02-2025	9.50%	12-02-2035	150.00	CARE AA; Stable
	Proposed	-	-	-	150.00	CARE AA; Stable
Debentures-Non-convertible debentures -I	INE401Y07019	01-02-2024	8.85%	01-01-2027	125.00	CARE AA+; Stable
	INE401Y07027	01-02-2024	8.85%	01-02-2027	125.00	CARE AA+; Stable
	INE401Y07035	30-12-2024	8.40%	29-12-2028	75.00	CARE AA+; Stable
	INE401Y07050	28-03-2025	8.35%	27-03-2029	75.00	CARE AA+; Stable
Debentures-Non-convertible debentures -I & II	INE401Y07068	10-11-2025	8.05%	10-11-2030	200.00	CARE AA+; Stable
Debentures-Non-convertible debentures -II	Proposed	-	-	-	400.00	CARE AA+; Stable
Debt-Subordinate debt -I	INE401Y08017	12-06-2023	9.75%	12-06-2030	100.00	CARE AA+; Stable
	INE401Y08025	29-12-2023	9.65%	29-12-2038	80.00	CARE AA+; Stable
	INE401Y08025	04-03-2024	9.65%	29-12-2038	37.00	CARE AA+; Stable
Debt-Subordinate debt -I & II	INE401Y08033	11-10-2024	9.50%	11-10-2039	210.00	CARE AA+; Stable
Debt-Subordinate debt -II	Proposed	-	-	-	373.00	CARE AA+; Stable
Fund-based - LT-Term Loan	-	-	-	August 2034	10712.65	CARE AA+; Stable
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	470.00	CARE AA+; Stable / CARE A1+
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	114.00	CARE A1+

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	10712.65	CARE AA+; Stable	1)CARE AA+; Stable (06-Nov-25) 2)CARE AA+; Stable (09-Oct-25) 3)CARE AA+; Stable (07-Jul-25)	1)CARE AA+; Stable (10-Dec-24) 2)CARE AA+; Stable (23-Oct-24) 3)CARE AA; Stable (28-Aug-24)	1)CARE AA; Stable (05-Jan-24) 2)CARE AA; Stable (13-Sep-23) 3)CARE AA; Stable (18-Apr-23)	1)CARE AA; Stable (29-Dec-22) 2)CARE AA-; Stable (04-Apr-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	470.00	CARE AA+; Stable / CARE A1+	1)CARE AA+; Stable / CARE A1+ (06-Nov-25) 2)CARE AA+; Stable / CARE A1+ (09-Oct-25) 3)CARE AA+; Stable / CARE A1+ (07-Jul-25)	1)CARE AA+; Stable / CARE A1+ (10-Dec-24) 2)CARE AA+; Stable / CARE A1+ (23-Oct-24) 3)CARE AA; Stable / CARE A1+ (28-Aug-24)	1)CARE AA; Stable / CARE A1+ (05-Jan-24) 2)CARE AA; Stable / CARE A1+ (13-Sep-23) 3)CARE AA; Stable / CARE A1+ (18-Apr-23)	1)CARE AA; Stable / CARE A1+ (29-Dec-22) 2)CARE AA-; Stable / CARE A1+ (04-Apr-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	250.00	CARE A1+	1)CARE A1+ (06-Nov-25) 2)CARE A1+ (09-Oct-25)	1)CARE A1+ (10-Dec-24) 2)CARE A1+ (23-Oct-24)	1)CARE A1+ (05-Jan-24) 2)CARE A1+ (13-Sep-23)	1)CARE A1+ (29-Dec-22)

					3)CARE A1+ (07-Jul-25)	3)CARE A1+ (28-Aug-24)	3)CARE A1+ (18-Apr-23)	
4	Debt-Subordinate Debt	LT	300.00	CARE AA+; Stable	1)CARE AA+; Stable (06-Nov-25) 2)CARE AA+; Stable (09-Oct-25) 3)CARE AA+; Stable (07-Jul-25)	1)CARE AA+; Stable (10-Dec-24) 2)CARE AA+; Stable (23-Oct-24) 3)CARE AA; Stable (28-Aug-24)	1)CARE AA; Stable (05-Jan-24) 2)CARE AA; Stable (13-Sep-23) 3)CARE AA; Stable (18-Apr-23)	-
5	Debentures-Non-convertible debentures	LT	500.00	CARE AA+; Stable	1)CARE AA+; Stable (06-Nov-25) 2)CARE AA+; Stable (09-Oct-25) 3)CARE AA+; Stable (07-Jul-25)	1)CARE AA+; Stable (10-Dec-24) 2)CARE AA+; Stable (23-Oct-24) 3)CARE AA; Stable (28-Aug-24)	1)CARE AA; Stable (05-Jan-24) 2)CARE AA; Stable (13-Sep-23) 3)CARE AA; Stable (18-Apr-23)	-
6	Debt-Subordinate Debt	LT	500.00	CARE AA+; Stable	1)CARE AA+; Stable (06-Nov-25) 2)CARE AA+; Stable (09-Oct-25) 3)CARE AA+; Stable (07-Jul-25)	1)CARE AA+; Stable (10-Dec-24) 2)CARE AA+; Stable (23-Oct-24) 3)CARE AA; Stable (28-Aug-24)	-	-

7	Debt-Perpetual Debt	LT	300.00	CARE AA; Stable	1)CARE AA; Stable (06-Nov-25) 2)CARE AA; Stable (09-Oct-25) 3)CARE AA; Stable (07-Jul-25)	1)CARE AA; Stable (10-Dec-24)	-	-
8	Non-fund-based - ST-Credit Exposure Limit	ST	114.00	CARE A1+	1)CARE A1+ (06-Nov-25) 2)CARE A1+ (09-Oct-25) 3)CARE A1+ (07-Jul-25)	1)CARE A1+ (10-Dec-24)	-	-
9	Debentures-Non Convertible Debentures	LT	500.00	CARE AA+; Stable	1)CARE AA+; Stable (06-Nov-25)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/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	Debentures-Non Convertible Debentures	Simple
3	Debt-Perpetual Debt	Highly Complex
4	Debt-Subordinate Debt	Complex
5	Fund-based - LT-Term Loan	Simple
6	Fund-based - LT/ ST-Working Capital Limits	Simple
7	Non-fund-based - ST-Credit Exposure Limit	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

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Sanjay Agarwal Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3500 E-mail: Sanjay.Agarwal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-2850 1001 E-mail: pradeep.kumar@careedge.in	Vineet Jain Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3623 E-mail: vineet.jain@careedge.in Akansha Akshay Jain Assistant Director **CARE Ratings Limited** Phone: +91-22-6754 3491 E-mail: akansha.jain@careedge.in

About us:

Established in 1993, CareEdge 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, CareEdge 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, CareEdge 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. CareEdge 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

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

For detailed Rating Report and subscription information, please visit www.careratings.com