Godrej Housing Finance Limited (Revised)

January 14, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	1,700.00	CARE AA+; Stable / CARE A1+	Reaffirmed
Non-convertible debentures	500.00	CARE AA+; Stable	Reaffirmed
Subordinated debt	250.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has considered a consolidated approach for Godrej Capital Limited (GCL), the holding company for Godrej Housing Finance Limited (GHFL), and Godrej Finance Limited (GFL) to arrive at ratings for bank facilities, subordinate debt and non-convertible debentures (NCDs) of GHFL and GFL.

Reaffirmation of ratings assigned to GHFL's and GFL's facilities/instruments factor in strong parentage of Godrej Industries Limited (GIL), which holds 90.9% stake in GCL (100% holding company for GHFL and GFL) as on September 30, 2025. Apart from the shared common brand name, GCL derives support through managerial, financial and strategic linkages with GIL. Ratings also factor in expectation of continuous support by GIL, the ultimate parent, towards its financial services businesses housed under GCL.

Ratings continue to derive comfort from the increase in scale of operations, experienced board and management team, adequate capitalisation levels supported by continuous capital infusion by the parent, and the ability of GHFL and GFL to raise funds at competitive rates leveraging the group's relations with lenders and benefits of being part of a renowned group. CareEdge Ratings also takes note of latest equity infusion by GIL into GCL of ₹792 crore in FY25 and ₹729 crore in 9MFY26. As a result, GCL's consolidated tangible net worth (TNW) stood at ₹3,375 crore as on September 30, 2025. CareEdge Ratings expects continued capital support by the parent group towards its financial services arm, in the near term.

However, ratings remain constrained due to GCL's moderate consolidated profitability led by higher operating expenses from upfront investment in technology and expansion, relatively moderate scale of operations and limited track record. While the asset quality performance remains comfortable, its performance across economic cycles is yet to be established, owing to limited track record and low seasoning of the portfolio.

CareEdge Ratings also takes note of stock exchange disclosure made by GIL on August 13, 2025, where the company announced its proposal to transfer its entire shareholding in GCL to a newly incorporated, wholly owned subsidiary, Godrej FS Limited (GFSL), for a consideration of up to ₹4,000 crore. The proposed transaction is intended to streamline the group's financial services business and is subject to receipt of requisite regulatory approvals.

Rating sensitivities: Factors likely to lead to rating actions

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

- Significant improvement in the scale of operations demonstrating an improved competitive positioning in the market.
- Improvement in profitability with return on total assets (ROTA) over 3% (on consolidated basis) and stable asset quality on a sustained basis.
- Improvement in the credit risk profile of the ultimate parent, GIL.

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

- Significant change in the shareholding pattern leading to decline in the promoter support.
- Weakening credit risk profile of the ultimate parent, GIL.

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

- Deterioration in the asset quality with gross stage three assets (GS3) over 3%

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of GCL for assessing GHFL's and GFL's business and financial position. Ratings factor in GCL's strong operational, managerial, and financial linkages to GIL, and shared brand identity. Ratings also factor in expectation of continuous support, which GCL would receive from GIL. Subsidiaries considered for consolidation are listed under Annexure-6.

Outlook: Stable

The stable outlook reflects expectation of continued financial and managerial support from its parent, GIL, and benefits from being part of the Godrej group, which shall help GCL to scale up operations. The stable outlook also factors in maintenance of healthy business and financial parameters of GCL in the medium term.

Detailed description of key rating drivers:

Key strengths

Strong parentage with demonstrated support and benefits derived from being part of the Godrej group

The Godrej group forayed in financial services sector through its subsidiary, GCL, which held a 90.9% stake as on September 30, 2025. GCL operates via its subsidiaries, GHFL and GFL. As the flagship company of the Godrej group, GIL has a promoter stake of 71.31% as on September 30, 2025.

Ratings are supported by GCL's strong operational, managerial, and financial linkages to the Godrej Group, and shared brand identity. GIL is expected to provide capital support to financial services businesses, which has been strategically prioritised for growth within the group. GIL intends to retain at least 51% stake in GCL, ensuring continued control over GCL.

GCL benefits from managerial support within the group, notably from Pirojsha Godrej, who serves as non-executive director at GFL and GHFL and holds positions on boards of other group companies. GCL takes advantage of the Godrej ecosystem, which allows it to secure competitive funding rates. Strong brand equity of the Godrej group, and positive customer acceptance, underpins GHFL's and GFL's growth potential**.**

Experienced management team

GCL's operations are led by Manish Shah, Managing Director and Chief Executive Officer. With over 25 years of experience in financial services, Manish has worked in sectors including secured and unsecured lending, credit cards, wealth management, and life insurance. He is supported by a professional management team with expertise in credit underwriting, technology, strategy, and other relevant areas. The company has established a robust credit underwriting and risk management framework to ensure sustained scalability of its business operations.

Adequate capitalisation supported by regular equity infusions from parent

GCL maintains an adequate capitalisation profile, supported by consistent equity infusions from its parent company. Till date, the Godrej group infused ₹3,737 crore into GCL, including ₹792 crore in FY25 and ₹729 crore in H1FY26.

On a consolidated basis, GCL's tangible net worth (TNW) stood at ₹3,375 crore as of September 30, 2025, up from ₹3,021 crore on March 31, 2025, and ₹2,088 crore on March 31, 2024. Capital adequacy ratios for GHFL and GFL stood at 21.03% and 19.28%, respectively, as of September 30, 2025 (March 31, 2025: 20.69% and 23.09%), comfortably above regulatory requirements.

Consolidated gearing stood at 5.07x as of September 30, 2025, compared to 4.73x on March 31, 2025, and 4.08x on March 31, 2024. CareEdge Ratings expects gearing to rise to ~6–6.5x in the medium term. CareEdge Ratings believes GCL will continue to receive timely capital support from the Godrej group for growth and during periods of need.

Ability to raise funds at competitive rates

As on March 31, 2025, GCL's resource profile remained moderately diversified, with 72% of borrowings in the form of term loans from banks, 18% through commercial papers (CPs), and 10% via non-convertible debentures (NCDs; as on March 31, 2024: 76%, 16%, and 8%, respectively). The company's affiliation with the Godrej group provides significant financial flexibility, enabling access to funds at competitive rates and fostering strong lender relationships.

Going forward, GCL's ability to further diversify its funding sources, while effectively managing its asset-liability profile will remain a key rating monitorable**.**

Key weaknesses

Moderate scale of operations and limited seasoning

GCL was incorporated in September 2019, followed by GHFL commencing operations in November 2020 and GFL in March 2022. Consequently, these entities remain in early stages of business operations. GCL's consolidated assets under management (AUM) stood at ₹20,608 crore as of September 30, 2025, compared to ₹16,929 crore on March 31, 2025, and ₹10,762 crore on March 31, 2024, reflecting a year-on-year growth of 57% in FY25 and 51% in H1FY26. Total disbursements grew by 49% y-o-y from ₹7,406 crore in FY24 to ₹11,042 crore in FY25, with an additional ₹7,667 crore disbursed in H1FY26. GHFL's product portfolio comprises Home Loans and Loan against property (LAP), whereas GFL's product portfolio includes business loans, construction finance, and LAP. Going forward, GCL plans to foray into gold loan, affordable housing and cross sell of personal loans. As on September 30, 2025, GCL's geographical presence is concentrated primarily in Maharashtra, Karnataka, and Delhi.

The loan portfolio remains relatively unseasoned, as majority disbursements occurred in the last two years. Asset quality on a combined basis remains healthy, with GS3 (90+ dpd) at 0.29% as of September 30, 2025 (March 31, 2025: 0.35%; March 31, 2024: 0.10%). However, given the moderate operating track record and low seasoning amid high growth, asset quality performance across economic cycles is yet to be fully established.

Moderate profitability due to higher operating expenses

Given GCL's early stage of operations and relatively modest scale despite the strong growth trajectory, portfolio yields remain under pressure amidst intense competition from banks and leading housing finance companies. Operating expenses continue to remain elevated during expansion phase, resulting in moderate profitability. GCL reported a consolidated profit after tax (PAT) of ₹152 crore on total income of ₹1,620 crore in FY25 compared to ₹50 crore on income of ₹889 crore in FY24. Supported by an improvement in net interest margin (NIM) and a reduction in operating expense ratio, return on average total assets (ROTA) stood at 1.07% in FY25 compared to 0.59% in FY24.

In H1FY26, GCL reported a consolidated PAT of ₹68 crore on total income of ₹1,066 crore, with ROTA remaining moderate at 0.47% compared to PAT of ₹50 crore on total income of ₹676 crore, with ROTA at 0.80%. Going forward, the company's ability to scale operations while maintaining asset quality and profitability will be monitored.

Liquidity: Strong

GCL's liquidity profile stands comfortable with no negative mismatches in any time bucket up to year one, per the combined asset liability management (ALM) profile as on September 30,2025. On a combined basis, GCL had unencumbered liquidity of ₹959 crore as on September 30, 2025, in the form of cash, bank balance and investments, which is sufficient for debt repayment obligation for next one month. Apart from liquidity, GCL also has undrawn bank sanctions of ₹6,540 crore as on September 30, 2025. The company's liquidity is supported by regular equity infusion from the parent and ability to raise funds at competitive rates and adequate financial flexibility.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks – Not applicable

Applicable criteria

Consolidation
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies
Short Term Instruments
Factoring Linkages Parent Sub JV Group

About the company and industry

Industry classification

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

Godrej Housing Finance Limited (GHFL)

GHFL is a housing finance company registered with the National Housing Bank (NHB) and headquartered at Mumbai. The company was incorporated on October 05, 2018, and received Certification of Registration from NHB on October 26, 2020. As on September 30, 2025, the company's loan book stood at ₹7,462 crore, of which 91% constitutes home loan and remaining 9% constitutes LAP. The company mainly has presence in Maharashtra, Karnataka, and Delhi with contribute 87% of the portfolio as on September 30, 2025. Average ticket size on portfolio as on September 30, 2025, for home loan stood at ~₹65 lakh and for LAP stood at ~₹120 lakh.

Godrej Capital Limited (GCL)

GCL operates as a core investment company (CIC) and serves as the holding entity for GHFL and GFL, both of which are wholly owned by GCL. The ultimate parent, GIL, holds a controlling stake in GCL 91% as of September 30, 2025, ensuring full strategic, managerial, and financial support from the Godrej Group.

Godrej Industries Limited (GIL) -

GIL is one of India's leading manufacturers of oleochemicals, makes over a hundred chemicals for use in over two dozen industries. It also manufactures edible oils, vanaspati, and bakery fats. The company was called Godrej Soaps until March 31, 2001. Thereafter, the consumer products division was demerged into Godrej Consumer Products Limited (GCPL), and Godrej Soaps became GIL. The company, a leading producer of fatty acids, fatty alcohols and surfactants, has plants at Valia, Gujarat, and at Ambernath, Maharashtra. Products are exported to 60 countries across the world. GIL is the holding company of GCPL, Godrej Agrovet Limited (GAL), Godrej Properties Limited (GPL), and GCL. On a consolidated basis, in H1FY26, net profit was ₹1,218 crore (FY25: ₹1,858 crore) on sales of ₹9,492 crore (FY25: ₹19,657 crore).

For Godrej Capital Limited (Consolidated)

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total income	889	1620	1066
Profit after tax (PAT)	50	152	68
Assets under management (AUM)	10,762	16,929	20,608
On-book gearing (x)	4.08	4.73	5.07
AUM / tangible net-worth (TNW) (x)	5.16	5.60	6.11
Gross non-performing assets (GNPA) (%)	0.10	0.35	0.29
Return on managed assets (ROMA) (%)	0.44	1.02	0.67
Capital adequacy ratio (CAR) (%)	NA	NA	NA

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
Debentures-Non-Convertible Debentures	INE02JD07066	03-03-2025	8.17	04-03-2030	250.00	CARE AA+; Stable
Debentures-Non-Convertible Debentures	Proposed	-	-	-	250.00	CARE AA+; Stable
Bonds-Subordinate Debt	INE02JD08015	25-04-2025	8.15	25-04-2035	100.00	CARE AA+; Stable
Bonds-Subordinate Debt	Proposed	-	-	-	150.00	CARE AA+; Stable
Fund-based - LT/ ST-Term loan	-	-	-	June 2030	1700.00	CARE AA+; Stable / 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/ ST-Term loan	LT/ST	1700.00	CARE AA+; Stable / CARE A1+	1)CARE AA+; Stable / CARE A1+ (01-Jul-25)	1)CARE AA+; Stable / CARE A1+ (24-Mar-25) 2)CARE AA+; Stable / CARE A1+ (22-Nov-24)	-	-
2	Debentures-Non-Convertible Debentures	LT	500.00	CARE AA+; Stable	1)CARE AA+; Stable (01-Jul-25)	1)CARE AA+; Stable (24-Mar-25) 2)CARE AA+; Stable (22-Nov-24)	-	-

3	Bonds-Subordinated	LT	250.00	CARE AA+; Stable	1)CARE AA+; Stable (01-Jul-25)	1)CARE AA+; Stable (24-Mar-25)	-	-

LT: Long 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	Bonds-Subordinated	Complex
2	Debentures-Non-Convertible Debentures	Simple
3	Fund-based - LT/ ST-Term loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Godrej Housing Finance Ltd.	Full	Wholly owned subsidiary
2	Godrej Finance Ltd.	Full	Wholly owned subsidiary

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.

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