



GHFL/Comp./2024/130

November 23, 2024

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001

**National Stock Exchange of India Limited**  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai- 400051

**Kind Attn: Head – Listing Department / Dept of Corporate Communications**

**Sub: Intimation of credit rating pursuant to Regulation 51, 56 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).**

Dear Sir/Madam,

Pursuant to Regulation 51, 56 and other applicable regulations of Listing Regulations read with Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated May 22, 2024, as amended (SEBI Master Circular), we inform herewith that the CARE Ratings Limited has assigned following ratings to Godrej Housing Finance Limited (the Company):

<b>Instrument</b>	<b>Rating assigned with outlook</b>
Non – Convertible Debentures	CARE AA+; Stable (Assigned)
Long Term Bank Facility	CARE AA+; Stable (Assigned)
Short Term Bank Facility	CARE A1+(Assigned)

Further, details as required for Non – Convertible Debentures under SEBI Master Circular are as below:

<b>ISIN</b>	<b>Name of the CRA</b>	<b>Credit rating</b>	<b>Outlook</b>	<b>Rating action (new, upgrade, downgrade, reaffirm)</b>	<b>Date of credit rating</b>	<b>Verification status of CRAs (verified/not verified)</b>	<b>Date of verification</b>
Not Applicable*	CARE Ratings Limited	CARE AA+	Stable	Assigned	22-Nov-2024	Not Applicable*	Not Applicable*

*\*The rating assigned by CARE Ratings Limited is for future issuances of Non-Convertible Debentures, Long Term Bank Facility and Short-Term Bank Facility, hence these details are not relevant.*



The rating rationale received from CARE Ratings Limited is enclosed herewith.

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,  
For **Godrej Housing Finance Limited**

SHILPA  
TRAILOKI  
KATARE

Digitally signed by SHILPA  
TRAILOKI KATARE  
Date: 2024.11.23 10:57:34  
+05'30'

**Shilpa Katare**  
**Company Secretary & Compliance Officer**

**Encl. as above**

## Godrej Housing Finance Limited

November 22, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	950.00	CARE AA+; Stable / CARE A1+	Assigned
Non Convertible Debentures	500.00	CARE AA+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has considered consolidated approach of Godrej Capital Limited (GCL), the holding company of Godrej Housing Finance Limited (GHFL) and Godrej Finance Limited (GFL) for arriving at the rating of bank facilities and non-convertible debenture of GHFL.

Ratings assigned to GHFL's facilities/instruments factors-in the strong parentage of Godrej Industries Limited (GIL), which holds 90.3% stake in GCL (100% holding company of GHFL) as on September 30, 2024. Apart from the shared common brand name, GCL also derives support in terms of management and strategic linkages with GIL. The rating also factors in the expectation of continuous support by the ultimate parent towards its financial services business housed under GCL.

Rating derives comfort from the experienced board and management team, adequate capitalisation levels supported by continuous capital infusion by the parent, ability of GHFL and GFL to raise funds at competitive rates leveraging the group's relations with the lenders and benefits derived from being part of the renowned group.

However, the rating remains constrained considering GCL's moderate profitability (on consolidated basis) led by higher operating expenses due to upfront investment in technology & expansion, relatively moderate scale of operations and limited track record. Even though the asset quality performance remains comfortable due to the limited track record and low seasoning of the portfolio, the performance of asset quality through economic cycles is yet to be established.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- 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

- Significant change in the shareholding pattern leading to decline in the promoter support.
- Weakening in the credit risk profile of the ultimate parent GIL.
- Deterioration in the asset quality on a continuous basis with Gross Stage 3 assets (GS3) over 3%.

### Analytical approach: Consolidated

CARE Ratings has taken a consolidated view of GCL for assessing GHFL's business and financial position. The rating factors in GCL's strong linkages with its parent, GIL, in terms of financial, management and shared common brand name. The rating also factors in the expectation of continuous support which GCL would receive from GIL. The list of subsidiaries taken for consolidation are given in Annexure 6.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**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 the maintenance of healthy business and financial parameters of GCL over the medium term.

**Detailed description of key rating drivers:****Key strengths****Strong parentage with demonstrated support and integration of the group**

Godrej Group forayed in the financial services sector through its subsidiary, GCL, which held 90.3% stake as on September 30, 2024. GCL conducts its business through its subsidiaries, GHFL and GFL. As the flagship company of the Godrej Group, GIL has a promoter stake of 67.69% as on September 30, 2024.

Ratings are supported by strong operational, managerial, and financial linkages of GCL to the Godrej Group, and the shared brand identity. GIL is envisaged to provide capital support to the financial services business, which has been strategically prioritised for growth within the group. Additionally, GIL aims to maintain at least 51% shareholding, ensuring ongoing control over GCL.

GCL benefits from managerial support within the group, particularly from Pirojsha Godrej, who serves as non-executive director at GHFL and GFL and holding positions on the boards of group companies. Furthermore, GCL takes advantage of the Godrej ecosystem, which allows it to secure competitive funding rates. The robust brand equity that GHFL and GFL possess as part of the Godrej Group, and positive customer acceptance, bodes well for the company's growth potential.

**Experienced management team**

GCL's operations are led by Manish Shah, the Managing Director and Chief Executive Officer. With over 22 years of experience in financial services, Shah 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

Leveraging the extensive experience of its board and management, the company has established a robust credit underwriting and risk management framework to ensure the sustained scalability of its business operations.

**Adequate capitalisation supported by regular equity infusions from parent**

GCL's capitalisation profile stands adequate bolstered by consistent equity infusion from its parent company. Till date, Godrej group has infused ~₹3000 crore in GCL. Of this infusion, ~₹950 crore was infused in FY24, and ₹800 crore was infused in H1FY25. On a consolidated basis, GCL's capital levels remained adequate with tangible net worth (TNW) of ₹2,088 crore as on March 31, 2024 (March 31, 2023: ₹1,095 crore). The capital adequacy ratio (CAR) for GHFL and GFL stood at 24.52% and 27.24%, respectively, as on June 30, 2024, exceeding the regulatory requirement. GCL's gearing stood at 4.08x as on March 31, 2024, against 4.49x as on March 31, 2023.

CARE Ratings envisages gearing (on a consolidated basis) to increase to 6x on a steady state basis, in the near term. Furthermore, CARE Ratings believes GCL will continue to receive ongoing support from the group for growth capital and in times of need.

**Ability to raise funds at competitive rates**

As on March 31, 2024, GCL's resource profile continues to remain moderately diversified with 76% borrowings as term loans from banks, 16% in the form of commercial papers (CPs) and the remaining 8% in the form of non-convertible debentures (NCDs) (PY: 86%, 6%, and 8%, respectively). The company's ability to diversify its resource base has been bolstered by its affiliation with the Godrej Group, which provides significant financial flexibility, and demonstrating ability to secure funds at competitive rates and foster strong relationships with lenders. Even though the company has been able to raise funds at favourable borrowing rates compared to its peers, GCL experienced rise in the overall cost of borrowings in FY24 compared to last year, mainly due to rising interest rate scenario. Going forward, GCL's ability to further diversify its resource profile while effectively managing its asset-liability profile, would be a key rating monitorable.

**Key weaknesses****Moderate scale of operations and limited seasoning**

GCL was established in September 2019, while GHFL began its business operations in November 2020, followed by GFL in March 2022. Consequently, these entities continue to be in the nascent stages of their business operations. GCL's assets under management (AUM) stood at ₹ 10,761 crore as on March 31, 2024, against ₹ 5,253 crore as on March 31, 2023, thus witnessing an increase of 105% on y-o-y basis. As on June 30, 2024, the AUM further grew to ₹11,913 crore. Total disbursements also saw a significant growth of 101% y-o-y from ₹3,667 crore in FY23 to ₹7,406 crore in FY24. GCL's loan portfolio remains relatively less seasoned since majority disbursements occurred in the last two years. Given the unseasoned book, as on March 31, 2024, GCL's

asset quality on a combined basis remains healthy with GS3 and Net Stage 3 assets (NS3) (%) at 0.10% and 0.05%, respectively. However, due to the moderate track record and low seasoning driven by high growth rates, the performance of asset quality over economic cycles is yet to be fully established.

### **Moderate profitability due to higher operating expenses**

Given the nascent stage of business operations of GCL and competitive landscape owing to competition from banks and other prime housing finance companies pressuring the portfolio yields coupled with higher operating expenses, GCL's profitability continues to remain moderate.

On a consolidated basis, in FY24, GCL reported first time profit after tax (PAT) of ₹50 crore on total income of ₹889 crore compared to a loss of ₹ 31 crore on total income of ₹347 crore in FY23. In Q1FY25, the company reported PAT of ₹18 crore on total income of ₹315 crore. The ROTA (%) stood moderate at 0.59% in FY24 against -0.75% in FY23. Going forward, the company's ability to scale up the business operations while maintaining asset quality and profitability would be a key rating monitorable.

### **Liquidity: Strong**

GCL's liquidity profile stands comfortable. On a combined basis, GCL has unencumbered liquidity of ₹929 crore as on September 30, 2024, which is in the form of cash, bank balance and investments, which is sufficient for debt repayment obligation for the next two months. Apart from the liquidity, GCL also has undrawn bank sanctions of ₹4,050 crore as on September 30, 2024. The company's liquidity is supported by regular equity infusion from the parent and ability to raise funds at competitive rates and good financial flexibility.

### **Applicable criteria**

[Consolidation](#)

[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**

#### Godrej Housing Finance Limited (GHFL) -

Godrej Housing Finance Limited (GHFL) is a housing finance company registered with the National Housing Bank (NHB) and headquartered at Mumbai. The company was incorporated on October 5, 2018, and received Certification of Registration from NHB on October 26, 2020. As on June 30, 2024, the company's AUM stood at ₹ 6269 crore of which 75% constitutes home loan and remaining 25% constitutes Loan Against Property (LAP). The company mainly has a presence in the Maharashtra, Karnataka and Delhi with contribute 91% of AUM as on June 30, 2024. The average ticket size on portfolio as on March 31, 2024, for home loan stood at ₹ 68 Lakhs and for LAP stood at ₹ 44 Lakhs.

#### Godrej Finance Limited (GFL) -

GFL, incorporated as Ensemble Holdings and Finance Limited in 1992, held the NBFC license and was a part of the Godrej group. Following a change in shareholding structure in FY22, it was brought under GCL, with GIL being the ultimate holding parent. The company commenced lending operation in March 2022 to non-mortgage loan segments. Presently the lending portfolio includes business loans, LAP and construction finance. As on March 31, 2024, the AUM of ₹4,903 crore comprises of LAP (59%), business loans (25%), construction finance (9%) and others (7%).

#### Godrej Industries Limited (GIL) -

GIL is the holding company for Godrej group entities with shareholding in Godrej Consumer Products Limited (GCPL), Godrej Agrovet Limited and Godrej Properties Limited which are listed on exchanges. It also owns 90.3% stake in unlisted GCL. GIL, one of India's leading manufacturers of oleochemicals, makes more than a hundred chemicals for use in over two dozen industries. The company was called Godrej Soaps until March 31, 2001. Thereafter, the consumer products division was demerged into GCPL, and Godrej Soaps became GIL. The company, a leading producer of fatty acids, fatty alcohols and surfactants, has plants at Valia & Kheda in Gujarat, and at Ambarnath in Maharashtra. Products are exported to 60 countries across the world.

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Housing Finance Company

### For GCL (Consolidated basis)

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	June 30, 2024 (UA)
Total Income	347	889	315
PAT	-31	50	18
Tangible Total Assets	6,167	10,904	-
Net NPA (%)	0.00	0.05	-
ROTA (%)	-0.75	0.59	-

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 (Proposed)	-	NA	NA	NA	500.00	CARE AA+; Stable
Fund-based - LT/ ST-Term loan (Proposed)	-	-	-	NA	950.00	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 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 - ST-Working Capital Limits	ST	-	-	-	-	-	1)Withdrawn (10-Feb-22)
2	Fund-based - LT/ST-Term loan	LT/ST	950.00	CARE AA+; Stable / CARE A1+				
3	Debentures-Non Convertible Debentures	LT	500.00	CARE AA+; Stable				

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	Debentures-Non Convertible Debentures	Complex
2	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 Capital Ltd.	Full	Parent Subsidiary Linkages
2.	Godrej Housing Finance Ltd.	Full	Parent Subsidiary Linkages
3.	Godrej Finance Ltd.	Full	Parent Subsidiary Linkages

**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 RBI. 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.

### Disclaimer:

The ratings issued by CARE 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE 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. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE 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.

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