HINDUJA
HOUSING FINANCE

10th October, 2025

The General Manager
Listing Department,
BSE limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Dear Sir / Madam,

Sub: Credit Rating of Hinduja Housing Finance Limited reaffirmed by CARE Ratings Limited ("CARE")

We wish to inform you that CARE Ratings Limited (CARE) has reaffirmed credit rating on the long-term bank facilities, Non-Convertible Debenture and Subordinated debt at 'CARE AA+' (i.e., double A plus) with stable outlook.

Further, we wish to inform you that the Short-term bank facilities and Commercial paper have been reaffirmed at CARE A1+ (i.e., A1 plus) with stable outlook. And Perpetual Debt Instruments have been reaffirmed at CARE AA' (i.e., double A) with stable outlook.

Pursuant to the format prescribed under regulation 55 of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, details of the current rating are mentioned in Annexure-1.

Kindly take the above information on record.

Thanking You,

Yours truly,

For Hinduja Housing Finance Limited

PRATEEK PAREKH
Digitally signed by PRATEEK PAREKH
Date: 2025.10.10 10:08:38 +05'30'

Prateek Parekh
Chief Financial Officer

Annexure-1

Details of current credit rating

Details of credit rating									
Current rating details									
Sr. No.	**ISIN**	**Name of the Credit Rating Agency**	**Credit rating assigned**	**Outlook (Stable/ Positive/ Negative/ No Outlook)**	**Rating Action (New/ Upgrade/ Downgrade/ Re-Affirm/ Other)**	**Specify other rating action**	**Date of Credit rating**	**Verification status of Credit Rating Agencies**	**Date of verification**
1	INE401Y07019	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
2	INE401Y07027	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
3	INE401Y08017	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
4	INE401Y08025	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
5	INE401Y08033	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
6	INE401Y08041	CARE Ratings Ltd	CARE AA	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
7	INE401Y07035	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025
8	INE401Y07050	CARE Ratings Ltd	CARE AA+	Stable	Reaffirmed	_	09-10-2025	Verified	09-10-2025

Hinduja Housing Finance Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	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	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
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.

However, ratings are constrained by limited track record and low portfolio seasoning, with significant growth in loan portfolio over the last 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.

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

Outlook: Stable

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

Detailed description of key rating drivers:

Key strengths

Benefits derived from being part of Hinduja group

Established in Mumbai in 1918, the Hinduja Group operates across 30 countries with diversified interests in automotive, banking and finance, IT/ITES, energy, and chemicals. HHFL, a wholly owned subsidiary of HLF (rated 'CARE AA+ Stable/CARE A1+'), derives benefits from the Group's strong financial standing, enabling it to access funding from various 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 of 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 June 30, 2025, CAR and Tier-I CAR were 24.80% and 18.38%, respectively. CareEdge Ratings expects capitalisation levels to remain adequate with a gearing of below 7x, supported by HLF.

As on June 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 ₹14,265 crore as on June 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 lap loans and 2.9% portfolio buy out, with a strategic focus on increasing the housing loan share by reducing exposure to the loan against property (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 over 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 Q1FY26, HHFL reported a profit after tax (PAT) of ₹69 crore compared to PAT of ₹66 crore in Q1FY25. CareEdge Ratings expects profitability to remain healthy over 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 June 30, 2025, GNPA and NNPA were 2.49% and 1.75%, 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 June 30, 2025, HHFL reported no cumulative positive mismatches across time buckets up to one year. The company held unencumbered cash and cash equivalents of ₹110 crore as on June 30, 2025. The company also had unutilised credit lines amounting to ₹1,692 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 loans against property, 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) (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total Income	1,209	1,769	479
PAT	300	372	69
Interest coverage (times)	1.71	1.60	1.42
Total Assets	9,851	11,932	11,722
Net NPA (%)	1.39	1.46	1.75
ROTA (%)	3.74	3.41	2.35

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
	Proposed	-	-	-	100.00	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	10726.65	CARE AA+; Stable

Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	470.00	CARE AA+; Stable / CARE A1+
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	100.00	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	10726.65	CARE AA+; Stable	1)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+ (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+ (07-Jul-25)	1)CARE A1+ (10-Dec-24) 2)CARE A1+ (23-Oct-24) 3)CARE A1+ (28-Aug-24)	1)CARE A1+ (05-Jan-24) 2)CARE A1+ (13-Sep-23) 3)CARE A1+ (18-Apr-23)	1)CARE A1+ (29-Dec-22)
4	Debt-Subordinate Debt	LT	300.00	CARE AA+; Stable	1)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 (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 (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 (07-Jul-25)	1)CARE AA; Stable (10-Dec-24)	-	-
8	Non-fund-based - ST-Credit Exposure Limit	ST	100.00	CARE A1+	1)CARE A1+ (07-Jul-25)	1)CARE A1+ (10-Dec-24)	-	-

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	Debentures-Non-convertible debentures	Simple
3	Debt-Perpetual Debt	Simple
4	Debt-Subordinate Debt	Simple
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

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