RELIGARE
Values that bind

July 05, 2024

The National Stock Exchange of India Ltd
Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051

BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Scrip Symbol: RELIGARE

Scrip Code: 532915

Sub.: Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

We would like to inform you that Care Ratings Limited **("CARE")** has reaffirmed the rating of CARE BB+ with the **revised outlook from Negative to Stable** to the long term bank facilities of Rs. 500 Crores of Religare Housing Development Finance Corporation Limited **("RHDFCL"),** step down subsidiary company of Religare Enterprises Limited**.**

The rating action rationale published by CARE is attached for reference.

This is for your information and records.

Thanking You,

Yours faithfully,
For Religare Enterprises Limited

REENA JAYARA

Digitally signed by REENA JAYARA
DN: c=IN, o=PERSONAL,
pseudonym=7d66275f846a4c78ba9dcacb3fd7924b,
2.5.4.20=bf2ddfbc25a37a1b8998b137bfe4b3d1947dc9a15514eca434943cd0b27d794e, postalCode=110029, st=Delhi,
serialNumber=ade2c2979fa01b7796d71440fdc8e7a389c4b99ee67a182722a6ecf817871c0a, cn=REENA JAYARA
Date: 2024.07.05 20:10:55 +05'30'

Reena Jayara
Company Secretary

Encl: a/a

Religare Enterprises Limited
CIN: L74899DL1984PLC146935
Regd. Office: 1407, 14th Floor, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110019 Phone: +91-11- 4472 5676
Corporate Office: Plot No. A – 3,4 & 5, Club 125, Tower B, Sector – 125, Noida – 201301, U.P. Phone: +91-120-635 5040
www.religare.com / investorservices@religare.com

Religare Housing Development Finance Corporation Limited

July 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities (Proposed)	500.00	CARE BB+; Stable	Reaffirmed; Outlook revised from Negative

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating for long-term bank facilities of Religare Housing Development Finance Corporation Limited (RHDFCL) is supported by adequate capitalisation with gearing of 0.05x and CAR of 134.29%, reflecting high the company's ability to absorb unexpected losses. The rating drives strength from adequate liquidity, driven by funding support from Religare Enterprises Limited (REL), if required. The rating is also supported by improved financial risk profile of its parent – Religare Finvest Limited (RFL). Revision in outlook to stable factors in the completion of the one-time settlement (OTS) process of RFL with all its lenders, which is expected to improve the group's financial flexibility.

Additionally, considering the liquidity restraints and to augment the Company's business, RHDFCL has entered into strategic co-lending arrangement with other Housing Finance Companies(HFCs) / Non Banking Finance Companies (NBFCs) and plans to diversify it further. The Company plans to scale-up the disbursals in the current year by making additional disbursals of ₹251 crores, of which ₹160 crore is proposed to be under co-lending arrangement.

The rating is constrained by moderate scale of operations, weak resource profile, low profitability and ongoing promoter level issues. Going forward, the company's ability to diversify borrowing base and raise incremental funds at competitive rates will be a key rating sensitivity.

Rating sensitivities

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

- Ability to diversify borrowing base and raise incremental funding at competitive rate .
- Improvement in financial flexibility at the Religare group.

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

- Delay in raising resources, leading to a further decline in the portfolio size.
- Significant deterioration in profitability indicators

Analytical approach: Standalone

Outlook: Stable

The stable outlook factors in CARE Ratings Limited's (CARE Ratings) expectation that driven by low gearing and support from parent, REL if required, RHDFC will be able to maintain sufficient liquidity position. The company's ability to expand its portfolio through raising incremental funds at optimal rate will be a key rating monitorable factor.

Detailed description of key rating drivers

Key weaknesses

Weak Resource Profile

The company has not raised additional debt since August 2017. There were negligible borrowings from external lenders as on March 31, 2024. However, RHDFC is in the process of signing term sheet from an external lender for a sizable amount. CARE Ratings notes that RFL has become an external debt free company with no subsisting default. REL is expected to provide fund

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

or non-fund-based support to RHDFCL for raising external debt, if required. The company has received a sanction of an unsecured loan of ₹100 crore from REL in February 2024. Of which, ₹10 crore was outstanding as on March 31, 2024, and the balance will be drawn as required.

Ongoing promoter level issues

RFL, holding 87.5% equity stake in RHDFCL, was put under the Corrective Action Plan framework by the RBI in January 2018 due to corporate governance issues. In March 2023, RFL completed the OTS of its secured and unsecured debt with its 16 lenders by payment of ₹2,178 crore. RFL had availed ₹250 crore subordinated unsecured term loan from ICICI Bank, which was also settled on February 26, 2024. Consequently, RFL has become an external debt free company with no subsisting default. RFL is still placed under RBI's Prompt Corrective Action framework (PCA), due to which it cannot make any incremental disbursements or investments (except investments in government securities). Request from the company for removal of corrective action plan is under process.

Moderate scale of operation with weak asset quality metrics

RHDFCL specialises in affordable housing finance, offering loans with an average ticket size of approximately ₹11 lakh. As of March 31, 2024, home loans constituted the majority (71%) of RHDFCL's Assets Under Management (AUM), while loan against property (LAP) and builder loans made up the remaining 29%. AUM declined to ₹282 crore as on March 31, 2024, from ₹317 crore as on March 31, 2023, owing to inability to raise resources to fund disbursement. In FY24, the Company entered co-lending arrangements with NBFCs to grow its business volume, however, significant growth is yet to be seen.

GNPA ratio continues to remain elevated at 4.3% as on March 31, 2024, although improved from 4.7% as on March 31, 2023, due to declining loan book. GNPA in absolute terms has come down from ₹12.3 crore as of March 2023 to ₹9.2 crore as of March 2024. Net non-performing assets (NNPA) slightly increased to 2.9% as on March 31, 2024, from 2.7% as of March 31, 2023. investment in security receipts of asset reconstruction company (net of provisions) has reduced to ₹6.4 crore as on March 31, 2024, from ₹10.6 crore as on March 31, 2023.

Weak profitability

NIMs remained healthy at 11.9% for FY24, due to low gearing. Owing to moderate scale of operations, the company has high operating cost as it does not benefit from economies of scale. The opex as a percentage of average total assets was 16.8% in FY24 increased from 11.5% in FY23. The credit cost to average total assets turned negative at (2.9%) for FY24 from 0.1% for FY23 due to reversal in provisions and recoveries. This led to decline in Return on Total Assets (ROTA) from 0.64% for FY23 to 0.06% for FY24.

Key strengths

Long track record of operations

The company has been operating for more than a decade post its acquisition by the Religare group in 2009. Despite issues at the parent level for the last couple of years, the company has been able to maintain asset quality, good credit profile and collection efficiency. From FY18 to FY24, the Company managed to disburse ₹369 crore from its own cash flows, even after repaying liabilities of nearly ₹1100 crore. During FY 2023-24, the Company has disbursed ₹32 crore, compared to ₹21 crore during FY 2022-23.

Comfortable capitalisation level

By reducing debt through proceeds from the portfolio collection, gearing has reduced to 0.05x as on March 31, 2024, from 0.25x as on March 31, 2023. Correspondingly, capital adequacy level (CAR) ratio has improved to 134.3% from 124.0% in the period.

Comfortable capitalisation level provides comfort to absorb unexpected losses. CARE Ratings expects gearing to slightly increase but is expected to remain comfortable.

Liquidity: Adequate

RHDFCL's liquidity is expected to remain adequate, supported by fund-based or non-fund-based support from the ultimate parent – REL. As on March 31, 2024, there were negligible outstanding borrowings. Liquidity is supported by investment in liquid mutual funds of ₹2 crore and cash & bank balance of ₹5.10 crore as on March 31, 2024. RHDFCL was also sanctioned a credit line of ₹100 crore from REL in February 2024. CARE Ratings notes that RHDFCL will continue to get support from its ultimate parent, REL, in the form of guarantee, if required, for external debt or direct credit line to support liquidity and to fund growth in the portfolio.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Housing Finance Company

RHDFCL is a housing finance company-non-deposit-taking (HFC-ND) with SARFAESI license. It was incorporated on June 30, 1993, with the name of 'Maharishi Housing Development Finance Corporation Limited'. The Religare group acquired it in May 2009 and changed its name to RHDFCL.

RHDFCL offers residential collateral-backed mortgage loans for home purchase or construction or extension and renovation along with loans against residential properties to its customers belonging to the low and medium-income groups.

The company provides loans for purchasing, improving, extending, and constructing houses under housing loans. As on March 31, 2024, the company has AUM of ₹282 crore with an average rate of interest (ROI) of 15%, loan-to-value (LTV) of 50%, and a ticket size of ₹10.7 lakh.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total income	61.0	52.0	43.3
PAT	4.1	2.1	0.2
Interest coverage (times)	1.3	1.3	1.0
Total assets	371.2	287.6	244.1
Net NPA (%)	3.6	2.7	2.9
ROTA (%)	1.0	0.6	0.06

A: Audited. Note: these are latest financial results available.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various 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 along with Rating Outlook
Fund-based - LT-Term Loan	Proposed				500.00	CARE BB+; 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 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 - LT-Term Loan	LT	500.00	CARE BB+; Stable	-	1)CARE BB+; Negative (07-Aug-23) 2)CARE BB+; Stable (12-Jul-23)	-	-

LT: Long 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	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: 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 any clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Gaurav Dixit Director **CARE Ratings Limited** Phone: +91 -120–4452002 E-mail: gaurav.dixit@careedge.in
Relationship Contact Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 91 44 2850 1001 E-mail: pradeep.kumar@careedge.in	Neha Kadiyan Associate Director **CARE Ratings Limited** Phone: +91-120-4452022 E-mail: Neha.Kadiyan@careedge.in Anubhav Khatri Lead Analyst **CARE Ratings Limited** E-mail: Anubhav.Khatri@careedge.in

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.

For the detailed Rationale Report and subscription information, please visit www.careedge.in