

CARE downgrades DHFL's bond, other programmes

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Dewan Housing Finance Corporation Ltd (DHFL)'s woes just don't seem to end. CARE Ratings on Sunday downgraded the housing finance firm's non-convertible debentures (aggregating ₹46,655 crore), fixed deposit programme (₹20,000 crore) and long-term bank facilities (₹42,714 crore).

This downgrade could have repercussions on Monday's trading in the stock and corporate debt markets.

“While stock prices and credit spreads were negatively affected for non-banking finance companies (NBFCs) and housing finance companies (HFCs) post September 2018, recent media news related to DHFL has further impacted market sentiment. DHFL's ability to raise resources at competitive rates would be crucial for its profitability and

long-term growth prospects going forward,” CARE Ratings said in a statement.

The rating for DHFL has been revised from ‘AAA’ (outlook: stable) to ‘AA+’ due to moderation in the Corporation’s financial flexibility, as evidenced by a sharp reduction in its share price and significant rise in bond spreads.

CARE said it has placed the ratings under credit watch with developing implications in light of recent events and will continue to monitor the situation. In the case of other instruments such as subordinated debt (₹2,205 crore) and non-convertible redeemable cumulative preference shares (₹750 crore), the rating has been revised from ‘AA+/stable)’ to ‘AA’.

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