



## Press Release

### IFL Housing Finance Limited

**August 12, 2022**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Ratings</b>	<b>Rating Action</b>	<b>Complexity Indicator</b>
Fund Based - Long Term facilities – Sanctioned	87.05	IVR BBB- Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Fund Based - Long Term facilities – Proposed	12.95	IVR BBB- Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>100</b> <b>(Rs One Hundred Crores only)</b>			

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The rating assignment to the bank facilities of IFL Housing Finance Limited has taken into consideration the experienced promoters and management, comfortable capitalisation, healthy asset quality and adequate liquidity. However, the rating is constrained by the low scale of operations given the regional concentration of operations and inherent risks associated with housing finance companies.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

Substantial scaling up its operations, improving its profitability, while maintaining healthy asset quality, capital position and liquidity.

##### **Downward Factors**

Movement in the collection efficiency which impacts the asset quality significantly thereby increasing the credit cost and impacts the profitability for the Company.



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**Outlook: Stable**

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

**Experienced promoters:** The company is promoted by Mr. Gopal Bansal and Mrs. Sunita Bansal. They administer the overall management of the company. Mr. Gopal Bansal is a chartered accountant and has an overall entrepreneurial experience of over 15 years. He is also the promoter of IHFL's holding company, India Finsec Ltd. India Finsec Ltd is an NBFC listed on the BSE with a track record of 10 years of profitable operations. The management of IHFL has a prudent lending approach that has supported growth in the company's portfolio with a minimum delinquency rate. The promoters and management team of IHFL are proficient in the financial services space and seasoned through various business cycles.

**Comfortable capitalization:** The company is comfortably capitalized with CRAR of 72.11% as on 31 March 2022 and has a Networth of Rs 79.40 Crores and gearing of 1.00x. The promoters have consistently infused capital to augment the business growth. The promoters have infused fresh capital of Rs 11.02 crores (including premium) in FY22. The current levels of CRAR can help the company grow at 15-20% for next 2 years without any further capital infusion.

**Healthy asset quality:** Company has maintained a healthy asset quality in the last three years. However, the portfolio remains moderately seasoned, and hence, the overall asset quality is yet to be tested through various economic cycles. As on 31 March 2022, GNPA and NNPA increased to 1.28% and 1.00% when compared to GNPA and NNPA of 0.73% and 0.51% respectively in FY21.

#### Key Rating Weaknesses

**Low scale of operations given regional concentration of operations:** Company operates through 65 branches in 4 states namely., Delhi, Haryana, Rajasthan and Madhya Pradesh and has an outstanding loan portfolio of Rs 146.52 Crores as on 31 March 2022. Even though the loan portfolio has grown by 53% in FY22, the scale of operations is still low. The



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operations of the company are regionally concentrated with Rajasthan contributing to 43% of the total portfolio followed by Delhi which contributes to 40% of total loan portfolio.

**Inherent Risk Associated with the Borrower Segment Partly Offset by the Secured Nature of Lending:** IFLHFL primarily focuses on self-employed and informal income borrower segment in semi-urban areas, majority of whom have undocumented incomes. Further the customer segment is exposed to volatility in cash-flows and economic disruptions. While the company's borrower segment may not have adequate documents to assess the financial viability, large part of its borrowers has credit history in the form of gold, two wheelers and consumer durables loans taken earlier. Moreover, the secured nature of the loan book (all loans secured against residential properties) with an average LTV of around 40% reduces risk to some extent.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Non-Banking Finance companies](#)

[Criteria of assigning rating outlook](#)

### **Liquidity – Adequate**

The company is adequately capitalized with a CAR (%) of 72.11% as on March 31st, 2022, and Networth of Rs 80.44 Crores. Also, it has adequately matched asset liability profile as on March 31st, 2022. As on 30 June 2022, the company has cash and bank balances of Rs 9.66 Crores, undrawn bank limits of Rs 16.98 Crores, and Rs 237 Crores of sanctions in pipeline.

### **About the Company**

IFL Housing Finance Limited is a subsidiary of India Finsec Limited, a registered NBFC, engaged in the business of funding of Loan Against Property & Unsecured Loans primarily in Delhi NCR. India Finsec Limited is BSE listed company since 2013. IFL Housing Finance provides housing loans to both formal & informal income segment group for construction,



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purchase, repair and up-gradation/improvement of houses. It also provides non housing loans like Loan against Property (LAP), topup loans and balance transfer loans to individuals. IFLHFL has also forayed into gold loan financing. IFLHFL currently operates through its head office in Delhi with 65 branches across four states and has an outstanding loan portfolio of Rs.145.60 crore as on March 31, 2022.

### Financials: Standalone

Rs in Crores

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Audited
Total Income	17.20	23.50
PAT	4.93	4.03
Tangible Net Worth	63.00	71.36
Total Loan Assets	89.10	146.52
ROTA (%)	4.90	2.90
Total CAR (%)	103.91	72.11
Gross NPA (%)	0.73	1.28
Net NPA (%)	0.51	1.00

\*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: Nil

Any other information:

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Bank Loan Facilities	Long Term	87.05	IVR BBB-/Stable	-	-	-
2.	Proposed Long Term Facilities	Long Term	12.95	IVR BBB-	-	-	-



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				/Stable			

### Name and Contact Details of the Rating Analysts:

Name: Mr. Sree Harsha Tel: (022) 62396023 Email: <a href="mailto:sree.harsha@infomerics.com">sree.harsha@infomerics.com</a>	Name: Mr. Prakash Kabra Tel: (022) 62396023 Email: <a href="mailto:prakash.kabra@infomerics.com">prakash.kabra@infomerics.com</a>
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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

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type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

**Annexure 1: Details of Facilities: Not Applicable**

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

<https://www.infomerics.com/admin/prfiles/Lender-12-08-2022-IFL.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)