



Press Release

India Home Loan Limited (IHLL)

October 25, 2023

Ratings:

Instrument / Facility	Amount (INR Crore)	Ratings	Rating Action	Complexity Indicator
Fund Based Facility – Term Loans	46.97* (Reduced from Rs.98.70 crore)	IVR D	Reaffirmed and removed from Issuer not cooperating category	Simple
Non-Convertible Debenture	18.45 (Reduced from Rs.20.00 crore)	IVR D	Reaffirmed and removed from Issuer not cooperating category	Simple
Total	65.42	Rupees Sixty Five Crore and Forty Two Lakh Only		

**includes dropline working capital facility repayable on demand as per sanction*

Details of Facilities are in Annexure 1

Detailed Rationale:

Infomerics had migrated the Rating assigned to the bank facilities & Non-Convertible debenture (NCDs) of India Home Loan Limited (IHLL) to the 'ISSUER NOT COOPERATING' category vide Press Release dated June 27, 2023 because of non-receipt of information for monitoring the Rating. Subsequently, the company has provided the requisite information. Based on this, Infomerics has removed the Rating from the 'ISSUER NOT COOPERATING' category.

The affirmation in ratings continue to take into account the ongoing delays in servicing of debt obligations since July 2021 beginning and default in non-convertible debenture as on September 30, 2023. The delays are majorly due to mismatch of cash flows on account of muted/delayed recoveries.

The rating also takes the note of support from promoters and experienced board of members and satisfactory capital structure. The rating however is constrained by the decrease in operational performance along with regional concentration of portfolio and competitive nature of industry.

Key Rating Sensitivities:



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Upward Factors:

- Continuous timely servicing of debt obligations for at least 90 day.

Key Rating Drivers with detailed description

Key Rating Strengths:

Support from promoters and experienced board of members

India Home Loan Limited is supported by experienced and resourceful promoters and board members. Governance is vested with a Board of Directors who are well qualified with experience, adequate knowledge of finance, capital markets, banking, accounting, administration and technology. Company's management team led by Mr. Mahesh Pujara, Chairman and Managing Director of IHLL.

Satisfactory capital structure

The company's capital structure marked by overall gearing stood satisfactory at 2.04x as on March 31, 2023 slightly improved as against 2.90x as on March 31, 2022 due to sizeable tangible network at Rs.44.49 crore as on March 31, 2023 (As on March 31, 2022: Rs.43.29 crore).

Key Rating Weaknesses:

Decrease in operational performance

The company total income has decreased from Rs.30.48 crore in FY22 to Rs.23.19 crore in FY23 on account of decrease in loan portfolio from Rs.155.11 crore in FY22 to Rs.97.57 crore in FY23. The company has total asset base of Rs.172.41 crore in FY23 decreased as against Rs.138.76 crore in FY22 moderated at the back of decline in onward lending. The operating profit margin remained modest at 4.24% in FY23 as against 13% in FY22 on account of overall decrease in operational performance and loan write off during the year. The PAT for the year stood at Rs.0.64 crore in FY23 as against Rs.1.94 crore in FY22. ROTA and RONW stood moderate 0.39% and 1.38% in FY23 as against 0.99% and 4.96% in FY22. The company reported asset quality of 4.60% GNPA and 3.02% NNPA in the books as on March 31, 2023. (FY22:GNPA 4.25% and NNPA 3.05%).

Regional concentration of portfolio



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IHLL has presence in three states with concentration in Gujarat followed by Maharashtra and Rajasthan with presence of 10 branches overall. This exposes the company to high geographical concentration risk as any political & natural calamities can impact the performance of the company.

Competitive nature of industry:

IHLL is exposed to stiff competition from other NBFCs and banks. The lending industry focused around SMEs/MSMEs and small ticket unsecured loans is highly fragmented with unorganized lenders also vying for the same set of borrowers. However, the company's professional management and focused approach towards SME/MSME lending and conservative underwriting policy standards is expected to grow its business while mitigating the risks.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology of Financial Institutions &NBFCs/HFCS](#)

[Policy on Default Recognition](#)

[Policy on Issuer Not Cooperating Category](#)

Liquidity-Poor

Liquidity is poor marked by tightly matched accruals to repay its long-term debt obligations and cash and bank balance of Rs. 3.61 crore as of March 31, 2023 (PY: Rs.3.58 crore as on March 31, 2022).The company is reported a CAR (%) of 53.63% as on March 31, 2023, and Net worth of Rs 44.49 Crores during FY23.

About the Company:

IHLL is registered as a Non-deposit taking Housing Finance Company with the National Housing Bank (NHB), and qualifies for Priority Sector Lending as per RBI guidelines and is listed on the Bombay Stock Exchange since 1995. The company was initially incorporated as 'Manoj Housing Finance Co. Ltd.' in 1990, which was later acquired in 2008 by Mr. Mahesh Pujara and his associates, where the name was subsequently changed to India Home Loans Limited (IHLL). IHLL operates through its head office in Mumbai with the central branch in Ahmedabad.

Financials: Standalone

For the year ended / INR. Crore*	31-03-2022	31-03-2023
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	Audited	Audited
Total Operating Income	30.48	23.19
PAT	1.94	0.64
Total Debt	125.49	90.83
Tangible Net Worth	43.29	44.49
Total Loan Assets	155.11	97.57
Ratios		
ROTA (%)	0.99	0.39
Total CAR (%)	52.21%	47.70%
Gross NPA (%)	4.29%	4.60%
Net NPA (%)	3.09%	4.22%
Overall Gearing Ratio (x)	2.90	2.04

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: CARE Ratings vide its press release dated July 13, 2023, has continued to classify the case under Issuer Not Co-operating category on account of non-submission of relevant information.

Any other information: NA

Rating History for last three years:

Sr. No .	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Date(s) & Rating(s) assigned in 2023-24 (June 27 th , 2023)	Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating		Date(s) & Rating(s) assigned in 2022-23(July 14 th 2022)	Date(s) & Rating(s) assigned in in 2021-22	Date(s) & Rating(s) assigned in in 2020-21



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1.	Long Term Fund Based Facilities – Term Loans	Long Term	46.97	IVR D	IVR D; ISSUER NOT COOPERATING)	IVR D	IVR D (PR dated :July 15 th 2021) IVR BBB- ; Under Credit Watch with Developing implication (PR dated June 30 th , 2021) IVR BBB- ; Under Credit Watch with Developing implication (PR dated June 25 th , 2021)	-
2.	NCDs	Long Term	18.45	IVR D	IVR D;ISSUER NOT COOPERATING)	IVR C	IVR C (PR dated July 15 th , 2021) IVR BBB- ; Under Credit Watch with Developing Implication (PR dated June 30 th , 2021)	-
3	Proposed Long Term Facility	Long Term	-	-	IVR D; ISSUER NOT COOPERATING)	IVR D	-	-



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and 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



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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:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Upto May 2028	46.97	IVR D
NCD	June 30, 2020	11.00%	Upto June 2023	18.45	IVR D

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

Annexure 3: Facility wise lender details:

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Major Terms & conditions of NCD

Name of Trustee	IDBI Trusteeship Services Limited
Size of the Issue	INR20.00 Crore
ISIN Number	INE274E07012
Date of Issuance	30-Jun-20
Coupon Rate	11% P.A.
Maturity Date	30-Jun-23
Purpose	Onward Lending

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-IHLL-oct23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Nature of the Instrument Non-Convertible Debenture Non-financial covenant	Detailed Explanation		
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture. Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value		
Terms of raising of securities:	Duration, if applicable	36 (Thirty Six) months from the Deemed Date of Allotment.	



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	Rate of Interest	11.00 % P.A.
	Mode of Payment	credit through RTGS system, wherein the subscription amounts on the Debentures should be paid into the account set out in the Application Form
	Mode of Repayment	electronic mode of transfer like RTGS/NIFT/direct credit.
	Redemption	The Debentures will be redeemed on June 30, 2023 ("Final Redemption Date").
	Business Day Convention	As set out in the DTD. a) If any due date on which any interest or additional interest is payable falls on a day which is not a business day, the payment to be made on such due date shall be made on the succeeding business day b) If any due date on which any Outstanding Principal Amounts are payable falls on a day which is not a business day, the payment to be made on such due date shall be made on the preceding business day c) If the Final Redemption Date falls on a day which is not a business day, the payment of any amounts in respect of any interest and the Outstanding Principal Amounts to be made shall be made on the preceding business day.
Purpose and objects of the Issue/Offer	To raise debt to the extent of upto Rs. 20,00,00,000/- (Rupees Twenty Crores only). a) The funds raised by the Issue shall be utilized by the Company solely for general corporate purposes of the Company and in the ordinary course of business of the company (including repayment of any existing Financial Indebtedness). b) The Company shall not use the proceeds of the Issue towards :	



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	<ul style="list-style-type: none">i. any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities;ii. any speculative purposes;iii. any activity specified by the investors;iv. any purpose, that is not eligible for the providing of financing by banks to non-banking financial companies for bank finance to nonbanking financial companies, or, which results in a breach of the RBI's master circular no. DBR.BP.BC.No.5/21.04.172/20 15-16 dated July 1,2015 on "Bank Finance to Non-Banking Financial Companies (NBFCs)"; and/orv. in contravention of Applicable Law (including without limitation, any guidelines, rules or regulations of the Supervisory Authorities).
Principal terms of assets charged as (a) security, if applicable	<ul style="list-style-type: none">a) The Debentures shall be collateralised on or prior to the 90 (ninety) calendar days from Deemed Date of Allotment ("Initial Security Creation Date") by way of (A) a first ranking exclusive and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Deemed Date of Allotment, executed or to be executed and delivered by the Company in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over the book debts/loan receivables of the Company as described therein (the "Charged Receivables"), and (B) such other security interest as may be agreed between the Company and the Debenture Holders «A) and (B) above are collectively referred to as the "Transaction Security").b) Commencing from the Initial Security Creation Date, the charge over the Charged Receivables shall at all times be (A) at least 1.05 (one decimal zero five) times the value of the principal amounts outstanding under the Debentures together with any accrued Interest, additional interests, costs, fees, charges, and other amounts payable by the Company in respect of the Debentures ("Outstanding Amounts"), and (B) the value of the principal receivables of the book debts/loan receivables comprising the Charged Receivables



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	<p>shall be at least 1.05 (one decimal zero five) times the value of the Outstanding Amounts (collectively, the "Security Cover"). The Security Cover shall be maintained at all times commencing from the Initial Security Creation Date until the date on which all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever obligations of the Company to the Debenture Holders and the Debenture Trustee ("Secured Obligations") have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Trustee and Debenture Holders. The value of the Charged Receivables for this purpose shall be the amount reflected as the value thereof in the books of accounts of the Company.</p> <p>c) The Debenture Trustee may invoke or claim under any of the personal guarantees provided by the Personal Guarantors, without being obligated or having to take recourse to the other Personal Guarantor.</p> <p>d) It is hereby clarified that each of the Personal Guarantors are jointly and severally liable in respect of the obligations of the Company under the DTD, and any action or proceedings initiated by the Debenture Trustee against anyone of the Personal Guarantor will not in any way impact, diminish, discharge or waive off the liabilities of the other Personal Guarantor.</p> <p>e) The Issuer hereby further agrees, declares and covenants with the Debenture Trustee as follows:</p> <ol style="list-style-type: none">all the Charged Receivables that will be charged to the Debenture Trustee shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to the security in respect of the Debentures and be dealt with only under the directions of the Debenture Trustee;the Company shall not create any charge, lien or other encumbrance upon or over the Charged Receivables or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may
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	<p>prejudice the security in respect of the Debentures;</p> <p>iii. the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve the security in respect of the Debentures and to maintain the same undiminished and claim reimbursement thereof.</p> <p>iv. to create the security over the Charged Receivables as contemplated in the DID on or prior to the Initial Security Creation Date by executing the required duly stamped documents/instruments and to register and perfect the security interest created thereunder by filing Form CHG-9 with the ROC and by ensuring and procuring that the Debenture Trustee files Form I with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) in relation thereto as soon as practicable and no later than 30 (thirty) calendar days from the date of creation of security pursuant to the Deed of Hypothecation;</p> <p>v. commencing from the Initial Security Creation Date until the Secured Obligations are irrevocable and unconditionally discharged, the Company shall, within 10 (ten) calendar days of the end of each month, provide a list of specific loan receivables/identified book debts over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover to the Debenture Holders and the Debenture Trustee;</p> <p>vi. the Company shall, within the timelines prescribed in the Deed of Hypothecation, add fresh receivables to the Charged Receivables so as to ensure that the Security Cover is maintained or to replace such Charged Receivables that do not</p>
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	<p>satisfy the eligibility criteria prescribed in the Deed of Hypothecation. Without prejudice to the foregoing, the Company will replace all book debts/loan receivables comprising the Charged Receivables that are overdue by 90 (ninety) days or more with fresh book debts/loan receivables that fulfil the eligibility criteria prescribed in the Deed of Hypothecation promptly and in no case later than 15 (fifteen) business days of any book debts/loan receivables becoming overdue by 90 (ninety) days or more;</p> <p>vii. the Company shall, on a half yearly basis, as also whenever required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Charged Receivables from time to time and shall furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee and furnish and execute all necessary documents to give effect to the Charged Receivables;</p> <p>viii. commencing from the Initial Security Creation Date, the security interest created on the Charged Receivables shall be a continuing security; and</p> <p>ix. commencing from the Initial Security Creation Date, the Charged Receivables shall satisfy the eligibility criteria set out in the Deed of Hypothecation</p>
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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