



## Press Release

### Orange City Housing Finance Private Limited

February 11, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Proposed Long Term Facilities-Term Loans	20.00	IVR BB/Stable (IVR Double B with Stable Outlook)	-	Assigned	Simple
Proposed Non-Convertible Debentures	10.00	IVR BB/Stable (IVR Double B with Stable Outlook)	-	Assigned	Simple
<b>Total</b>	<b>30.00</b> <b>(Rs. Thirty crores only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has assigned its rating to the Proposed Bank facilities and proposed NCDs of Orange City Housing Finance Private Limited (OCHFPL) based on the healthy capitalization levels, experienced promoters and management team. However, rating is partially offset by poor asset quality, small scale of operations given geographical concentration and intense competition in housing finance segment.

Infomerics Ratings expects outlook to remain stable on account of expected growth in asset under management (AUM) on the back of comfortable capitalisation levels driven by expected periodic capital infusion by the promoters.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial and sustained improvement in scale of operations by geographical diversification while maintaining healthy asset quality, profitability and capitalization.

##### Downward Factors

- Substantial decline in loan portfolio and/or any deterioration in asset quality, profitability and capitalization levels below regulatory requirement.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Healthy capitalization levels**

OCHFPL's capitalization remains healthy, as reflected in its Capital to Risk-Weighted Assets Ratio (CRAR) of 198.07% as of FY24 (refers to period of April 2023 to March 2024). The company's tangible net worth stood at Rs.21.35 crore in FY24 which has further improved to Rs.25.59 crore in H1FY25 due to capital infusion from the promoters to fund its growth initiatives. The promoters have infused Rs. 4.00 crore until September 2024 and an additional Rs. 2.00 crore in January 2025.

IVR expects its capitalization to remain adequate in the future, supported by planned fund raises from various investors, along with continued equity infusion from the promoters.

- **Experienced promoter and management team**

The company has remained debt-free, with financial support from the promoters through periodic fund infusions for business growth. The Board of Directors are supported by a team of senior management team with expertise in housing finance, credit and risk management, and other key functional areas.

#### Key Rating Weaknesses

- **Poor asset quality due to legacy book coupled with lack of seasonality**

The company's Non-Performing Assets (NPAs) levels remain high mainly from a legacy portfolio which is linked to loans sanctioned and disbursed by the previous promoters before the management change in FY20. In FY24, the Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) stood at 15.30% and 1.90%, respectively, compared to 7.60% and 4.20% in FY23. However, the company has maintained an adequate Provision Coverage Ratio (PCR) of ~87% on its GNPA as of FY24.

To address the asset quality issues, the company has taken legal actions under Section 138 of the Negotiable Instruments Act and the SARFAESI Act and made



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provisions in FY24 to mitigate potential future losses. Additionally, it is in talks with an Asset Reconstruction Company (ARC) to sell off legacy book NPAs and reduce its overall NPA levels.

Excluding the legacy portfolio, GNPA stood at 3.47% in FY24, improving to 2.86% in the 9MFY25 due auctioning off one property. With around ~32% of the assets under management (AUM) of OCFPL originating in first nine months of FY25 and considering the average tenor of home loans which is ~10 years, the company's portfolio remains relatively unseasoned.

- **Small scale of operations given regional concentration**

OCHFPL's scale of operations remains small due to its regional concentration, with its operations primarily concentrated in state of Maharashtra. Despite this, the company's AUM grew by ~32% in FY24, reaching Rs. 15.88 crore (FY23: Rs. 11.97 crore), and further increased to Rs. 23.12 crore in 9MFY25, driven by improved disbursements. While the company's focus on a single state exposes it to higher geographical concentration risk, it is in the process of expanding its network into Raipur. Going forward, the company's ability to diversify geographically and achieve sustained growth in its loan book will be a key monitorable.

- **Intense Competition in Housing Finance Segment**

OCHFPL faces intense competition in the home loan segment, which is characterized by a large number of established players, including both private and public sector banks, as well as other non-banking financial companies (NBFCs). The ability to effectively differentiate its offerings and maintain competitive advantages will be crucial for OCHFPL to sustain growth in this highly competitive market.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria for assigning Rating outlook.](#)

[Complexity Level of Rated Instrument/Facilities](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)



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### **Liquidity – Adequate**

The liquidity profile of the company is adequate with cash and bank balance of Rs 3.30 crore as of 31 December 2024. The ALM (Asset Liability Management) statement as of 31 March 2024 of the company indicates positive cash flows across all time buckets as the company does not have any borrowings. In H1FY25, CRAR stood at 196.26% on account of infusion of capital by promoters.

### **About the Company**

Orange City Housing Finance Private Limited (OCHFL) is a Housing Finance Company (HFC). It commenced its operations from 2003, after getting incorporated under Companies Act 1956 and registered with National Housing Bank (NHB), a fully owned subsidiary of Reserve Bank of India (RBI). Initially the company was incorporated as Orange City Housing Finance Limited. In FY20, Current promoter Mr. Gadge has took over as managing director of OCHFPL. Company caters to the housing needs of the salaried and self-employed segment of the borrower.

### **Financials (Standalone):**

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	3.00	2.03
PAT	1.60	(0.65)
Tangible Net worth	20.05	21.35
Total Loan portfolio	11.97	15.88
<b>Ratios</b>		
NIM (%)	16.18	13.08
ROTA (%)	8.42	(2.94)
Interest Coverage (times)	-	-
Total CRAR (%)	227.79%	198.07%
Gross NPA [Stage III] (%)	7.60%	15.30%
Net NPA [Stage III] (%)	4.20%	1.90%

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:**

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Proposed Long Term Facilities-Term Loans	Long Term	20.00	IVR BB/Stable	-	-	-
2.	Proposed Non-Convertible Debentures	Long Term	10.00	IVR BB/Stable	-	-	-

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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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing status	Rating Assigned/Outlook
Proposed Long Term Facilities-Term Loans	-	-	-	-	20.00	-	IVR BB /Stable
Proposed Non-Convertible Debentures	-	-	-	-	10.00	Unlisted	IVR BB/Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-OCHFL-feb25.pdf>

### Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Draft Term for Proposed NCD

Particulars	Non-Convertible Debentures
ISIN	--
NCD – I	Rs 10.00 Crore
Tenure	5 years from proposed date of issue
Repayment	Quarterly
Coupon Rate	10%
Mode of Issue	Private Placement
Listing Status	Unlisted
Covenants of the Issue	TBD
Issue Date	TBD

### Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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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](http://www.infomerics.com).

