



## Press Release

### India Home Loan Limited (IHLL)

**August 24, 2023**

The revised press release is provided in relation to the Press Release published on June 30, 2021. The revised press release mentions the following:

Detailed indicative term sheet and detailed explanation of covenants of the rated instrument/facilities as per the regulator guidelines.

Link to the press release dated June 30, 2021, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-india-homeloan-limited-june30-2021.pdf>

#### **Ratings**

<b>Sl. No.</b>	<b>Instrument/Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>	<b>Rating Action</b>
1.	Long term Bank Facilities – Term Loan	151.54 (Enhanced from Rs. 25.00)	IVR BBB-; Under credit watch with developing implications (IVR Triple B Minus Under credit watch with developing implications)	<b>Reaffirmed</b>
2.	Non-Convertible Debentures	20.00	IVR BBB-; Under credit watch with developing implications (IVR Triple B Minus Under credit watch with developing implications)	<b>Assigned</b>
	<b>Total</b>	<b>171.54</b>		

**Details of Facilities are in Annexure I**

#### **Detailed Rationale**

The aforesaid ratings assigned to the bank facilities and NCDs of India Home Loan Limited continues to derive comfort from its experienced promoter and management team, adequate capitalisation backed by periodic equity infusion, comfortable asset quality and profitability, reduction in customer concentration as well as improving demographic presence along with well diversified resource profile. However, the rating strengths are partially offset by moderate



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financial risk profile, geographically concentrated portfolio, fragile credit profile of the borrowers under affordable housing finance companies.

The rating on watch with developing implication reflects industry headwinds arising out of ongoing COVID-19 pandemic. However, timely infusion of capital as projected will be a major monitorable.

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

#### Upward Factors

- Substantial & sustained improvement in the scale of operations along with maintaining and/or improving capitalization metrics & Asset quality.
- Sustained improvement in ROTA.

#### Downward Factors

- Dip in scale of operations and/or decline in profitability and asset quality.
- Any challenges/delays faced by the company to raise funds in a timely manner and/or substantial increase in delinquencies leading to increase cost of borrowings.

### **Key Rating Drivers with detailed description**

#### ***Key Rating Strengths***

##### ***Experienced promoters and management team:***

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. The promoters held 38.59% shareholding in the company as on March 31, 2021 while JM Financial India Trust II-JM Financial. India Fund II (AIF fund sponsored by JM Financial Limited) held 24.50% of the shareholding. Mr Pujara is supported by experienced team of professionals.

##### ***Adequate capitalisation backed by periodic equity infusion:***

The capitalization profile is comfortable with a net worth of INR38.89 Crore in FY21 (INR37.87 Crore in FY20) and CAR of 43.39%, as on March 31, 2021 and 42.30% as on March 31, 2020.



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The company loan portfolio grew at INR209.51 crore as on March 31, 2021, as against INR177.92 Crore as on March 31<sup>st</sup>, 2018. The growth in the loan portfolio has been through capital support from the domestic institutional players (JM Financial AIF) along with external debt. However, the company's ability to raise fresh low cost borrowings in order to grow its loan book while improving its operational parameters remains monitorable factor. The company has planned equity infusion in FY22 which will help the company to maintain and reduce its overall gearing level in the projected period.

### ***Comfortable asset quality and profitability***

IHLL entered into the housing finance lending since 2015 with tenure of loans ranging up to 20 years. The Company has been able to maintain its asset quality with the Net NPA of 3.06% in FY20 and 2.31% in FY21, however portfolio is totally secured leading to maintain the asset quality across its loan cycle. The interest income of the company stood at INR32.34 Crore in FY20 and remained stable at INR31.13 Crore in FY21. As against that, the interest expenses has also reduced from INR21.57 Crore in FY20 to INR20.25 Crore in FY21. The company reported decline in PAT for FY21 at INR1.12 Crore as compared with INR2.80 Crore in FY20, due to additional COVID-19 provisioning made in FY21.

### ***Reducing Customer Concentration Risk in the portfolio as well as improving demographic presence***

The main target segment of the company is self-employed or small business owners in the lower and middle income (LMI) segment. Average ticket size in home loan segment is INR6.5 Lakh. Considering lower ticket size of loan products for this segment, company does not face any client concentration risk. Overall, ~INR209 Crore of loan portfolio is spread across 3200+ customers as on 31.03.2021. IHLL's assets under management stood at INR209.51 in FY21 and INR216.45 Crore in FY20, the reduction in the AUM is strategically planned to avoid the uncertainties arising out of ongoing pandemic.

### ***Well diversified resource profile***

IHLL has a fairly well diversified funding profile with resources raised from various sources such as public and private sector banks, non-convertible debentures, and term loans from



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financial institutions. The diversified resource profile enables company to raise funds in the timely manner.

### ***Key Rating Weaknesses***

#### ***Moderate financial risk profile***

Interest Coverage stood at ~1.15x in FY20 and ~1.10x in FY21. The gearing ratio stands moderate although the same got improved from 4.70x as of March 2020 to 4.40x as of March 2021.

#### ***Geographical concentration***

IHLL has presence in three states with concentration in Gujarat (more than 80% percent of the overall portfolio) followed by Maharashtra and Rajasthan on March 31, 2021. It has overall 13 branches. This exposes the company to high geographical concentration risk as any political & natural calamities can impact the performance of the company.

#### ***Fragile credit profile of the borrowers under affordable housing finance company***

IHLL is primarily catering to the housing finance needs of the self-employed customers in the informal low- and middle income segment who are not serviced by the banking sector. The proportion of Self-Employed customers accounted for more than 80% of the IHLL's loan portfolio as on March 31, 2021. Since this segment is highly susceptible to the impact of economic downturn, coupled with Covid-19 related impact, the asset quality may be impacted in near term. However at the same time, as the EMI size ranges within INR4000-5000 under such affordable housing scheme recovery is better as compared to other HFCs and IHLL has recorded collection efficiency on an average of more than 90% and the DPD bracket is well poised along with adequate provisioning made by the company as per RBI guidelines and is which is well maintained giving a sense of overall comfort in its operations.

### **Analytical Approach: Standalone**

#### **Applicable Criteria**

Rating Methodology for Financial Institutions/NBFCs

Financial Ratios & Interpretation (Financial Sector)



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### Liquidity – Adequate

The company had adequately matched asset liability profile as on December 31st, 2020 with no negative cumulative mismatches in any of the time buckets up to 10 years. Overall gearing stood moderate and the debt obligations are being served on time. The cash and cash equivalents balances stood comfortable at ~INR8.17 Crore on March 31st, 2021 (including fixed deposits)

### 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 Loan Limited (IHLL). IHLL operates through its head office in Mumbai with the central branch in Ahmedabad and overall has 13 branches spread across Maharashtra, Gujarat, and Rajasthan.

### Financials: Standalone

	(Rs. crore)	
For the year ended/ As On*	31-03-2020	31-03-2021
	(Audited)	(Audited)
Total Operating Income	32.34	31.13
Interest	21.57	20.25
PAT	2.80	1.12
Total Debt	177.93	171.60
Tangible Networth	37.87	38.89
Total Loan Assets (AUM)	216.45	209.51
PAT Margin %	8.64	3.60
Overall Gearing Ratio (x)	4.70	4.40
Gross NPA (%)	4.14	4.36
Net NPA (%)	3.06	2.31
CAR (%)	42.30	43.39

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** CARE Ratings in its press release dated April 1, 2021 has migrated the rating of the bank facilities of IHLL to "Issuer Not Cooperating" category.



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Any other information: N.A.

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (June 25, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Term Loan	Long Term	151.54 (Enhanced from Rs.25 Crore)	IVR BBB-; Under credit watch with developing implications	IVR BBB-; Under credit watch with developing implications	--	--	--
2.	NCD	Long Term	20.00	IVR BBB-; Under credit watch with developing implications	--	--	--	--

Any other information: N.A

**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).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.





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**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, suspend 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 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 I: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based - Term Loan	-	-	Up to June, 2031	151.74	IVR BBB-; Under credit watch with developing implications
Non-Convertible Debentures	June 30, 2020	11% p.a.	Up to June, 2023	20.00	IVR BBB-; Under credit watch with developing implications

### \*Major Terms & conditions of NCD

<b>Name of Trustee</b>	<b>IDBI Trusteeship Services Limited</b>
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



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### Annexure II: 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	<p>The Debentures are being offered at face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture.</p> <p>Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value</p>	
Terms of raising of securities:	Duration, if applicable	36 (Thirty Six) months from the Deemed Date of Allotment.
	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/NEFT/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.





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<p>Purpose and objects of the Issue/Offer</p>	<p>To raise debt to the extent of upto Rs. 20,00,00,000/- (Rupees Twenty Crores only).</p> <ul style="list-style-type: none"> <li>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).</li> <li>b) The Company shall not use the proceeds of the Issue towards : <ul style="list-style-type: none"> <li>i. any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities;</li> <li>ii. any speculative purposes;</li> <li>iii. any activity specified by the investors;</li> <li>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/or</li> <li>v. in contravention of Applicable Law (including without limitation, any guidelines, rules or regulations of the Supervisory Authorities).</li> </ul> </li> </ul>
<p>Principal terms of assets charged as (a) security, if applicable</p>	<ul style="list-style-type: none"> <li>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").</li> </ul>



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	<p>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 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> <p>i. all the Charged Receivables that will be charged to the Debenture Trustee shall always be kept distinguishable and held as</p>
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	<p>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;</p> <p>ii. 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 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</p>
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	<p>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 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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