



## Press Release

### India Home Loan Limited (IHLL)

**August 24, 2023**

The revised press release is provided in relation to the Press Release published on July 14, 2022. 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 July 14, 2022, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-India-HomeLoan-14july22.pdf>

Sl. No.	Instrument/Facility	Amount (INR. Crore)	Rating	Rating Action	<u>Complexity Indicators</u>
1.	Fund Based Facility – Term Loans	98.70 (Reduced from 151.54)	IVR D	Reaffirmed	Simple
2.	Non Convertible Debentures	20.00	IVR C*	Reaffirmed	Simple
3.	Proposed Long Term Facility	10.30	IVR D	Assigned	Simple
	<b>Total</b>	<b>129.00</b>			

*\* No delays observed in the repayment*

#### **Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The affirmation in ratings continue to take into account the ongoing delays in servicing of debt obligations since July 2021 beginning. The delays are majorly due to mismatch of cash flows on account of muted/delayed recoveries

Further, Infomerics also takes the note of support from promoters and experienced board of members, comfortable asset quality and profitability along with adequate capitalisation, reducing customer concentration risk in the portfolio along with increasing demographic presence, Well diversified resource profile, moderate financial risk profile, geographical concentration risk, fragile credit profile of the borrowers under affordable housing finance company.



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### **Key Rating Sensitivities:**

#### **Upward rating factor(s):**

- Continuous timely servicing of debt obligations for at least 90 days

### **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. 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

##### **Comfortable asset quality and profitability along with adequate capitalisation**

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 GNPA of 4.29% and Net NPA of 3.09% in FY22 (FY21: 4.37%; 2.31%), however portfolio is totally secured leading to maintain the asset quality across its loan cycle. The interest income of the company stood at INR30.48 Crore in FY22 and remained stable at INR31.12 Crore in FY21. As against that, the interest expenses has also reduced from INR20.25 Crore in FY21 to INR16.53 Crore in FY22. The company reported improvement in PAT for FY22 at INR1.94 Crore as compared with INR1.14 Crore in FY21, due to decline in the provisioning made for FY22.

The capitalization profile is comfortable with a net worth of INR43.29 Crore in FY22(FY21: INR33.80 Crore) and CAR of 52.21%, as on March 31, 2022 and 43.39% as on March 31, 2021. 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.



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### **Reducing Customer Concentration Risk in the portfolio along with increasing 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. Overall, ~INR160 Crore of loan portfolio is spread across 2800+ customers as on 31.03.2022. IHLL's assets under management stood at ~INR145 in FY22 and ~INR209 Crore in FY21, the reduction in the AUM is strategically planned to avoid the uncertainties arising out of ongoing pandemic and in FY22 the company has entered into Direct Assignment.

### **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 financial institutions. It is a strategic move to ensure sufficient funds will be available through many lenders. The company has banking relationship with more than 10 banks/FIs.

### **Key Rating Weaknesses**

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

Interest Coverage stood at ~1.24x in FY21 and ~1.07x in FY22. The gearing ratio stands moderate although the same got improved from 5.08x as of March 2021 to 2.90x as of March 2022.

#### **Geographical concentration risk**

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



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portfolio as on March 31, 2020. 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](#)

[Policy on default recognition criteria](#)

### **Liquidity: Poor**

The Company had adequately matched asset liability profile as on June 30<sup>th</sup>, 2022 with no negative cumulative mismatches in any of the time buckets up to 6 months. The cash and cash equivalents balances stood at INR5.07 Crore on March 31st, 2022. The promoter's ability to raise resources for further business expansion while keeping a cap on the gearing levels and repaying the debt obligations on time shall be a key rating factor.

### **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.

### **Financials:**

(INR. Crore)



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For the year ended/ As On*	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	31.12	30.48
Interest Expenses	20.25	16.53
PAT	1.14	1.94
Total Debt	171.59	125.49
Tangible Net Worth	33.80	43.29
Total Loan Assets	202.87	155.11
Ratios		
PAT Margin (%)	3.60	6.28
Overall Gearing Ratio (x)	5.08	2.90
Total CAR %	43.39	52.21
Gross NPA %	4.37	4.29
Net NPA %	2.31	3.09

\*Classification as per Infomerics standards

### Status of non-cooperation with previous CRA:

CARE Ratings in its press release dated July 19, 2021 has continued the rating of the bank facilities of IHLL to "Issuer Not Cooperating" category.

**Any other information: N.A.**

### Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years				
		Type	Amount outstanding (INR. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (July 15, 2021)	Date(s) & Rating(s) assigned in 2021-22 (June 30, 2021)	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
1.	Long Term Fund Based Facilities – Term Loans	Long Term	98.70	IVR D	IVR D	IVR BBB- ; Under Credit Watch with Developing Implications	IVR BBB- ; Under Credit Watch with Developing Implications	--	--
2.	NCDs	Long Term	20.00	IVR C	IVR C	IVR BBB- ; Under Credit Watch	--	--	--



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						with Developi ng Implicatio ns			
3.	Proposed Long Term Facility	Long Term	10.30	IVR D	--	--	--	--	--
	<b>Total</b>		<b>129.00</b>						

**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:**

**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 1: Details of Facilities**

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Term Loans	--	--	Up to March, 2027	98.70	IVR D





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NCDs	--	--	Up to June, 2023	20.00	IVR C
Proposed Long Term Facility	--	--	--	9.98	IVR D

\*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-India-HomeLoan-july22.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	<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").	



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	<table border="1"> <tr> <td data-bbox="600 371 855 1131">Business Day Convention</td><td data-bbox="855 371 1394 1131"> <p>As set out in the DTD.</p> <p>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</p> <p>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</p> <p>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.</p> </td></tr> </table>	Business Day Convention	<p>As set out in the DTD.</p> <p>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</p> <p>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</p> <p>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.</p>
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Purpose and objects of the Issue/Offer	<p>To raise debt to the extent of upto Rs. 20,00,00,000/- (Rupees Twenty Crores only).</p> <p>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).</p> <p>b) The Company shall not use the proceeds of the Issue towards :</p> <ol style="list-style-type: none"> <li>any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities;</li> <li>any speculative purposes;</li> <li>any activity specified by the investors;</li> <li>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-</li> </ol>		





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	<p>Banking Financial Companies (NBFCs); and/or</p> <p>v. in contravention of Applicable Law (including without limitation, any guidelines, rules or regulations of the Supervisory Authorities).</p>
Principal terms of assets charged as (a) security, if applicable	<p>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").</p> <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>



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	<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> <ul style="list-style-type: none"><li>i. 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;</li><li>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;</li><li>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.</li><li>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</li></ul>
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	<p>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 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</p>
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	execute all necessary documents to give effect to the Charged Receivables;
	viii. commencing from the Initial Security Creation Date, the security interest created on the Charged Receivables shall be a continuing security; and
	ix. commencing from the Initial Security Creation Date, the Charged Receivables shall satisfy the eligibility criteria set out in the Deed of Hypothecation

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).