

Dewan Housing Finance Corporation Limited

September 25, 2018

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Commercial paper programme	15,000	[ICRA]A1+
Total	15,000	

Material Event

On September 21, 2018, the share price of DHFL witnessed a marked ~60% correction during the trading hours. The share price recovered to a large extent during the day and closed at Rs. 351.55 down ~43% (on Bombay Stock Exchange) and to Rs. 350.55, down ~43% (on National Stock Exchange).

Impact of the Material Event

The decline in stock prices was amid liquidity concerns on the housing finance companies (HFCs) industry. ICRA has analysed the liquidity position of the company and as per ICRA estimates, DHFL had ~Rs. 18,000 crore of liquidity available (including unutilised bank lines) on September 21, 2018 which is adequate for covering the debt obligations for the next six months. The liquidity position is supported by the good share of long term borrowings and company's policy to maintain a sizeable share of unutilised bank lines (~Rs. 10,000 crore as on September 21, 2018) to meet any liquidity requirement. The regular collections from operations, at about ~Rs. 2,500 crore per month (including prepayments), further support the liquidity profile of the company. Also, given that a large portion of the company's portfolio qualifies for priority sector lending, the company can assign its portfolio to raise funds. In ICRA's opinion, DHFL's current liquidity profile position remains comfortable, which provides it with the flexibility to tide over a temporary tightening in the money markets.

The previous detailed rating rationale is available on the following link: [Click here](#)

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