October 13, 2023

India Shelter Finance Corporation Limited: [ICRA]AAA(CE) (Stable) rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures (NCDs)	35.00	0.00	[ICRA]AAA(CE) (Stable); withdrawn
Principal protected market linked debentures (PP-MLDs)	50.00	50.00	PP-MLD [ICRA]AAA(CE) (Stable); outstanding
Long-term fund based – Term loan	2,000.00	2,000.00	[ICRA]A+ (Stable); outstanding
NCD programme	200.00	200.00	[ICRA]A+ (Stable); outstanding
NCD programme	15.00	0.00	[ICRA]A+ (Stable); withdrawn
Total	**2,300.00**	**2,250.00**	

Rating Without Explicit Credit Enhancement	**[ICRA]A+**

**Instrument details are provided in Annexure-I*

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

Rationale

The rating of [ICRA]AAA(CE) (Stable) assigned to the Rs. 35.00-crore NCDs of India Shelter Finance Corporation Limited has been withdrawn at the request of the company as there is no amount outstanding against the rated NCDs and in accordance with ICRA's policy on withdrawal of credit rating. ICRA is withdrawing the rating and it does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key rating drivers, Liquidity position, Rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy on withdrawal of credit ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

ISFCL is a housing finance company incorporated in 1998 as Satyaprakash Housing Finance. The company was acquired by the current investors in September 2009. It is focused on the low-cost and affordable housing segment, targeting self-employed customers in the informal low-and-middle-income segment. As on March 31, 2023, the company had a managed portfolio of Rs. 4,359 crore spread across 15 states/UTs. It offers loans to customers for home improvement, home extension, construction of dwelling units on an owned plot of land, home purchase and loan against property. ISFCL has incorporated a 100%-subsidiary in March 2022 – India Shelter Finance Corporation Limited (ISFCL) for the purpose of lending as an NBFC catering to LAP segment, subject to regulatory approvals.

ISFCL reported a profit of Rs. 155 crore in FY2023 (total comprehensive income (TCI) of Rs. 154 crore) on an AUM of Rs. 4,359 crore as on March 31, 2023 vis-à-vis a profit of Rs. 128 crore in FY2022 (TCI of Rs. 128 crore) on an AUM of Rs. 3,073 as on March 31, 2022. The gross and net NPAs stood at 1.1% and 0.9%, respectively, as on March 31, 2023.

ISFC reported a profit of Rs. 47 crore in Q1 FY2024 (total comprehensive income (TCI) of Rs. 44 crore) on an AUM of Rs. 4,768 as on June 30, 2023. The gross and net NPAs stood at 1.0% and 0.8%, respectively, as on June 30, 2023.

Key financial indicators (standalone)

India Shelter Finance Corporation Limited	FY2021	FY2022	FY2023
Net interest income	168	229	292
PAT	87	128	155
Gross AUM	2,198	3,073	4,359
Gross NPA	1.8%	2.1%	1.1%
Net NPA	1.3%	1.6%	0.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Sr. No.	Instrument	Type	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years				
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022			Date & Rating in FY2021
					Oct 13, 2023	June 22, 2023	June 24, 2022	September 24, 2021	September 06, 2021	June 28, 2021	June 15, 2021	-
1	NCD	Long Term	35.00	0.00	[ICRA]AAA (CE) (Stable); Withdrawn	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	Provisional [ICRA]AAA(CE) (Stable)	-	-	-
2	PP-MLD	Long Term	50.00	50.00	PP-MLD [ICRA]AAA(CE) (Stable)	PP-MLD [ICRA]AAA(CE) (Stable)	PP-MLD [ICRA]AAA(CE) (Stable)	PP-MLD [ICRA]AAA(CE) (Stable)	PP-MLD [ICRA]AAA(CE) (Stable)	PP-MLD [ICRA]AAA(CE) (Stable)	Provisional PP-MLD [ICRA]AAA(CE) (Stable)	

For details on other ICRA-rated instruments of the company, refer to the rationale here

Complexity level of the rated instrument

Transaction Name	Instrument	Complexity Indicator
Blanca Trust 2021	Non-convertible debentures (NCDs)	Simple
CredAvenue Casa Trust 2021	Principal Protected Market Linked Debentures (PP-MLD)	Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE922K07088	NCDs	September 2021	8.88%*	September 2031	35.00	[ICRA]AAA(CE) (Stable); withdrawn
INE922K07062	PP-MLD	June 2021	8.68%**	June 2029	50.00	PP-MLD [ICRA]AAA(CE) (Stable)

* *Per annum; Promised yield of 10.18% and expected yield of 14.00% applicable from date of issuance in case of trigger event*

***XIRR; Promised yield of 10.00% and expected yield of 15.18% applicable from date of issuance in case of trigger event*

Source: *Company*

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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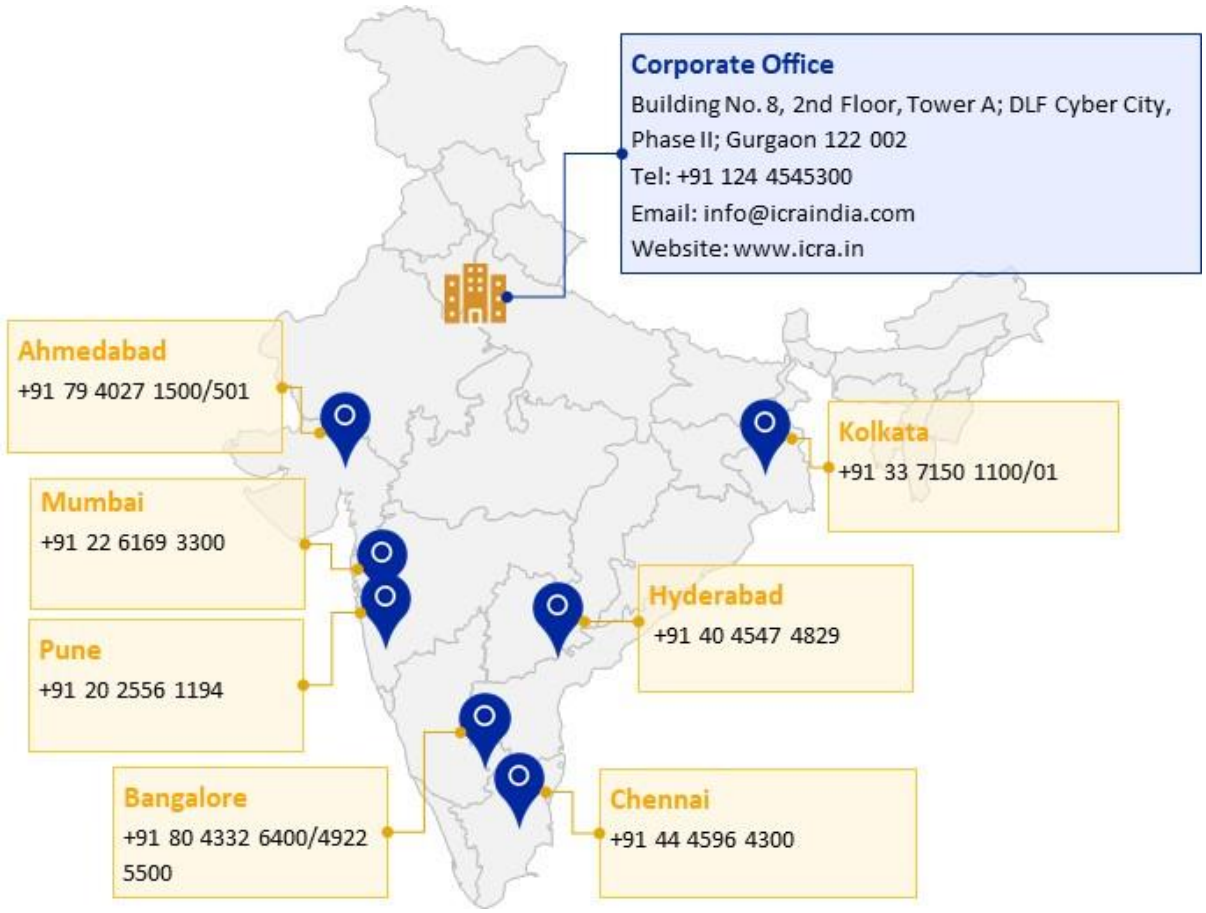

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