November 21, 2019

Reliance Home Finance Limited: ICRA withdraws ratings for PTCs issued under one motgage loan securitisation transactions

Summary of Rated Instrument

Trust Name	Instrument*	Initial Amount (Rs. crore[1])	Amount o/s after last surveillance (Rs. crore)	Current Amount O/s (Rs. crore)	Rating action
Indian Receivable Trust 5	PTC Series A1	65.50	2.41	0.00	[ICRA]AAA(SO)& withdrawn

**Instrument details are provided in Annexure I*

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under one mortgage loan securitisation transactions originated by Reliance Home Finance Limited (RHFL), as tabulated above.

All the payouts to the investors in the above mentioned instruments have been made and no further payment are due to the investors.

Key rating drivers

Credit strengths

- N.A.

Credit challenges

- N.A.

Description of key rating drivers highlighted above

N.A.

Liquidity position

N.A

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[1] *100 lakh = 1 crore = 10 million*

Rating sensitivities

N.A

Key rating assumptions

N.A.

Past rated pools performance: ICRA has rated 23 mortgage loan pools originated by RCL/RHFL till date. Out of these 12 have matured. All the remaining 11 live pools have performed well with a collection efficiency above 98% and negligible / low loss-cum-180+ dpd levels till the Aug-19 payout month.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company

Reliance Home Finance Limited (RHFL) is a subsidiary of Reliance Capital Limited (RCL) and was incorporated in FY2009. RHFL is registered as a Housing Finance Company with National Housing Bank and is engaged in mortgaged based lending operations. RHFL was listed on the stock exchanges in India in the second half of September 2017 after it was hived off from RCL, basis which RCL's stake in the entity reduced to ~48%, while the overall promoter holding in the entity was ~75% as on December 31, 2018.

RHFL reported net profit after tax of Rs. 123 crore on a total income base of Rs. 875 crore in H1FY2019 compared to net profit of Rs. 181 crore on a total income base of Rs. 1671 crore in FY2018. In FYFY2017, the company had reported a net profit of Rs. 173 crore on a total income of Rs. 1145 crore.

Reliance Capital Limited

Reliance Capital Limited (RCL) is a part of the Reliance group. RCL's subsidiaries have a significant presence across various financial services businesses like Asset Management, Life Insurance, General Insurance, Commercial & Home Finance, Broking & Distribution of financial products and Proprietary Investments. RCL started its commercial finance business in May 2007 with a focus on secured lending and mortgage and SME loans form the bulk of its commercial finance business portfolio currently. In March 2017, RCL de-merged its commercial finance business into Reliance Commercial Finance Limited, its wholly owned subsidiary, and RCL is a Core Investment Company with investments in group as well as non-group entities.

RCL's reported a consolidated PAT of Rs. 246 crore in Q3FY2019, as against Rs. 309 crore in Q2FY2019, and Rs 39 crore in Q3FY2018. For 9MFY2019, PAT stood at Rs. 850 crore, as against a loss of Rs. 478 crore (Rs. 881 crore profit as per iGAAP) due to impact of ECL provisioning and fair valuation of investments as per Ind-AS.

Key financial indicators

	FY2017	FY2018	H1FY2019*
Total Income	1,144.68	1,670.52	875.00
Profit after tax	172.59	180.58	123.00
Networth	1129.60	1929.13	1880.00
Loan Book (AUM)	11,174	16379	16464.00
Total assets	11346.65	15684	16305
Return on assets	1.81%	1.34%	1.54%
Return on equity	19.73%	11.81%	12.92%
Gross NPA	0.84%	0.87	0.8%
Net NPA	0.68%	0.67	0.58%
Capital adequacy ratio	19.3%	19.7%	19.4%
Gearing	8.67	6.90	7.20

Amounts in Rs. Crore, ratios as per ICRA calculations
**Annualised*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating history for last three years

S.No	Name of Instrument	Current Rating (FY2020)				Chronology of Rating History for the past 3 years					
		Type	Initial Rated amount (Rs. Crores)	Amount Outstanding (Rs Crore)	Month-year & Rating 21-Nov-2019	Date & Rating in FY2020	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
						30-Apr-19	03-Apr-19	07-Mar-19	16-Nov 2018	23-Oct-17	15-Sep-16
1	Indian Receivable Trust 5	PTC Series A1	65.50	0.00	[ICRA]AAA(SO)& Withdrawn	[ICRA]AAA (SO) &	[ICRA]AAA (SO) &	[ICRA]AAA(SO)&	[ICRA] AAA(SO)	[ICRA] AAA(SO)	[ICRA] AAA(SO)

&: The symbol implies that the ratings are under watch with developing implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure I: Details of Instruments

Sl.	Trust name	Instrument name	Date of issuance	Current Coupon Rate#	Scheduled maturity date*	Current amount o/s (Rs. crore)	Current rating
1.	Indian Receivable Trust 5	PTC Series A	Mar 2013	8.85%	Sep 2036	0.00	[ICRA]AAA(SO)& Withdrawn

 # variable; subject to change owing to change in benchmark rate
** Scheduled maturity at transaction initiation; may change on account of prepayment and yield change*
&: The symbol implies that the ratings are under watch with developing implications

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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.

For more information, visit www.icra.in

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