

December 28, 2021

Piramal Capital & Housing Finance Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture (NCD) Programme	2,530	0	[ICRA]AA&; withdrawn
NCD Programme	19,550	0	[ICRA]AA&; withdrawn
Retail NCD Programme	2,000	0	[ICRA]AA&; withdrawn
Long-term Market-linked Debenture (Principal Protected) {MLD (PP)} Programme	500	0	PP-MLD[ICRA]AA&; withdrawn
Subordinated Bonds (Tier II)	1,500	0	[ICRA]AA&; withdrawn
Long-term Bank Lines (Fund-based/CC)	900	0	[ICRA]AA&; withdrawn
Long-term Bank Lines (Term Loans)	4,650	0	[ICRA]AA&; withdrawn
Total	31,630	0	

*Instrument details are provided in Annexure-1

& Rating on Watch with Developing Implications

PP-MLD refers to the principal protected market linked debenture programme. According to the terms of the rated market linked debentures, the amount invested, i.e. the principal, is protected against erosion while the returns on the investment could vary as they are linked to movements in one or more variables such as equity indices, commodity prices, and/or foreign exchange rates. The assigned rating expresses ICRA's current opinion on the credit risk associated with the issuer concerned. The rating does not address the risks associated with variability in returns resulting from adverse movements in the variable(s) concerned

Rationale

ICRA has withdrawn the ratings for the Rs. 31,630-crore borrowing programme of Piramal Capital & Housing Finance Limited (PCHFL) following its merger with Dewan Housing Finance Corporation Limited (DHFL) in accordance with the scheme of arrangement provided under the resolution plan of DHFL as approved by the National Company Law Tribunal (NCLT). As per this scheme, PCHFL discharged the consideration to the creditors of DHFL and it was reverse merged with DHFL with effect from September 30, 2021. The amalgamated entity (DHFL) was rechristened Piramal Capital & Housing Finance Limited (erstwhile Dewan Housing Finance Corporation Limited). The captioned facilities have been transferred to PCHFL (erstwhile Dewan Housing Finance Corporation Limited).

The ratings have been withdrawn as per ICRA's policy on the withdrawal of credit ratings. The key rating drivers, liquidity position, rating sensitivities and key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Housing Finance Companies Consolidation and Rating Approach Policy on Withdrawal of Credit Ratings
Parent/Group Support	Financial support from Piramal Enterprises Limited (PEL)
Consolidation/Standalone	To arrive at the ratings, ICRA has analysed the consolidated performance of PEL FS (refers to the financial services business of PEL) and has factored in the financial

Analytical Approach	Comments
	support available from PEL; ICRA also factors in the financial flexibility available to PCHFL by being a part of the Piramal Group

About the company

PCHFL was incorporated in February 2017 as a subsidiary of Piramal Finance Limited and received its housing finance licence from National Housing Bank (NHB) in September 2017. As per a scheme of amalgamation, Piramal Finance Limited and Piramal Capital Limited were merged with the erstwhile PCHFL w.e.f. March 31, 2018, with PCHFL becoming a direct subsidiary of Piramal Enterprises Limited (PEL). Consequent to the merger, the Piramal Group's financial services business, including real estate lending, housing finance, corporate lending and emerging corporate lending, was housed under PCHFL and PHL Fininvest Private Limited (PHL Fininvest), a fellow subsidiary.

In January 2021, PCHFL was selected as the successful resolution applicant by DHFL's committee of creditors for the resolution of DHFL. As per the resolution plan approved by the NCLT, the existing liabilities of DHFL were discharged by PCHFL and a consideration of Rs. 34,250 crore (comprising upfront cash of Rs. 14,700 crore and issuance of debt instruments of Rs. 19,550 crore) was paid to DHFL's creditors. PCHFL was reverse merged with DHFL with effect from September 30, 2021, and the amalgamated entity (DHFL) was rechristened Piramal Capital & Housing Finance Limited.

Key financial indicators

PCHFL	FY2019	FY2020	FY2021	H1 FY2022**
Net interest income (Rs. crore)	2,670	2,262	2,136	904
Total income (Rs. crore)	5,572	5,623	5,088	2,345
Profit after tax (Rs. crore)	1,443	30	1,034	363
Net worth* (Rs. crore)	9,274	10,195	11,230	11,588
Loan book (Rs. crore)	41,033	35,261	32,994	54,235
Total assets* (Rs. crore)	42,532	42,291	44,158	83,057
Return on assets (%)	3.7%	0.1%	2.4%	1.1%
Return on net worth (%)	16.8%	0.3%	9.7%	3.3%
Gross NPA (%)	0.3%	2.1%	3.4%	2.1%
Net NPA (%)	0.1%	1.3%	1.8%	1.1%
Net NPA/Net worth (%)	0.6%	4.6%	5.2%	5.0%
Gross gearing (times)	3.48	2.88	2.66	4.3
Tier I capital (%)	26.9%	32.1%	32.1%	19.9%
CRAR (%)	29.9%	34.9%	32.3%	21.0%

Source: PCHFL and ICRA Research; **Note:** All ratios are as per ICRA calculations

* Adjusted for goodwill on consolidation; total assets have been grossed up for expected credit loss provisions

**Refers to merged PCHFL and DHFL

PEL FS

PEL FS refers to the financial services business of PEL. This includes the real estate lending, corporate and emerging corporate lending and retail lending businesses carried out under PCHFL (erstwhile DHFL), PHL Fininvest and PEL (standalone). PEL FS had total assets under management (AUM) of Rs. 66,986 crore as on September 30, 2021, including the loan book (Rs. 62,215 crore), investments in alternative investment funds (AIFs) and other investments. The AUM was Rs. 48,891 crore as on March 31, 2021, including the loan book (Rs. 44,668 crore), AIF investments (Rs. 3,121 crore) and other investments.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)			Chronology of Rating History for the Past 3 Years										
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on Sep 30, 2021 (Rs. crore)	Date & Rating			Date & Rating in FY2021			Date & Rating in FY2020		Date & Rating in FY2019		
					Dec 28, 2021	Oct 14, 2021	Aug 13, 2021	Mar 29, 2021	Feb 3, 2021 Oct 12, 2020	Jul 27, 2020	Jun 25, 2019	May 31, 2019 Apr 22, 2019	Sep 14, 2018 Sep 4, 2018	Jul 6, 2018	May 31, 2018
1	NCD Programme	Long Term	2,530	1,625	[ICRA]AA&; withdrawn	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
2	NCD Programme	Long Term	19,550	19,532	[ICRA]AA&; withdrawn	[ICRA]AA&	[ICRA]AA&	-	-	-	-	-	-	-	-
3	Retail NCD Programme	Long Term	2,000	804.05	[ICRA]AA&; withdrawn	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	-	-	-	-	-	-	-
4	MLD (PP) Programme	Long Term	500	0	PP-MLD [ICRA]AA&; withdrawn	PP-MLD [ICRA]AA&	PP-MLD [ICRA]AA&	PP-MLD [ICRA]AA (Negative)	-	-	-	-	-	-	-
5	Subordinated Bonds (Tier II)	Long Term	1,500	500	[ICRA]AA&; withdrawn	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
6	Bank Lines (Cash Credit)	Long Term	900	NA	[ICRA]AA&; withdrawn	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
7	Bank Lines (Term Loan)	Long Term	4,650	2,482	[ICRA]AA&; withdrawn	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
8	Commercial Paper Programme	Short Term	-	-	-	-	-	-	-	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

& Rating on Watch with Developing Implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
NCD Programme	Simple
Retail NCD Programme	Very Simple
MLD (PP) Programme	Complex
Subordinated Bonds (Tier II)	Very Simple
Long-term Bank Lines (Fund Based/CC)	Simple
Long-term Bank Lines (Term Loan)	Simple

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: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE641O07037	NCD	Mar 10, 2017	8.95%	Mar 08, 2024	5	[ICRA]AA&; withdrawn
INE641O07086	NCD	May 04, 2017	8.75%	May 03, 2024	25	[ICRA]AA&; withdrawn
INE641O07144	NCD	Sep 20, 2017	7.96% (monthly)	Sep 19, 2025	167	[ICRA]AA&; withdrawn
INE641O07144	NCD	Sep 20, 2017	7.96% (monthly)	Sep 18, 2026	167	[ICRA]AA&; withdrawn
INE641O07144	NCD	Sep 20, 2017	7.96% (monthly)	Sep 20, 2027	166	[ICRA]AA&; withdrawn
INE516Y07170	NCD	Jul 31, 2020	7.85%	Jan 31, 2022	500	[ICRA]AA&; withdrawn
INE516Y07188	NCD	Jul 31, 2020	8.50%	Jul 31, 2023	500	[ICRA]AA&; withdrawn
INE516Y07246	NCD	Nov 3, 2020	9.32%	Nov 1, 2030	50	[ICRA]AA&; withdrawn
INE516Y07295	NCD	Mar 30, 2021	9.00%	Mar 28, 2031	25	[ICRA]AA&; withdrawn
INE516Y07329	NCD	Jun 29, 2021	8.85%	Jun 27, 2031	20	[ICRA]AA&; withdrawn
NA	NCD (proposed)	NA	NA	NA	905	[ICRA]AA&; withdrawn
INE516Y07444	NCD	Sep 28, 2021	6.75%	Sep 26, 2013	19,532.53	[ICRA]AA&; withdrawn
NA	NCD (proposed)	NA	NA	NA	17.47	[ICRA]AA&; withdrawn
INE516Y07337	Retail NCD	Jul 23, 2021	8.10%	Sep 23, 2023	5.25	[ICRA]AA&; withdrawn
INE516Y07345	Retail NCD	Jul 23, 2021	0.00%	Sep 23, 2023	1.23	[ICRA]AA&; withdrawn
INE516Y07352	Retail NCD	Jul 23, 2021	8.25%	Jul 23, 2024	1.38	[ICRA]AA&; withdrawn
INE516Y07360	Retail NCD	Jul 23, 2021	8.50%	Jul 23, 2026	10.75	[ICRA]AA&; withdrawn
INE516Y07378	Retail NCD	Jul 23, 2021	8.75%	Jul 23, 2031	0.12	[ICRA]AA&; withdrawn
INE516Y07386	Retail NCD	Jul 23, 2021	8.35%	Sep 23, 2023	346.64	[ICRA]AA&; withdrawn
INE516Y07394	Retail NCD	Jul 23, 2021	0.00%	Sep 23, 2023	49.55	[ICRA]AA&; withdrawn
INE516Y07402	Retail NCD	Jul 23, 2021	8.50%	Jul 23, 2024	154.26	[ICRA]AA&; withdrawn
INE516Y07410	Retail NCD	Jul 23, 2021	8.75%	Jul 23, 2026	80.87	[ICRA]AA&; withdrawn
INE516Y07428	Retail NCD	Jul 23, 2021	9.00%	Jul 23, 2031	154.01	[ICRA]AA&; withdrawn
NA	Retail NCD (proposed)	NA	NA	NA	1,195.95	[ICRA]AA&; withdrawn
INE641O08035	Subordinated Bonds (Tier II)	Mar 08, 2017	9.55%	Mar 08, 2027	500	[ICRA]AA&; withdrawn
NA	Subordinated Bonds (Tier II) (proposed)	NA	NA	NA	1,000	[ICRA]AA&; withdrawn
NA	Long-term Bank Lines – Line of Credit/Cash Credit	NA	NA	NA	900	[ICRA]AA&; withdrawn
NA	Long-term Bank Lines – Term Loans	2014-2020	8.75% - 11.50%	2021-2024	4,650	[ICRA]AA&; withdrawn
NA	MLD (PP) Programme (Proposed)	NA	NA	NA	500	PP-MLD[ICRA]AA&; withdrawn

Source: PCHFL

& Rating on Watch with Developing Implications

Annexure-2: List of entities considered for consolidated analysis

Not applicable

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