

November 18, 2020

Reliance Home Finance Limited: Rating continues to remain in Issuer Not Cooperating category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper Programme	1,200.00	1,200.00	[ICRA]D ISSUER NOT COOPERATING; Rating continues to remain in Issuer Not Cooperating category*
Total	1,200.00	1,200.00	

*Issuer did not co-operate; based on best available information.

Rationale

The ratings for the Rs. 1,200.00-crore Commercial Paper programme of Reliance Home Finance Limited continue to remain under 'Issuer Not Cooperating' category'. The ratings are denoted as "[ICRA]D ISSUER NOT COOPERATING". ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available information on the issuers' performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity. The rating action has been taken in accordance with ICRA's policy in respect of non-cooperation by a rated entity available at www.icra.in.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Rating Methodology for Non-Banking Finance Companies Policy on Default Recognition
Parent/Group Support	Not Applicable
Consolidation	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 ~47.9%. While the overall promoter holding in the entity reduced to ~49.6% as on March 31, 2020 from 74.9% as on March 31, 2019. The Company ceased to be a subsidiary of RCL with effect from March 05, 2020 and the company is now an associate of RCL.

RHFL reported net loss of Rs. 375 crore in FY2020 on a total asset base of Rs. 15,729 crore as on March 31, 2020 compared to net profit after tax of Rs. 67 crore in FY2019 on a total asset base of Rs. 18,125 crore as on March 31, 2019. In H1FY2021, the company had reported a net loss of Rs. 736 crore on a total asset base of Rs. 15,449 crore as on September 30, 2020.

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

Key financial indicators:

FOR THE PERIOD / YEAR ENDED	31-Mar-18	31-Mar-19	31-Mar-20
Net Interest Income	518	602	207
Profit / (Loss) after tax	181	67	(375)
Total Assets	15,684	18,125	15,729
Net worth	1,929	1,842	1,467
Gearing (Reported)	6.90	8.78	9.12
Capital Adequacy Ratio	19.83%	15.45%	13.00%
Gross NPA (%)	0.87%	0.65%	42.68%
Net NPA (%)	0.67%	0.49%	40.25%

Source: RHFL Annual Report, ICRA research, Amount in Rs. crore

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
Brickwork Ratings	BWR D Issuer Not Cooperating	September 21, 2020

Rating history for past three years

Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years					
	Type	Amount	Amount	Nov 18, 2020	FY2020			FY2019		FY2018
		Rated	Outstanding		Nov 19, 2019	May 03, 2019	April 26, 2019	Mar 29, 2019	March 05, 2019	Feb 05, 2018
1 Commercial Paper Program	Short Term	1,200.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D ISSUER NOT COOPERATING due to Non-Submission of NDS	[ICRA]D	[ICRA]A4 @; on watch with negative implications	[ICRA]A2 @; on watch with negative implications	[ICRA]A1 @; on watch with negative implications	[ICRA]A1+

Amount in Rs. crore

Any other information

Not Applicable

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