



Barclays Investments and Loans (India) Limited

Instrument	Amount (in Rs. Crore)	Rating Action (August 2015)
Non Convertible Debentures	745.0	Upgraded to [ICRA]AAA from [ICRA]AA+; Outlook revised to Stable from Negative
Principal Protected Long Term ELD programme	1,589.6	Upgraded to PP-MLD [ICRA]AAA from PP-MLD [ICRA]AA+; Outlook revised to Stable from Negative
Commercial Paper	1,100.0	[ICRA]A1+ reaffirmed

ICRA has upgraded the rating for Rs. 745 crore long term Non Convertible Debentures programme from [ICRA]AA+ (pronounced ICRA double A plus) to [ICRA]AAA (pronounced ICRA triple A) and for Rs. 1,589.60 crore long term principal protected equity linked debenture programme from PP-MLD [ICRA]AA+ (pronounced Principal Protected Market Linked Debentures ICRA double A plus) to PP-MLD [ICRA]AAA (pronounced Principal Protected Market Linked Debentures ICRA triple A) for Barclays Investments & Loans (India) Ltd. (BILIL). The outlook on the long term ratings has been revised from Negative to Stable. ICRA has also reaffirmed [ICRA]A1+ (pronounced ICRA A one plus) rating for Rs. 1,100 crore short term debt programme of BILIL. The ICRA ratings on the equity linked debenture programme (where the returns are linked to movements in Nifty / equity indices / equity) of BILIL addresses only the credit risk associated with instruments issued and does not address the risks associated with variability in returns resulting from adverse movements in the variable(s) concerned.

The rating upgrade factors in the revision of rating outlook of Barclays Bank PLC, the ultimate parent of BILIL, to stable from negative by Moody's Investor Services Ltd in May 2015. Barclays Bank PLC's current rating by Moody's stands at A2 / Stable / P-2 with BFSR of C- / Stable. ICRA expects that Barclays Bank PLC would ensure a timely repayment of BILIL's debt obligations if the need arises. ICRA would continue to monitor the international developments and Moody's ratings on Barclays Bank PLC; which will remain an important determinant for the rating of the Indian operations of Barclay's group. The group has demonstrated its commitment to BILIL in the form of capital infusion at regular intervals in the past.

The ratings factor in the shared brand name, comfortable capitalization and liquidity profile, and robust risk management systems that follow Barclays Group's global risk management policies. Started in March 2008, BILIL's retail exhibited an aggressive growth to scale to a size of Rs 1,203 crore as on March 2009. However, following the change in operating conditions in H2 FY2009, BILIL decided to discontinue the retail lending business in India from December 2011 onwards and shifted their focus to the secured book in the form of Loans against Securities (LAS). During FY2013, the company sold its retail assets comprising of Personal Installment Loans (PIL), Business Installment Loans (BIL) and Loan against Properties (LAP) at a loss of Rs 80 crore. Subsequently, BILIL grew its secured lending book in the form of Loan Against Securities (LAS), which it had started in June 2009, from ~Rs. 629 crore as on March 2014 to ~Rs. 1,174 crore as on March 2015 due to an uptick in capital markets which increased the demand for LAS during the year. Going ahead, the company intends to continue their focus on LAS while growing their book at CAGR of about 20%-25% over short term.

With a growth in the loan book, BILIL's income levels increased with total income from continuing operations increasing from Rs. 84.07 crore in FY2014 to Rs. 94.36 crore in FY2015. Interest Expenses of the company increased sharply from Rs. 3.45 crore in FY2014 to Rs. 24.51 crore in FY2015 as the company relied on borrowings to fund its loan book growth. The operating expenses of the company reduced during the year due to rationalization of expenses with closure of branches in the previous year. Due to a Minimum Alternative Tax payment of ~Rs. 10 crore in FY2015, the net profit of the company declined to Rs. 38.59 crore in FY2015 as compared to Rs. 57.25 crore in FY2014. The company, as on date, has NIL reported NPAs. In ICRA's view, the ability of the company to maintain its profitability and asset quality indicators with further increase in loan book will be a key rating monitorable.



Barclays Group has been regularly infusing fresh capital in BILIL in order to maintain adequate regulatory capital adequacy ratio. From FY2009 to FY2012, Barclays group provided Rs 909 crore of fresh capital. On account of accumulated losses in the past, BILIL's net worth was at Rs. 542.17 crore as on March 31, 2015, lower as compared to the equity capital of Rs. 1090 crore, albeit improved from Rs. 503.58 crore as on March 31, 2014, on account of healthy internal accruals during FY2015. The capital adequacy ratio of the company is comfortable at 43.67% (Tier I – 43.38%) as on March 31, 2015 as compared to 68.96% (Tier I – 68.66%) as on March 31, 2014.

BILIL's liquidity profile is adequate with the short term funds raised to fund the shorter duration Loan against Securities. Also, as a policy, the company prefunds the CP redemptions in advance which further provides comfort. In addition, expected financial support from the Barclays Group alleviates the liquidity concerns.

Company Profile

In August 2006, Barclays Bank Plc, UK acquired controlling stake and management control in Rank Investments and Credits (India) Limited. The stake has gone up to almost 99.99% (57.84% held by Barclays Bank Plc and 42.15% held by Barclays Mauritius Overseas Holdings Limited, a wholly owned subsidiary of Barclays Bank Plc) after capital infusions of nearly Rs. 1000 crore in the last four years. The name was changed to Barclays Investments & Loans (India) Limited in June 2008.

During FY2015, BILIL reported a net profit of Rs. 38.59 crore on a total income base of Rs. 94.36 crore as compared to a net profit of Rs. 57.25 crore on a total income base of Rs. 84.07 crore for continuing operations in FY2014.

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