

Reliance Home Finance Limited

Rating of Provisional [ICRA]AAA(SO) has been assigned to the PTCs backed by Rs. 80.46 crore¹ (principal outstanding on pool loans) mortgage loan pool originated by RHFL^{2†}. A summary of the rating assigned is given below.

Table 1: RHF INDIAN RECEIVABLE TRUST 1 2016

Description	Amount (Rs. Crore)	Scheduled Maturity	Rating
PTC Series A	80.46	August 2038	Provisional [ICRA]AAA(SO)

The provisional rating is subject to the fulfilment of all conditions under the structure, review of documentation pertaining to the transaction by ICRA and RHFL furnishing to ICRA a legal opinion on the transaction obtained from an independent legal counsel. The rating for the PTCs is based on the strength of cash flows from the selected pool of contracts, the available credit enhancement in the form of cash collateral (equivalent to 9.00% of the total pool principal) and subordination of Excess Interest Spread and the integrity of the legal structure.

RHFL shall assign to the Trustee the future receivables on selected pool contracts. The Trustee will pay the 'par' value of the loan pool as purchase consideration. RHFL will function as the Servicer for the transaction. The PTC yield is floating linked to an external benchmark.

The underlying pool entirely consists of small to medium ticket size housing loans (HL) given to individual borrowers. The selected pool is characterized by good seasoning profile (average seasoning of around 19 months) and exclusion of any overdue contracts. All loans in the pool have variable interest rate. Further, around 20% of the pool contracts by value are covered by mortgage guarantee from India Mortgage Guarantee Corporation (IMGC). Any payments received from IMGC in lieu of any claims made under these contracts would form a part of pool collections and used for meeting PTC payouts.

In the past, ICRA has rated 4 pools backed by mortgage loan receivables originated by Reliance Capital Limited (RCL) and RHFL. One pool has matured while the remaining three pools have performed well with collection efficiency of more than 99% and loss cum delinquency of 1.5% or lower till Jun-16 collection month.

About the Originator

RHFL is a wholly owned subsidiary of Reliance Capital Limited and was incorporated in FY09. RHFL is registered as a Housing Finance Company with National Housing Bank and is engaged in mortgaged based lending operations. RHFL reported a net profit of Rs 86.76 crore on a total income base of Rs 815 crore in FY16 compared to net profit of Rs 69.06 crore on a total income base of Rs 513 crore in FY15. The short-term debt of RHFL has a rating outstanding of [ICRA]A1+, with the rating indicating the lowest credit risk in the short term.

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For further details please contact:

Analyst Contacts:

Mr. Kalpesh Gada (Tel. No. +91 22 6114 3445)

Head- Structured Finance

kalpesh@icraindia.com

Vibhor Mittal (Tel. No. +91 22 6114 3440)

vibhorm@icraindia.com

Satchit Sawant (Tel. No. +91 22 6114 3435)

satchit.sawant@icraindia.com

Omkar Athalekar (Tel. No. +91 22 6114 3439)

omkar.athalekar@icraindia.com

¹ 100 lakh = 1 crore = 10 million

^{2†} For complete rating scale and definitions refer ICRA's website www.icra.in or other ICRA Rating Publications



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500