



Aspire Home Finance Corporation Limited

Instrument	Amount	Rating Action (March 2015)
Commercial Paper	Rs 150 crore (enhanced from Rs 50 crore)	[ICRA]A1+/- assigned

ICRA has assigned the rating of [ICRA]A1+ to the enhanced commercial paper programme of Rs 150 crore (enhanced from Rs 50 crore) of Aspire Home Finance Corporation Limited.

ICRA rating takes into account Aspire's strong parentage with Motilal Oswal Financial Services Limited (rated [ICRA]AA with stable outlook) indirectly holding 100% stake in Aspire; the strong commitment of Motilal Oswal Group to this entity - in terms of both capital support and board level supervision; highly qualified senior management with long standing experience in the housing finance business; focus on low-ticket retail borrower segment; prudent underwriting norms and lending processes; and the investments made by the company in putting together its IT and risk management systems.

ICRA notes the limited track record that Aspire has in the housing finance business, and the fact that this is the first foray of Motilal Oswal Group outside the capital market business. However, ICRA expects the company to grow as per its business plans on the back of strong demand potential and management knowledge of the target borrower segment. Further, adequate lending norms should ensure stable asset quality, considering the secured nature of the business. The company has been able to raise funds from the banks as well as the capital markets. Its ability to diversify its funding sources while maintaining sound liquidity, competitive cost of funds and prudent capitalization would remain key rating sensitivity.

Company Profile

Aspire Home Finance Corporation Limited

AHFCL is promoted by Motilal Oswal Securities Limited (MOSL). MOSL has provided an equity commitment of Rs. 200 crore till date, out of which Rs. 150 crore has already been infused into the company while the balance is expected to come in H1 FY16. The company started its lending operations from May 22, 2014. The portfolio of the company stood at around Rs. 136 crore as on December 2014. The company is catering to primarily lower and middle income (LMI) borrower segment for purchase of affordable residential units with a maximum ticket size of Rs. 25 lakhs (which qualifies under priority sector lending). The company intends to operate in extended suburbs of metros and tier II / tier III cities (14 locations targeted in the initial year of operations).

About Motilal Oswal

The Motilal Oswal group is one of India's leading providers of capital-market-related services; it offers a number of services, such as retail and institutional broking, wealth management, loan against shares, margin financing, commodities broking, investment banking, and venture capital management. MOFSL, incorporated in 2005, is a non-deposit-taking non-banking financial company providing margin financing services to the group's retail broking clients and is the group holding company. The group's promoters, Mr. Motilal Oswal, Mr. Ramdeo Agarwal collectively own 70.18 per cent of MOFSL's equity shares.

The Motilal Oswal group reported a PAT (after exceptional and extraordinary items) of Rs.39.5 crore on a total income of Rs.467.7 crore for FY 14, against a PAT of Rs.109.1 crore on a total income of Rs.472.9 crore for FY 13.

Recent Results

On a Consolidated Basis, Motilal Oswal reported a Total Income of Rs 186 Crores in Q3FY15, an increase of 59% over Q3FY14 and a PAT of Rs 35.6 Crores in Q3FY15 compared to a PAT of Rs 3.5 Crores in Q3FY14.

March 2015

* For detailed rationale, please refer to the rationale released in Dec 2014



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