

## HDFC Limited

ICRA has assigned Provisional [ICRA]AAA(SO) rating to the PTCs backed by receivables from a pool of mortgage loans originated by HDFC Limited (HDFC)<sup>†</sup>. A summary of the rating assigned to the transaction is given below.

Table 1: Transaction details

Transaction Name	Description	Principal (Rs. crore <sup>1</sup> )	Maturity	Rating	Credit Collateral <sup>2</sup>
MBS 2016 Series I Trust	PTCs	944.84	December 2042	Provisional [ICRA]AAA(SO)	6.90%

The provisional rating is subject to the fulfilment of all conditions under the structure, review of documentation pertaining to the transaction by ICRA, and HDFC furnishing to ICRA an independent legal opinion on the transaction.

The provisional rating is based on the strength of cash flows from the selected pool of contracts, HDFC's established track record in the mortgage financing business, credit collateral (as mentioned in the table above), the structural features of the transaction, and the integrity of the legal structure. The loan pool receivables will be transferred to the Trust at par and the Trust would issue a single series of PTCs backed by the same.

The selected pool entirely consists of residential home loans given to individual borrowers. The selected pool is characterized by good seasoning profile (average seasoning of around 28 months), medium ticket size loans (average ticket size of around Rs. 13.6 lakhs) and low share of overdue contracts (around 3% share in the pool as on the pool cut-off date). However, the pool is devoid of any contract overdue by more than one month.

### Past Pools' Performance

In the past, ICRA has rated 14 home loan pools originated by HDFC, out of which 10 transactions are live as on date. The performance of these pools is summarised in the table below.

Table 2: Performance of past HDFC pools till April 2016 Payout (March 2016 collection month)

Sr. No.	Pool	Months post securitisation	Pool amortisation	Cumulative collection efficiency	Loss-cum-90+ dpd (as % of initial pool principal)	Loss-cum-180+ dpd (as % of initial pool principal)	Credit Collateral utilisation
1	Jul-09 I	81	68.41%	99.64%	0.61%	0.46%	0.00%
2	Jul-09 II	81	75.98%	99.76%	0.02%	0.00%	0.00%
3	Mar-10 I	74	72.93%	99.78%	0.51%	0.24%	0.00%
4	Mar-10 II	74	65.16%	99.77%	0.60%	0.29%	0.00%
5	Mar-10 III	74	64.50%	99.69%	0.89%	0.44%	0.00%
6	Mar-10 IV	74	64.10%	99.73%	0.64%	0.24%	0.00%
7	Mar-11 I	62	58.29%	99.67%	0.37%	0.19%	0.00%
8	Mar-11 II	62	65.20%	99.77%	0.46%	0.22%	0.00%
9	Mar-12 I	50	44.35%	99.50%	0.68%	0.21%	0.00%

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> Expressed as percentage of initial pool principal

10	Mar-12 II	50	44.23%	99.70%	0.28%	0.00%	0.00%
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The performance of these live pools has been good with cumulative collection efficiency of more than 99.5%. The delinquency levels have also been low (loss-cum-180+ dpd level of sub 0.5% as on Mar 16) and there has not been any credit collateral utilization in any of the pools till Apr-16 payout. Any shortfall in collections has been absorbed by Excess Interest Spread (EIS) available in these transactions.

***About the Originator / Servicer:***

HDFC is India's premier housing finance entity operating out of over 400 offices and having pan India presence. As on Mar 2016, HDFC had an asset base of around Rs. 288,753 crore and an employee base of close to 2,200 people. Around 73% of the overall portfolio is composed of loans given to individual borrowers while the balance 27% of the portfolio is composed of loans given to large corporate entities. HDFC has ratings outstanding of IrAAA (Issuer rating) and [ICRA]AAA for its Non-Convertible Debentures and Subordinated Debt Programs, from ICRA. It also has rating outstanding of MAAA for its fixed deposit programme and [ICRA]A1+ for its short- term debt programme, from ICRA.

During the financial year ended March 31, 2016, on a standalone basis, HDFC reported a Profit After Tax (PAT) of Rs. 7,093 crore on a total income of Rs. 30,905 crore against a PAT of Rs. 5,990 crore on an operating income of Rs. 27,401 crore during the previous financial year.

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