

November 11, 2019 ^{Revised}

GRUH Finance Limited: Ratings revised and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture Programme	2933.60	0.00	Revised to [ICRA]AA (Stable) from [ICRA]AAA@ and withdrawn
Non-convertible Debenture Programme [#]	1576.40	0.00	Revised to [ICRA]AA (Stable) from [ICRA]AAA@ and withdrawn
Subordinated Debt Programme	35.00	0.00	Revised to [ICRA]AA (Stable) from [ICRA]AAA@ and withdrawn
Commercial Paper	7,500.00	0.00	[ICRA]A1+; withdrawn
Fixed Deposits Programme	-	-	Revised to MAA (Stable) from MAAA@ and withdrawn
Total	12,045.00	0.00	

*Instrument details are provided in Annexure-1

[#]Instruments are outstanding and transferred to the merged entity, Bandhan Bank Limited

Rationale

Pursuant to the conclusion of the Scheme of Amalgamation with all necessary approvals in place, ICRA has revised the long-term rating outstanding on the Rs. 4,510.00-crore non-convertible debenture (NCD) programme and on the Rs. 35.00-crore subordinated debt programme of GRUH Finance Limited (GRUH) from [ICRA]AAA@ (pronounced ICRA triple A with the outlook of rating watch with negative implications) to [ICRA]AA (Stable). ICRA has also revised the medium-term rating outstanding on the fixed deposit programme from MAAA@ (pronounced M triple A with the outlook of rating watch with negative implications) to MAA (Stable). The revision in ratings is on account of GRUH's merger with Bandhan Bank Limited (rated [ICRA]AA(Stable)/ [ICRA]A1+) and the revised ratings are based on the credit profile of the merged entity. Part of the NCDs have been redeemed and the balance currently outstanding ones have been transferred to the merged entity (Bandhan Bank Limited). Hence the long-term, medium term and short-term ratings have been withdrawn in accordance with ICRA's policy on withdrawal and suspension.

Outlook: Not Applicable

Key rating drivers and their description

The key rating drivers have not been captured as the ratings have been withdrawn.

Liquidity position

Not applicable as the ratings have been withdrawn following the merger with Bandhan Bank Limited.

Rating sensitivities: Not Applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Rating Methodology for Housing Finance Companies ICRA's policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

GRUH Finance Limited was a housing finance company, based out of Ahmedabad, Gujarat with a distribution network of 196 retail offices across 11 states and one Union Territory as on June 30, 2019. As on June 30, 2019, GRUH's loans and advances outstanding stood at Rs. 17,737 crore on a total asset base of Rs. 20,811 crore while the Gross NPA was 0.95%. The company earned a net profit of Rs. 115.64 crore during Q1 FY2020. However, pursuant to the conclusion of the Scheme of Amalgamation, GRUH has been merged with Bandhan Bank Limited in October 2019.

Key financial indicators (audited)

	IGAAP FY2017	Ind-AS FY2018	Ind-AS FY2019
Net interest income	526	658	671
Profit before tax	442	567	615
Profit after tax	297	402	447
Advances	13,244	15,588	17,408
Total assets	13,586	15,921	18,786
% Tier 1	16.82%	17.68%	19.26%
% CRAR	18.32%	18.90%	20.30%
Gearing			
% Net profit/Average total assets	2.37%	2.73%	2.58%
% Return on Average net worth	30.45%	30.15%	25.95%
% Gross NPAs	0.31%	0.45%	0.66%
% Net NPAs	0.00%	0.00%	0.35%

Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)					Rating History for the Past 3 Years												
		Type	Amount Rated	Amount Outstanding	Rating		FY2019			FY2018					FY2017				
					11-Nov-2019	30-Sep-2019	08-Jan-2019	22-Oct-2018	07-May-2018	15-Dec-2017	10-Aug-2017	26-Jul-2017	13-Jun-2017	03-May-2017	23-Mar-17	30-Dec-2016	18-Nov-2016	19-Oct-2016	31-Aug-2016
1	NCD	Long Term	2933.60	0.00	[ICRA] AA (Stable); withdrawn	[ICRA] AA@ withdrawn (rating withdrawn for Rs. 1240 crore NCD)	[ICRA] AAA@	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable) (rating withdrawn for Rs. 400 crore NCD)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)
2	NCD	Long Term	1576.40	1576.40	[ICRA] AA (Stable); withdrawn	[ICRA] AA@	[ICRA] AAA@	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 2,000 crore)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 500 crore)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 835 crore)	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 500 crore)	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 1,047 crore)	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 115 crore)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable) (rated amount enhanced by Rs. 500 crore)
3	Subordinated Debt	Long Term	35	0.00	[ICRA] AA (Stable); withdrawn	[ICRA] AA@	[ICRA] AAA@	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable) (reduced from	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)

	Instrument	Current Rating (FY2020)					Rating History for the Past 3 Years												
		Type	Amount Rate d	Amount Outstanding	Rating		FY2019			FY2018					FY2017				
					11-Nov-2019	30-Sep-2019	08-Jan-2019	22-Oct-2018	07-May-2018	15-Dec-2017	10-Aug-2017	26-Jul-2017	13-Jun-2017	03-May-2017	23-Mar-17	30-Dec-2016	18-Nov-2016	19-Oct-2016	31-Aug-2016
																Rs. 150 crore)			
4	Commercial Paper	Short Term	7,500	0.00	[ICRA]A 1+; withdrawn	[ICRA]A 1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+ (rated amount enhanced from Rs. 5,500 crore)	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+ (rated amount enhanced from Rs. 4,450 crore)	[ICRA] A1+	[ICRA] A1+
5	Fixed Deposit	Medium Term	-	-	MAA+ (Stable) ; withdrawn	MAAA @	MAAA @	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA	MAAA

Amount in Rs. Crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](http://www.icra.in)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Non-convertible debentures (Unallocated)	NA	NA	NA	769.9	[ICRA]AA (Stable); withdrawn
INE580B07455	Non-convertible debentures	30-10-18	9.50%	30-10-28	230.0*	[ICRA]AA (Stable); withdrawn
INE580B07463	Non-convertible debentures	05-11-18	9.35%	06-04-22	137.6	[ICRA]AA (Stable); withdrawn
INE580B07471	Non-convertible debentures	16-11-18	9.35%	28-04-22	105.0	[ICRA]AA (Stable); withdrawn
INE580B07489	Non-convertible debentures	28-11-18	9.18%	29-03-22	492.5*	[ICRA]AA (Stable); withdrawn
INE580B07497	Non-convertible debentures	6-12-18	9.35%	31-10-23	265.0*	[ICRA]AA (Stable); withdrawn
INE580B07372	Non-convertible debentures	17-11-16	7.57%	17-11-19	500.0*	[ICRA]AA (Stable); withdrawn
INE580B07380	Non-convertible debentures	21-03-17	7.58%	20-03-20	500.0*	[ICRA]AA (Stable); withdrawn
INE580B07398	Non-convertible debentures	24-03-17	7.68%	23-03-20	690.0*	[ICRA]AA (Stable); withdrawn
INE580B07430	Non-convertible debentures	27-09-17	7.40%	30-09-20	342.0*	[ICRA]AA (Stable); withdrawn
INE580B07448	Non-convertible debentures	30-10-17	7.49%	31-10-22	478.0	[ICRA]AA (Stable); withdrawn
INE580B08032	Subordinated debt	22-03-13	9.75%	22-03-23	10.0	[ICRA]AA (Stable); withdrawn
INE580B08040	Subordinated debt	25-03-13	9.75%	25-03-23	25.0	[ICRA]AA (Stable); withdrawn
NA	Commercial paper programme	-	-	7-365 days	7,500.0	[ICRA]A1+; withdrawn
NA	Fixed deposits	-	-	-	-	MAA (Stable); withdrawn

Source: GRUH Finance Limited

Note: Instruments marked * have been transferred to Bandhan Bank Limited and would be issued a revised ISIN while the remaining instruments have been repaid and no amount remains outstanding against them

Annexure-2: List of entities considered for consolidated analysis

NA

Corrigendum:

Document dated November 11, 2019 has been corrected with revision as detailed below:

Page 1 – Publication error in rating rationale where the reason for revision in rating has been specified and typing error in the summary of rating action table where the current rated amount has been rectified.

Page 2 – Publication error in about the company section where the same has been updated to include information regarding the company's merger.

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