

November 17, 2017

## Indiabulls Housing Finance Limited

### Summary of Rated Instruments

Sl.	Trust Name	Instrument*	Initial Amount (Rs. crore <sup>1</sup> )	Amount O/s after Oct-17 Payout (Rs. crore)	Rating action
1	Innovation Trust XX Mar-14	PTCs	315.17	153.73	Reaffirmed at [ICRA]AAA(SO)

\*Instrument details are provided in Annexure I

### Rating Action

ICRA has reaffirmed the rating for PTCs issued under one mortgage loan securitization transaction originated by Indiabulls Housing Finance Limited (IHFL), as tabulated above.

### Rationale

The pool comprises of receivables from Housing Loan (HL) contracts. The receivables have been transferred “at par” to a Special Purpose Vehicle (SPV) and the Trust had issued a single series of PTCs, backed by the same. The PTC yield is linked to an external benchmark (the Base Rate of the investor). Given that the Pool yield and the PTC yield are linked to different benchmarks for the pool, some basis risk exists in this transaction.

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

A summary of the performance of the pool till September 2017 collection month has been tabulated below.

**Table 1: Pool Performance Summary (till September 2017 collection)**

<b>Parameter</b>	<b>Innovation Trust XX Mar-14</b>
Months post securitization	43
Pool Amortization	51.22%
PTC Amortization PTC A1	51.22%
Monthly Collection Efficiency <sup>2</sup> for Jul-17	99.89%
Monthly Collection Efficiency for Aug-17	99.18%
Monthly Collection Efficiency for Sep-17	100.31%
Cumulative Collection Efficiency <sup>3</sup>	99.99%
Loss cum 30+ dpd <sup>4</sup> (% of initial Pool)	0.30%
Loss cum 90+ dpd <sup>5</sup> (% of initial Pool)	0.00%
90+ dpd <sup>6</sup> (% of Balance Pool)	0.00%
Cumulative Cash Collateral Utilization	0.00%
Breakeven Collection Efficiency <sup>7</sup> for PTC A1	79.78%
Credit Collateral (% of Balance Pool)	17.94%
Excess Interest Spread (% of Balance Pool) for PTC A1 <sup>8</sup>	15.81%

### Key rating drivers

#### Credit Strengths

- Good collection efficiency seen in the pool till September 2017 (collection month);
- No cash collateral utilisation in the pool till date owing to strong collection performance and significant availability of EIS in the transaction
- High amortization of the pool leading to lower uncertainty around performance of the balance pool contracts;
- High Cash Collateral (CC) cover available for the balance PTC payouts;
- Low delinquency level in the pool.

<sup>2</sup> (Total Current and Overdue collections for the month as a % of Total Billing for the month)

<sup>3</sup> (Cumulative Current and Overdue Collections till date)/(Cumulative Billing till date + Opening Overdues at the start of the transaction)

<sup>4</sup> Inclusive of Unbilled and Overdue Principal portion of delinquent contracts for more than 30 days, as a % of Initial Pool Principal

<sup>5</sup> Inclusive of Unbilled and Overdue Principal portion of contracts delinquent for more than 90 days, as a % of Initial Pool Principal

<sup>6</sup> Inclusive of Unbilled Principal portion of contracts delinquent(Future POS) for more than 90 days, as a % of Balance Principal

<sup>7</sup> (Balance Cashflows payable to investor– Cash collateral available)/ Balance Pool Cashflows

<sup>8</sup> (Pool Cashflows – Cashflows to PTC A1 – PTC A2 principal – originator's residual share)/ Pool Principal outstanding

**Description of key rating drivers highlighted above:**

The performance of the pool has been good with cumulative collection efficiency of 99.99% till September 2017 collection month. Any shortfall in the collections has been absorbed by the EIS in the structure and there has not been CC utilisation in the transaction till date. The pool has highly amortised (~51% after the October 2017 payouts). Thus, CC (as % of balance PTC payouts) has built up in the transaction.

Overall, the credit enhancement available for meeting balance payouts to the investors – after downward reset of cash collateral in the transaction - is sufficient to reaffirm the ratings in the transaction under consideration. ICRA will continue to monitor the performance of this transaction. Any further rating action will be based on the performance of the pool and the availability of credit enhancement relative to ICRA’s expectations

**Key rating assumptions**

ICRA’s cash flow modeling for surveillance of MBS transactions involves simulation of potential delinquencies, losses (shortfall in principal collection during the balance tenor of the pool) and prepayments in the pool. The assumptions for loss and the Co-efficient of Variation (CoV) are arrived at after taking into account the past performance of the Originator’s portfolio and rated pools, and also the performance and characteristics of the specific pool being evaluated. Additionally, the assumptions may be adjusted to factor the current operating environment and any industry specific factors that ICRA believes could impact the performance of the underlying pool contracts.

After making the aforementioned adjustments, the expected loss and prepayments during the balance tenure of the pools are as given in the table below.

<b>Sr. No</b>	<b>Transaction Name</b>	<b>Expected Loss (% of balance pool principal)</b>	<b>Prepayment</b>
1	Innovation Trust XX Mar-14	2.0% - 4.0%	12% - 18% p a.

**Analytical approach:**

The rating actions are based on the performance of the pool till September 2017 (collection month), the present delinquency profile of the pool contracts, performance expected over the balance pool tenure, and the credit enhancement available in the transaction.

**Links to applicable Criteria**

[Rating Methodology for Securitisation Transactions](#)

**About the Company:**

Indiabulls Housing Finance Limited (IHFL) was incorporated in 2005 and is a housing finance company registered with National Housing Bank. During March 2013, the parent company Indiabulls Financial Services Limited merged with IHFL. The company provides mortgage loans, lease rental discounting and construction finance with a prime focus on mortgage and home finance business. As on September 30, 2017, the company had assets under management of Rs. 1,00,257 crore.

On a consolidated basis, the company reported a net profit of Rs. 2,906 crore on a total income base of Rs. 11,702 crore during FY2017 as compared with a net profit of Rs. 2,345 crore on a total income base of Rs. 9,226 crore during FY2016. The company had a net worth of Rs. 12,055 crore and a CRAR of 20.91% as on March 31, 2017.

IHFL has ratings of [ICRA]AAA(Stable) and [ICRA]A1+ outstanding for its various long-term and short-term debt programs respectively, from ICRA.

#### Key Financial Indicators

	FY2016	FY2017
Net Interest Income	3,188	3,819
Profit after tax	2,345	2,906
Loan Book	68,683	91,301
Total assets	76,370	103,638
% Tier 1	20.36%	17.25%
% CRAR	23.38%	20.91%
% Net Profit / Average total assets	3.51%	3.23%
% Return on Net Worth	27.28%	25.63%
% Net NPA	0.35%	0.36%

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:**

**Table: Rating History**

S.No	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years			
		Type	Rated amount (Rs. Crores)	Month-year & Rating	Month-year & Rating			
				November 2017	May 2017	May 2016	August 2014	March 2014*
1	Innovation Trust XX Mar-14	PTC	153.73	[ICRA]AAA (SO)	[ICRA]AAA (SO)	[ICRA]AA+ (SO)	[ICRA]AA (SO)	[ICRA]AA (SO)!

*\*Initial Ratings Assigned*

*! indicates initial ratings assigned are provisional ratings*

#### Complexity level of the rated instrument: Highly Complex

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 [www.icra.in](http://www.icra.in)

**Annexure I  
Details of Instruments**

Sl.	Trust Name	Instrument	Date of Issuance	Current Coupon Rate <sup>#</sup>	Scheduled Maturity Date	Initial Amount (Rs. crore <sup>9</sup> )	Amount O/s after Oct-17 Payout (Rs. crore)	Current Rating
1	Innovation Trust XX Mar-14	PTCs	Mar-14	7.50%	Mar-35	315.17	153.73	[ICRA]AAA(SO)

*# variable; subject to change owing to change in the benchmark rate*

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<sup>9</sup> 100 lakh = 1 crore = 10 million



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### About ICRA Limited:

**ICRA Limited** was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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