

Indiabulls Housing Finance Limited

July 27, 2018

Summary of rated instruments

Trust Name	Instrument*	Initial Amount (Rs. Crore)	Amount after previous surveillance exercise (Rs. crore)	Amount after Jun-18 payout (Rs. crore)	Rating Action
Innovation Trust XX Mar 14	PTC Series A	315.17	153.73	132.66	Ratings reaffirmed at [ICRA]AAA(SO)
Innovation Trust XXVIII Jun 2017	PTC Series A	329.96	Not Applicable	266.12	Ratings reaffirmed at [ICRA]AAA(SO)
Innovation Trust XXIX Sept 2017	PTC Series A	609.69	Not Applicable	543.29	Ratings reaffirmed at [ICRA]AAA(SO)

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the ratings for PTCs issued under three mortgage securitisation transactions originated by Indiabulls Housing Finance Limited

Rationale

The reaffirmation in the ratings is on account of moderate to high amortisation of the PTCs under each of the transactions. The amortisation has led to a healthy cover buildup of the credit enhancement over the future PTC payouts.

Pool Performance Summary

Parameter	Innovation Trust XX Mar 14	Innovation Trust XXVIII Jun 2017	Innovation Trust XXIX Sept 2017
Months post securitization	51	11	8
Pool Amortization	57.91%	19.35%	10.89%
Monthly Collection Efficiency ¹ for Mar-18	100.16%	100.35%	100.45%
Monthly Collection Efficiency for Apr-18	100.18%	99.39%	99.62%
Monthly Collection Efficiency for May-18	99.68%	100.11%	99.79%
Cumulative Collection Efficiency ²	99.98%	99.22%	99.81%
Loss cum 30+ dpd ³ (% of initial pool principal)	0.24%	1.87%	0.21%
Loss cum 90+ dpd ⁴ (% of initial pool principal)	0.00%	0.00%	0.00%

¹ (Total Current and Overdue collections for the month as a % of Total Billing for the month)

² (Cumulative Current and Overdue Collections till date)/(Cumulative Billing till date + Opening Overdues at the start of the transaction)

³ Inclusive of Unbilled and Overdue Principal portion of contracts delinquent for more than 30 days, as a % of Initial Pool Principal

⁴ Inclusive of Unbilled and Overdue Principal portion of contracts delinquent for more than 90 days, as a % of Initial Pool Principal

Parameter	Innovation Trust XX Mar 14	Innovation Trust XXVIII Jun 2017	Innovation Trust XXIX Sept 2017
Cumulative Cash Collateral Utilization (% of initial cash collateral)	0.00%	0.00%	0.00%
30+ Delinquency Rate (% of balance pool principal)	0.55%	2.25%	0.23%
90+ Delinquency Rate (% of balance pool principal)	0.00%	0.00%	0.00%
Breakeven Collection Efficiency ⁵	77.57%	80.98%	83.04%
Cumulative Prepayment rate (% of Initial Pool Principal)	42.78%	15.65%	7.99%
Cash Collateral (% of balance pool principal)	20.79%	13.02%	10.66%
Excess Interest Spread (% of balance pool principal)	16.61%	23.02%	21.38%

Key rating drivers

Credit Strengths

- High collection efficiency in the pools;
- Moderate to high amortization in the pools leading to lower uncertainty around performance of the balance pool contracts;
- High Cash Collateral (CC) cover available for the balance PTC payouts
- No cash collateral utilisation in the pool till date owing to strong collection performance and significant availability of EIS in the transaction

Description of key rating drivers highlighted above:

The performance of the pools has been good with cumulative collection efficiency above 99% till May 2018 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 transactions till date. The March 2014 pool has highly amortised (~58% after the June 2018 payouts). Thus, CC (as % of balance PTC payouts) has built up in the transaction to 20.79% (as a % of balance pool principal). The balance two pools have amortized moderately in the range of 10-20% post securitization.

Overall, the credit enhancement available for meeting balance payouts to the investors – after downward reset of cash collateral in the March 2014 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 modelling 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.

⁵ (Balance Cashflows payable to investor– Cash collateral available)/ Balance Pool Cashflows

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

Sr. No	Transaction Name	Expected Loss (% of Initial pool principal)	Prepayment
1	Innovation Trust XX Mar 14	1.0% - 3.0%	12% - 18% p.a.
2	Innovation Trust XXVIII Jun 2017	2.0% - 4.0%	12% - 18% p.a.
3	Innovation Trust XXIX Sept 2017	2.0% - 4.0%	12% - 18% p.a.

Analytical approach: The rating actions are based on the performance of the pools till May 2018 (collection month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of these pools.

Links to applicable criteria:

[Rating Methodology for Securitisation Transactions](#)

About the company:

Indiabulls Housing Finance Limited (IBHFL) 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 IBHFL. The company provides mortgage loans, lease rental discounting and construction finance with a prime focus on the mortgage and home finance business. As on March 31, 2018, the company had assets under management of Rs. 1,22,578 crores.

On a consolidated basis, the company reported a net profit of Rs. 3,847 crores on a total income base of Rs. 14,640 crores during FY2018 compared to a net profit of Rs. 2,906 crores on a total income base of Rs. 11,702 crores during FY2017. The company had a tangible net worth of Rs. 13,366 crore and a CRAR of 20.82% as on March 31, 2018.

ICRA has assigned a rating of [ICRA]AAA with 'Stable' outlook to the Non-Convertible Debenture (NCD) programme and Long term bank facilities of IBHFL in May-18.

Key financial indicators

	FY 2017	FY 2018
Net interest income*	3,819	5,103
Profit before tax	3,772	4,976
Profit after tax	2,906	3,847
Loan Assets	91,301	1,22,578
Total Assets	103,705	131,903
% Tier 1	17.29%	15.07%
% CRAR	20.97%	20.82%
Net Gearing (times)	5.7	7.0
% Net profit/Average total assets	3.23%	3.27%
% Return on net worth	25.48%	30.12%
% Gross NPAs	0.85%	0.77%

Source: Company and ICRA research; Amounts in Rs. Crore

*Net Interest Income is calculated as sum of interest income from financing activities and fixed deposit, and other operating charges less the interest expenses

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Instrument	Current Rating (FY2019)			Chronology of Rating History for the past 3 years			
	Type	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2018	Date & Rating in FY2017
				July 2018	November 2017	May 2017	May 2016

1	Innovation Trust XX Mar 14	PTC Series A	315.17	132.66	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)
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Instrument	Current Rating (FY2019)			Chronology of Rating History for the past 3 years			
	Type	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2018	Date & Rating in FY2017
				July 2018	October 2017	June 2017	-

2	Innovation Trust XXVIII Jun 2017	PTC Series A	329.96	266.12	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-
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Instrument	Current Rating (FY2019)			Chronology of Rating History for the past 3 years			
	Type	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2018	Date & Rating in FY2017
				July 2018	December 2017	September 2017	-

3	Innovation Trust XXIX Sept 2017	PTC Series A	609.69	543.29	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-
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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

Annexure-1: Instrument Details

Sl.	Trust Name	Instrument	Date of Issuance	Coupon Rate [^]	Scheduled Maturity Date [*]	Rated Amount (Rs. crore)	Current Rating
1	Innovation Trust XX Mar 14	PTC Series A	March 2014	7.50%	March 2035	132.66	[ICRA]AAA(SO)
2	Innovation Trust XXVIII Jun 2017	PTC Series A	June 2017	7.25%	January 2046	266.12	[ICRA]AAA(SO)
3	Innovation Trust XXIX Sept 2017	PTC Series A	September 2017	7.15%	April 2049	543.29	[ICRA]AAA(SO)

^{*} Scheduled maturity and average life at transaction initiation; may change on account of prepayment

[^]Coupon rate is floating and linked to investor's MCLR/Base Rate

ANALYST CONTACTS

Vibhor Mittal

+91 22 6114 3440
vibhorm@icraindia.com

Satchit Sawant

+91 22 6114 3435
satchit.sawant@icraindia.com

Abhijeet Ajinkya

+91 22 6114 3434
abhijeet.ajinkya@icraindia.com

Ayush Agarwal

+91 22 6114 3417
ayush.agarwal@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

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For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999

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