

JULY 08, 2015

CARE REAFFIRMS RATING OF DEBT INSTRUMENTS OF ICICI HOME FINANCE COMPANY LTD

Ratings

Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Fixed Deposits*	60	CARE AAA (FD) (SO) (Triple A (Fixed Deposits) (Structured Obligation))	Reaffirmed
Fixed Deposits	2,000	CARE AAA (FD) (Triple A (Fixed Deposits))	Reaffirmed
Senior Bonds*	979	CARE AAA (SO) (Triple A (Structured Obligation))	Reaffirmed
Senior Bonds	7,200	CARE AAA (Triple A)	Reaffirmed (Enhanced from Rs.5,200 crore)
Subordinated Bonds*	258	CARE AAA (SO) (Triple A (Structured Obligation))	Reaffirmed
Subordinated Bonds	500	CARE AAA (Triple A)	Reaffirmed (Enhanced from Rs.165 crore)

* backed by Letter of comfort from ICICI Bank Ltd (rated 'CARE AAA' (Triple A)).

Rating Rationale

The ratings factor in ICICI Home Finance Company Ltd's (IHFC) strong parentage (wholly owned subsidiary of ICICI Bank (IBL)), IBL's explicit support in the form of financial, operational and managerial assistance, the strategic importance of the housing finance business in IBL's broader business plans, the high degree of financial flexibility enjoyed by IHFC by virtue of being IBL's subsidiary as well as its comfortable capitalization levels. Majority ownership by IBL, continued support from IBL in addition to IHFC's ability to maintain profitability and asset quality are the key rating sensitivities.

Background

IHFC, incorporated on May 28, 1999, is a wholly owned subsidiary of IBL engaged in mortgage lending. From December 2009, IHFC stopped fresh disbursements and the entire incremental mortgage lending of the group was being undertaken in IBL. This resulted in contraction in the loan book of IHFC from Rs.11,193 crore as on March 31, 2010 to Rs.6,515 crore as on March 31, 2013 due to run down in the portfolio. IHFC re-commenced lending on its books FY12 (refers to the period April 01 to March 31) onwards and disbursed loans of Rs.2,600 crore during FY15 [FY14: Rs.1,875 crore, FY13: Rs. 1,740 crore] taking the loan book to Rs. 7,706 crore at end of FY 15. IHFC has a network of around 71 branches as on March 31, 2015 increased from 66 branches as on March 31, 2014. During FY15, IHFC reported Profit After Tax (PAT) of Rs.198 crore on a total income of Rs.990 crore as compared to a PAT of Rs.223 crore on a total income of Rs.936 crore during FY14.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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