

JULY 25, 2016

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

Ratings

Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Senior Bonds	7,200	CARE AAA (Triple A)	Reaffirmed
Subordinated Bonds	500	CARE AAA (Triple A)	Reaffirmed
Fixed Deposits	2,000	CARE AAA (FD) (Triple A (Fixed Deposits))	Reaffirmed
Senior Bonds*	979	CARE AAA (SO) (Triple A (Structured Obligation))	Reaffirmed
Subordinated Bonds*	258	CARE AAA (SO) (Triple A (Structured Obligation))	Reaffirmed
Fixed Deposits*	40	CARE AAA (FD) (SO) (Triple A (Fixed Deposits) (Structured Obligation))	Reaffirmed

* 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 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 (rated 'CARE AAA') and engaged in mortgage lending. IHFC has a Branch network of 72 branches as at March 31, 2016. There is a clear demarcation of business between IBL and IHFC wherein IBL targets identified 120 locations (mainly Tier I cities) across the country and IHFC operates at all other locations across India apart from the locations targeted by IBL. It is reported in media of stake sale by IBL in IHFC. However, IBL has replied in media that IBL has not yet finalised any sale of its stake in IHFC.

During FY16 (refer to the period April 01 to March 31), IHFC reported Profit After Tax (PAT) of Rs.180 crore on a total income of Rs.1,071 crore as compared with a PAT of Rs.198 crore on a total income of Rs.990 crore during FY15. Of the total portfolio outstanding for FY16, the individual housing loans accounted for 50.5%, LAP accounted for 25.8% and CRF for 20.5%.

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

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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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