

MARCH 17, 2016

CARE REAFFIRMS RATING TO THE NCD ISSUE OF INDIABULLS COMMERCIAL CREDIT LIMITED (ERSTWHILE INDIABULLS INFRASTRUCTURE CREDIT LIMITED)

Ratings

Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Non Convertible Debenture	500	CARE AA+ (Double A Plus)	Reaffirmed
Total	500 (Rupees Five hundred crore only)		

Rating Rationale

The rating factors in the support that ICCL derives from its parent, Indiabulls Housing Finance Ltd. (IBHFL) and enjoys strong operational and business linkages. The rating is further supported by ICCL's adequate capital adequacy position and comfortable liquidity position. The rating is however constrained by ICCL's limited track record and small size of operations. Continued support from parent, asset quality, profitability and capitalisation are the key rating sensitivities.

Background

Incorporated in 2006, Indiabulls Commercial Credit Ltd. (ICCL, NBFC-ND-SI) (Formerly known as Indiabulls Infrastructure Credit Ltd.) is a wholly-owned subsidiary of IBHFL (rated 'CARE AAA'). ICCL has mainly its non-housing loan portfolio like LAP and CV financing. During FY16 (refers to the period April 1 to March 31), the Board of Directors of Indiabulls Finance Company Private Limited (IFCPL – 100% subsidiary of IBHFL) and ICCL have approved, the merger of IFCPL, on an ongoing basis, into ICCL. The merger is subject to approvals from regulatory authorities including Reserve Bank of India, shareholders, creditors and High Court of Delhi.

During FY15 (refers to the period April 1 to March 31), ICCL reported a profit of Rs.26.3 crore on total income of Rs.189.6 crore as against PAT of Rs.24.5 crore on total income of Rs.174.1 crore during FY14. As on March 31, 2015, ICCL's AUM was Rs.1,651 crore. In 9MFY16, ICCL reported PAT of Rs.19.7 crore on total income of Rs.176.6 crore. As on December 31, 2015, ICCL's AUM was Rs.1,363 crore.

IBHFL is registered with National Housing Bank (NHB) and is engaged in the business of mortgage finance (home loans and loan against property) and corporate mortgage loans (lease rental discounting and residential construction finance). In March 2013, the parent company Indiabulls Financial Services Ltd (IBFSL) reverse merged with its 100% subsidiary, IBHFL, with a share swap ratio of 1:1. IBHFL on a consolidated basis has a presence in mortgage finance (Home loan and Loan against property) (76% of consolidated assets under management [AUM] of Rs.52,235 crore as on March 31, 2015), corporate mortgage loans (22% of AUM) and commercial vehicle financing (2% of AUM). IBHFL has a presence at 220 locations spread across 20 states and union territories of India as on March 31, 2015. Mr. Sameer Gehlaut is the Founder Chairman and Executive Director and is supported by Mr. Gagan Banga, Vice Chairman and MD.

During FY15 (refers to the period April 1 to March 31), IBHFL reported a profit of Rs.1,901 crore on total income of Rs.7270 crore. The total AUM was Rs.52,235 crore with Rs.46,040 crore being on-balance sheet portfolio. The total capital adequacy stood at 18.36% with Tier-I CAR at 15.25%.

The PAT for 9MFY16 was Rs.1,669 crore on an income of Rs.6,578 crore. The AUM stood at Rs.62,265 crore as on December 31, 2015.

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****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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