

January 27, 2016

CARE ASSIGNS 'CARE BB+' RATING TO THE PROPOSED LONG-TERM BANK FACILITIES OF INDIA HOME LOAN LIMITED

Ratings

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Proposed Long-term Bank Facilities	15	CARE BB+ (Double B Plus)	Assigned
Total	15 (Rupees Fifteen crore only)		

Rating Rationale

The rating assigned to the bank facilities of India Home Loan Ltd (IHLL) factors in small size of operations, geographical concentration, moderate asset quality, low portfolio seasoning under new management, average profitability, limited track record of the promoters in running housing finance company and evolving operational system. Comfortable capital adequacy and current low gearing levels are strengths. Growth in business, profitability, capitalization and asset quality are the key rating sensitivities.

Background

IHLL was originally incorporated as 'Manoj Housing Finance Co. Ltd.' in 1990. New management under the leadership of Mr. Mahesh Pujara (having vast experience in the equity capital markets and real estate business over the last 25 years) took over the business of the loss making company in FY09 (refers to the period April 01 to March 31) and renamed the company as 'India Home Loan Limited'. The new management has also regularly infused equity capital in the company. IHLL operates through its head office in Mumbai and a branch in Ahmedabad and is targeting the affordable housing loan markets in Tier II cities mainly in the states of Gujarat and Maharashtra. The company's home loan customers are spread in an around Ahmedabad, Mumbai, Jalgaon and Baroda. The company also provides loan against property (LAP) & builder/developer loans.

In FY15, the company booked an overall PAT of Rs.0.58 crore on total income of Rs.2.46 crore as against PAT of Rs.0.60 crore on total income of Rs.2.03 crore in FY14. As the company is largely funded through equity, its Capital Adequacy Ratio (CAR) stood at 110.7% as on March 31, 2015. As on September 30, 2015, Company's net worth and outstanding loan portfolio stood at Rs.18.1 crore and Rs.25.6 crore, respectively. In H1FY16, company reported PAT of Rs.0.49 crore as against PAT of Rs.0.3 crore in H1FY15 registering year-on-year growth of 63%. As on September 30, 2015, the company's Gross & Net NPA ratio stood at 2.66% & 1.09% respectively.

Analyst Contact

Name: Mr. Anuj Jain
 Tel: 022-67543451
 Cell: + 91-9892209428
 Email: anuj.jain@careratings.com

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

¹Complete definitions of the ratings assigned are available at www.careratings.com and in 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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, PashupatiAkshatHeights, Plot No. D-91,
Madho Singh Road, NearCollectorateCircle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 7665596136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, SenapatiBapat Road,
ShivajiNagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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