

## RATING RATIONALE

18 Sept 2019

### Reliance Home Finance Limited

**Brickwork Ratings downgrades the ratings for various debt instruments of Reliance Home Finance Limited and removes the ratings from Credit Watch with Negative Implications. Brickwork Ratings also reduces the rated amount and withdraws the rating of NCDs which are redeemed at the request of the company.**

#### Particulars:

Instrument**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (April 2019)	Present
Unsecured Upper Tier II NCDs	100.00	0.00	Long Term	BWR C Credit Watch with Negative Implications	BWR D 'Downgraded and removed from Credit Watch with Negative Implications'
Unsecured Upper Tier II NCDs (Public Issue)	500.00	435.71			
Secured NCDs (Public Issue)	3000.00	2618.27			
Secured NCDs	4300.00	3000.00			
Secured NCDs with detachable warrants	2000.0	0.00			
Unsecured Subordinated NCDs	400.00	400.00			
Market Linked Debentures (PP-MLD)	100.00	100.00	Long Term	BWR PP MLD C Credit Watch with Negative Implications	BWR PP MLD D 'Downgraded and removed from Credit Watch with Negative Implications'
Commercial Paper	3000.00	700.00	Short Term	BWR A4	BWR D 'Downgraded'
<b>Total</b>	<b>13400</b>	<b>7253.98 #</b>	<b>INR Seven Thousand Two Hundred Fifty Three Crores Ninety Eight Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* ISIN-wise Details of NCDs/PP MLD/Commercial Paper is provided in Annexure I

# Brickwork Ratings has withdrawn the rating of Secured NCDs of Rs 110 Crs which are redeemed, at the request of the company, confirmation from the debenture trustee and payment confirmation given to exchanges (Details of ISINs redeemed are available in Annexure II). Brickwork Ratings has also reduced the rated amount and withdrawn the rating for unutilised portion of debt instruments, at the request of the company.

## **RATING ACTION / OUTLOOK**

The rating of Reliance Home Finance Limited (RHFL) is downgraded on account of default in timely repayment of Commercial Paper of Rs 360 Crs (ISIN- INE217K14DN1) which was due on 16 Sep 2019. The company has further informed that the lending banks of RHFL have entered into an Inter-Creditor Agreement (ICA) to arrive at a debt resolution plan in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. The company has been directed by the lenders led by the lead lender to keep servicing interest obligation across all lenders. Debt servicing towards principal repayment irrespective of the type of facility to be made on parity.

## **KEY RATING DRIVERS**

### **Credit Risks**

**Default in servicing of repayment obligations:** The company has defaulted in timely repayment of Commercial Paper of Rs 360 Crs which was due on 16 Sep 2019. The company has informed us on 17 Sep 2019 that the lending banks of RHFL have entered into an Inter-Creditor Agreement (ICA) to arrive at a debt resolution plan in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets.

## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has evaluated the risk profile of RHFL on a standalone basis. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

## **RATING SENSITIVITIES**

**Positive:** The rating may be upgraded if the company is able to raise funds from diversified sources, timely service the repayment obligations, build-up liquidity, restart fresh disbursements, maintain asset quality, profitability and healthy capitalisation.

## **LIQUIDITY POSITION: POOR**

The company's financial flexibility has deteriorated significantly and the company is unable to raise funds through diversified resources and timely service its repayment obligations. The company's lending banks have entered into an ICA to arrive at a debt resolution plan.

## COMPANY PROFILE

Reliance Home Finance Limited (RHFL) is a subsidiary of Reliance Capital Limited (Rcap). RHFL was incorporated on June 5, 2008. The company is registered with the National Housing Bank as a Housing Finance Company. RHFL provides home loans, including affordable housing loans, loans against property and construction finance loans. The company has a wide distribution network of 46 branches catering to more than 120 locations, through a 'hub and spoke' model, across the country, serving ~ 36,100 clients. The company is listed on BSE and NSE.

## KEY FINANCIAL INDICATORS

Key Financial Indicators (As per Ind AS)	Unit	FY18 Audited	FY19 Audited
Total Income from Operations	(in ₹ Cr)	1683.34	2002.59
Total Income (Net of interest expenses)	(in ₹ Cr)	622.05	680.36
Net Profit / loss	(in ₹ Cr)	166.93	66.92
Net Worth	(in ₹ Cr)	1824.51	1842.00
Gearing	Times	7.20	8.52
AUM	(in ₹ Cr)	16379.00	18868.00

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA**

## RATING HISTORY

Facility	Amt Rs Crs	Current Rating (Sep 2019)	Rating History				
			29 April 19	19 April 19	15 Feb 19	19 Oct 17, 22 Dec 17 14 Nov 18	4 July 16, 8 Nov 16, 10 Nov 16, 1 Dec 16
Secured NCD	0.00	Rating Withdrawn	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/ Stable	BWR AA+/ Stable (assigned on 14 Nov 18)	NA
PP MLD	100	BWR PP MLD D	BWR PP MLD C Credit Watch with Negative Implications	BWR PP MLD A+ Credit Watch with Negative Implications	BWR PP MLD AA/ Stable	BWR PP MLD AA+/ Stable (assigned on 22 Dec 17)	NA
Secured NCD	0.00	Rating Withdrawn	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/ Stable	BWR AA+/ Stable (assigned on 22 Dec 17)	NA
Secured NCD	1000	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/ Stable	BWR AA+/ Stable (assigned on 19 Oct 17)	NA
Commercial Paper	700 (Reduced from 3000)	BWR D	BWR A4	BWR A1+	BWR A1+	BWR A1+ (assigned on 19 Oct 17)	NA
Unsecured Subordinated Tier II NCDs	0.00	Rating Withdrawn	BWR C Credit Watch with Negative Implications	BWR A Credit Watch with Negative Implications	BWR AA-/ Stable	BWR AA/ Stable	BWR AA/ Stable (assigned on 1 Dec 16)
Unsecured Subordinated Tier II NCDs (Public Issue)	435.71 (Reduced from 500)	BWR D	BWR C Credit Watch with Negative Implications	BWR A Credit Watch with Negative Implications	BWR AA-/ Stable	BWR AA/ Stable	BWR AA/ Stable (assigned on 10 Nov 16)
Secured NCDs (Public Issue)	2618.27 (Reduced from 3000)	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/ Stable	BWR AA+/ Stable	BWR AA+/ Stable (assigned on 10 Nov 16)
Secured NCDs	1000	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/ Stable	BWR AA+/ Stable	BWR AA+/ Stable (assigned on 8 Nov 16)

Secured NCDs	1000	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/Stable	BWR AA+/Stable	BWR AA+/Stable
Unsecured Subordinated Tier II NCDs	400	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA/Stable	BWR AA+/Stable	BWR AA+/Stable
<b>Total</b>	<b>7253.98</b>	<b>INR Seven Thousand Two Hundred Fifty Three Crores Ninety Eight Lakhs Only</b>					

# Brickwork Ratings has withdrawn the rating of Secured NCDs of Rs 110 Crs which are redeemed, at the request of the company, confirmation from the debenture trustee and payment confirmation given to exchanges (Details of ISINs redeemed are available in Annexure II). Brickwork Ratings has also reduced the rated amount and withdrawn the rating for unutilised portion of debt instruments, at the request of the company.

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)
- [Commercial Paper](#)
- [Default Recognition and Default Curing Period](#)

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## Reliance Home Finance Limited

### ANNEXURE I

#### ISIN Details of Secured NCDs

Instrument	ISIN	Issue Date	Maturity Date	Rate	Amount o/s as on 31.08.2019 (Rs. in Crs)
Secured NCDs	INE217K07034	11-12-2012	11-12-2022	10.00%	1.00
Secured NCDs	INE217K07117	27-04-2013	27-04-2025	9.48%	1.00
Secured NCDs	INE217K07208	05-07-2013	05-07-2023	9.35%	25.00
Secured NCDs	INE217K07208	05-07-2013	05-07-2023	9.35%	5.00
Secured NCDs	INE217K07216	26-07-2013	26-07-2023	9.52%	15.00
Secured NCDs	INE217K07240	25-03-2014	28-03-2024	9.90%	1.70
Secured NCDs	INE217K07257	15-05-2014	15-05-2024	9.80%	15.00
Secured NCDs	INE217K07281	16-10-2014	16-10-2019	9.75%	10.00
Secured NCDs	INE217K07315	26-03-2015	26-03-2020	9.05%	15.00
Secured NCDs	INE217K07323	27-03-2015	25-03-2022	9.15%	20.00
Secured NCDs	INE217K07430	22-09-2015	22-09-2025	9.15%	15.00
Secured NCDs	INE217K07497	27-10-2015	28-10-2022	8.82%	20.00
Secured NCDs	INE217K07521	15-12-2015	15-12-2020	8.80%	25.00
Secured NCDs	INE217K07646	08-03-2016	08-03-2021	9.00%	1.00
Secured NCDs	INE217K07646	08-03-2016	08-03-2021	9.00%	27.00
Secured NCDs	INE217K07646	08-03-2016	08-03-2021	9.00%	1.00
Secured NCDs	INE217K07646	08-03-2016	08-03-2021	9.00%	1.00
Secured NCDs	INE217K07646	08-03-2016	08-03-2021	9.00%	20.00
Secured NCDs	INE217K07661	16-03-2016	16-03-2021	9.00%	10.00
Secured NCDs	INE217K07737	11-04-2016	11-04-2023	8.83%	40.00
Secured NCDs	INE217K07752	21-04-2016	26-04-2023	8.81%	25.00
Secured NCDs	INE217K07778	05-05-2016	05-05-2023	8.81%	10.00
Secured NCDs	INE217K07778	05-05-2016	05-05-2023	8.81%	5.00
Secured NCDs	INE217K07786	18-05-2016	16-05-2025	8.95%	25.00
Secured NCDs	INE217K07836	24-06-2016	23-06-2023	8.81%	20.00
Secured NCDs	INE217K07836	24-06-2016	23-06-2023	8.81%	10.00
Secured NCDs	INE217K07828	24-06-2016	24-06-2021	8.81%	25.00
Secured NCDs	INE217K07877	21-07-2016	22-07-2021	8.90%	50.00
Secured NCDs	INE217K07919	03-10-2016	03-10-2019	8.35%	30.00
Secured NCDs	INE217K07927	04-10-2016	04-10-2023	8.80%	10.00
Secured NCDs	INE217K07943	17-10-2016	17-10-2019	8.35%	25.00
Secured NCDs	INE217K07950	26-10-2016	26-10-2021	8.75%	20.00

Secured NCDs	INE217K07968	27-10-2016	27-10-2023	8.85%	20.00
Secured NCDs	INE217K07AI1	23-03-2017	25-05-2020	8.64%	100.00
Secured NCDs	INE217K07AJ9	30-03-2017	29-05-2020	0.00%	100.00
Secured NCDs	INE217K07AR2	08-05-2017	07-05-2027	8.50%	20.00
Secured NCDs	INE217K07AS0	09-05-2017	08-05-2020	8.25%	20.00
Secured NCDs	INE217K07AU6	30-08-2017	30-08-2024	8.65%	25.00
Secured NCDs	INE217K07AV4	06-10-2017	15-09-2020	0.00%	15.00
Secured NCDs	INE217K07AV4	06-10-2017	15-09-2020	0.00%	4.20
Secured NCDs	INE217K07AV4	06-10-2017	15-09-2020	0.00%	0.80
Secured NCDs	INE217K07AW2	13-10-2017	11-10-2024	8.88%	500.00
Secured NCDs	INE217K07AX0	13-10-2017	13-10-2027	8.98%	500.00
Secured NCDs	INE217K07AZ5	28-12-2017	06-04-2021	0.00%	25.00
Secured NCDs	INE217K07BC2	09-02-2018	15-04-2021	0.00%	14.00
Secured NCDs	INE217K07BE8	09-03-2018	09-03-2028	8.93%	800.00
<b>Total</b>					<b>2667.70</b>

### ISIN Details of Subordinated Tier II NCDs

<b>Instrument</b>	<b>ISIN</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Amount o/s as on 30.06.2019 (Rs. in Crs)</b>
Subordinated Tier II NCD	INE217K08016	14-09-2012	18-09-2022	10.60%	1.00
Subordinated Tier II NCD	INE217K08016	15-09-2012	18-09-2022	10.60%	5.00
Subordinated Tier II NCD	INE217K08024	21-09-2012	21-09-2022	10.40%	15.00
Subordinated Tier II NCD	INE217K08032	24-09-2012	24-09-2022	10.40%	15.00
Subordinated Tier II NCD	INE217K08032	24-09-2012	24-09-2022	10.40%	5.00
Subordinated Tier II NCD	INE217K08040	27-09-2012	18-09-2022	10.60%	2.00
Subordinated Tier II NCD	INE217K08057	04-10-2012	04-10-2022	10.40%	15.00
Subordinated Tier II NCD	INE217K08065	10-10-2012	10-10-2022	10.33%	20.00
Subordinated Tier II NCD	INE217K08065	10-10-2012	10-10-2022	10.33%	10.00
Subordinated Tier II NCD	INE217K08073	18-10-2012	18-10-2022	10.33%	10.00
Subordinated Tier II NCD	INE217K08081	21-11-2012	26-11-2022	10.33%	5.00
Subordinated Tier II NCD	INE217K08107	07-02-2013	07-02-2023	10.00%	1.00
Subordinated Tier II NCD	INE217K08107	07-02-2013	07-02-2023	10.00%	14.00
Subordinated Tier II NCD	INE217K08123	29-05-2013	29-05-2023	9.50%	25.00
Subordinated Tier II NCD	INE217K08131	09-06-2015	09-06-2025	9.50%	10.00
Subordinated Tier II NCD	INE217K08131	09-06-2015	09-06-2025	9.50%	10.00
Subordinated Tier II NCD	INE217K08149	12-06-2015	12-06-2025	9.50%	10.00
Subordinated Tier II NCD	INE217K08156	15-06-2015	13-06-2025	9.50%	10.00

Subordinated Tier II NCD	INE217K08164	29-06-2015	29-06-2025	9.50%	10.00
Subordinated Tier II NCD	INE217K08172	01-07-2015	01-07-2025	9.50%	10.00
Subordinated Tier II NCD	INE217K08180	03-07-2015	03-07-2025	9.25%	20.00
Subordinated Tier II NCD	INE217K08198	21-08-2015	21-08-2025	9.50%	10.00
Subordinated Tier II NCD	INE217K08206	24-08-2015	23-08-2025	9.25%	7.00
Subordinated Tier II NCD	INE217K08214	16-09-2015	15-09-2022	9.45%	10.00
Subordinated Tier II NCD	INE217K08222	19-01-2016	21-01-2026	9.00%	15.00
Subordinated Tier II NCD	INE217K08230	10-02-2016	10-02-2026	9.00%	1.00
Subordinated Tier II NCD	INE217K08230	10-02-2016	10-02-2026	9.00%	2.00
Subordinated Tier II NCD	INE217K08248	22-11-2016	23-11-2026	8.75%	5.00
Subordinated Tier II NCD	INE217K08255	25-11-2016	25-11-2026	9.00%	50.00
Subordinated Tier II NCD	INE217K08263	07-12-2016	07-12-2026	9.00%	10.00
<b>Total</b>					<b>333.00</b>

#### ISIN Details of Market Linked Debentures (PP MLD)

Instrument	ISIN	Issue Date	Maturity Date	Amount o/s as on 30.06.2019 (Rs. in Crs)
Market Linked Debentures	INE217K07AY8	13-12-2017	13-12-2027	30.85
Market Linked Debentures	INE217K07AY8	19-01-2018	13-12-2027	8.30
Market Linked Debentures	INE217K07BB4	02-02-2018	03-02-2025	14.15
Market Linked Debentures	INE217K07BB4	06-02-2018	03-02-2025	3.25
Market Linked Debentures	INE217K07BB4	28-02-2018	03-02-2025	5.90
Market Linked Debentures	INE217K07AY8	21-03-2018	13-12-2027	3.40
Market Linked Debentures	INE217K07BG3	25-09-2018	16-08-2022	10.95
<b>Total</b>				<b>76.80</b>

#### ISIN Details of Secured NCDs (Public Issue)

Instrument	ISIN	Issue Date	Maturity Date	Rate	Amount o/s as on 30.06.2019 (Rs. in Crs)
Secured NCDs (Public Issue)	INE217K07AB6	22-12-2016	03-01-2020	8.70%	812.00
Secured NCDs (Public Issue)	INE217K07AC4	22-12-2016	03-01-2020	8.90%	1,054.64
Secured NCDs (Public Issue)	INE217K07AD2	22-12-2016	03-01-2022	8.90%	165.91
Secured NCDs (Public Issue)	INE217K07AE0	22-12-2016	03-01-2022	9.05%	333.60
Secured NCDs (Public Issue)	INE217K07AF7	22-12-2016	03-01-2027	9.00%	12.82
Secured NCDs (Public Issue)	INE217K07AG5	22-12-2016	03-01-2027	9.15%	239.30
<b>Total</b>					<b>2,618.27</b>



### ISIN Details of Unsecured Upper Tier II NCDs (Public Issue)

Instrument	ISIN	Issue Date	Maturity Date	Rate	Amount o/s as on 30.06.2019 (Rs. in Crs)
Unsecured Upper Tier II NCD (Public Issue)	INE217K08271	22-12-2016	03-01-2032	9.25%	250.03
Unsecured Upper Tier II NCD (Public Issue)	INE217K08289	22-12-2016	03-01-2032	9.40%	185.68
<b>Total</b>					<b>435.71</b>

### ISIN Details of Commercial Paper

Instrument	ISIN	Issue Date	Maturity Date	Rate	Amount o/s as on 17.08.2019 (Rs. in Crs)
Commercial Paper	INE217K14DN1	17-09-2018	16-09-2019 #	10.10%	360.00
Commercial Paper	INE217K14DY8	16-04-2019	16-12-2019	9.30%	39.00
Commercial Paper	INE217K14DZ5	16-04-2019	14-02-2020	9.30%	41.00
Commercial Paper	INE217K14EA6	16-04-2019	13-04-2020	9.30%	44.00
<b>Total</b>					<b>484.00</b>

# - Overdue

### ANNEXURE II - Details of ISINs redeemed

Instrument	ISIN	Issue Date	Maturity Date	Rate	Amount (Rs in Crs)	Date of Redemption
Secured NCDs	INE217K07265	27-06-2014	27-06-2019	9.80%	5.00	27-06-2019
Secured NCDs	INE217K07273	19-06-2014	19-06-2019	9.80%	10.00	19-06-2019
Secured NCDs	INE217K07869	20-07-2016	19-07-2019	8.81%	20.00	19-07-2019
Secured NCDs	INE217K07885	26-07-2016	26-07-2019	8.90%	25.00	26-07-2019
Secured NCDs	INE217K07893	12-08-2016	12-08-2019	8.90%	50.00	09-08-2019

### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.



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#### **DISCLAIMER**

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