

CFHRO SE CS LODR 103/2019
28/09/2019

Online submission

National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051 NSE Scrip Code: CANFINHOME	BSE Limited Corporate Relationship Department 25th Floor, P J Towers Dalal Street, Fort, Mumbai - 400 001 BSE Scrip Code: 511196
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Dear Sirs,

Sub: Intimation on Credit Rating by M/s ICRA Limited

We hereby inform that M/s ICRA Limited (ICRA) has placed the rating of Can Fin Homes Limited as under:

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank facilities - long term	11,100	14,100	[ICRA]AA+ & / Placed on Rating Watch with Developing Implications; Rated amount enhanced
Non-Convertible Debenture (NCD) Programme	7,100	7,100	[ICRA]AA+ & / Placed on Rating Watch with Developing Implications
Sub-ordinated Debt programme	300	300	[ICRA]AA+ & / Placed on Rating Watch with Developing Implications
Fixed Deposits	--	--	MAAA & / Placed on Rating Watch with Developing Implications
Bank facilities - short term	900	900	[ICRA]AA+ / Rating outstanding
Commercial paper	4500	4500	[ICRA]A1+ / Rating outstanding

Rating Rationale:


As per the Rating Rationale, ICRA has placed the ratings outstanding on the bonds programme of Canara Bank on 'Rating Watch with Developing Implications', following the announcement dated August 30, 2019 by the Government of India towards merger of 10 public sector banks (PSBs) into four entities with a proposed capital infusion into 11 banks and measures to improve the corporate, governance standards in banks. The rational report also mentions that since Canara is the principle shareholder holding about 30% stake as on 30/06/2019, entailing the management support, board level guidance and financial flexibility to the Company being an associate of Canara Bank. ICRA also takes note of Canara Bank's announcement relating to its intent to divest its entire stake in the Company.

This information is being uploaded on the website of the company <https://www.canfinhomes.com/>

This intimation is given pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

Thanking you,

Yours faithfully,
For Can Fin Homes Ltd.


Veena Kamath
Company Secretary



Confidential

Ref: ICRA: BLR: 2019-20/RT-BASEL/294

Date: September 27, 2019

Mr. Prashanth Joishy
Asst.General Manager – F & A
Can Fin Homes Limited
29/1 Sir M N Krishna Rao Road
Basavangudi
Bangalore 560 004

Dear Sir,

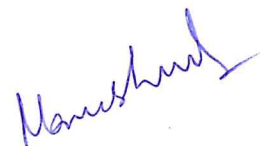
Re: ICRA- assigns Credit Rating for Rs. 15,000 crore (enhanced from Rs. 12,000 crore) Line of Credit of Can Fin Homes Limited

Please refer the Rating Agreement dated September 14, 2012 and August 20, 2018 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant. Further, please refer to your Rating Agreement dated August 23, 2019 seeking an enhancement of the captioned Line(s) of Credit (LOC) of your company from Rs.12,000 crore to Rs.15,000 crore.

Please note that the Rating Committee of ICRA, after due consideration, has placed the long-term rating of [ICRA]AA+ (pronounced ICRA double A plus) assigned earlier to the Rs.11,100 crore Line of Credit of your Company on "Rating Watch with Developing Implications" and has also assigned and placed the rating of [ICRA]AA+ (pronounced ICRA double A plus) on "Rating Watch with Developing Implications" to the additional limit for Rs.3,000 crore. ICRA also has rating outstanding of [ICRA]A1+ (pronounced ICRA A one plus) on the Rs.900.0 crore short term bank facilities of your company.

The aforesaid ratings will be due for surveillance anytime before September 22, 2020.

This rating is specific to the terms and conditions of the LOC as was indicated to us by you and any change in the terms or size of the same would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the LOC rated, as above, the same must be brought to our notice before the utilisation of the same. If there is any such change after the rating is assigned by us and confirmed for use by you, it would be subject to our review and may result in change in the rating assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first





paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

You are requested to furnish a monthly '*No Default Statement (NDS)*' (as per enclosed format) on the first working day of every month, confirming timely payment of all obligations on the above rated debt program [interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility]. This is in accordance with requirements prescribed in circular dated June 30, 2017 on '*Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)*' issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the Programme rated, as above, or any other debt instruments / borrowings. Further you are requested to forthwith inform us of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

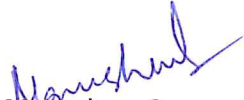
We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
for ICRA Limited


Anil Gupta
Vice President
anilg@icraindia.com


Manushree Saggar
Vice President
manushrees@icraindia.com

Encl:

Annexure- instrument details
Format of 'No Default Statement'



ICRA

Annexure

Details of Long Term Bank Lines

Name of Bank	Amount (Rs. Crore)	Rating Action	Assigned on
Canara bank Term Loan - I	1500.00	[ICRA]AA+ &; Placed on Rating Watch with Developing Implications	September 23, 2019
Canara bank Term Loan - II	500.00		
Canara bank Term loan III	500.00		
SBI OD /WCDL	1000.00		
SBI TERM LOAN-II	180.00		
SBI TERM LOAN-III	500.00		
SBI TERM LOAN-IV	1000.00		
SBI TERM LOAN-V	500.00		
SBI TERM LOAN -VI	1000.00		
HDFC OD	50.00		
HDFC TL 1	300.00		
HDFC TL 2	255.00		
HDFC TL 3	500.00		
FEDERAL BANK TL 1	250.00		
FEDERAL BANK TL 2	250.00		
FEDERAL BANK TL 3	250.00		
FEDERAL BANK TL 4	85.00		
SYNDICATE BANK	200.00		
SYNDICATE BANK	200.00		
SYNDICATE BANK	400.00		
CORPORATION BANK	250.00		
AXIS BANK	200.00		
SBI TL	1000.00		
Allahabad Bank	500.00		
Bank of India	1000.00		
Bank of Maharashtra	400.00		
Unallocated	1,330		
Total	14,100.00		

Details of Short Term Bank Lines

Name of Bank	Amount (Rs. crore)	Rating Action	Assigned on
Canara bank OD (Secured) - 147	300.0	[ICRA]A1+ / Rating Outstanding	September 23, 2019
Canara bank OD (clean) - 155	200.0		
Unallocated	400.0		
Total	900.0		



ICRA

'No Default Statement on the Company Letter Head'

To
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

Can Fin Homes Limited

Sep **, 2019

Can Fin Homes Limited: Ratings placed on Watch with Developing Implications; rated amount enhanced

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank facilities – long term	11,100.00	14,100.00	[ICRA]AA+ & / Placed on Rating Watch with Developing Implications; Rated amount enhanced
Non-Convertible Debenture (NCD) Programme	7,100.00	7,100.00	[ICRA]AA+ & / Placed on Rating Watch with Developing Implications
Bank facilities – short term	900.00	900.00	[ICRA]A1+ / Rating outstanding
Sub-ordinated Debt programme	300.00	300.00	[ICRA]AA+ & / Placed on Rating Watch with Developing Implications
Commercial Paper	4,500.00	4,500.00	[ICRA]A1+ / Rating outstanding
Fixed Deposits	-	-	MAAA & / Placed on Rating Watch with Developing Implications
Total	23,900.00	26,900.00	

& Rating placed on Watch with Developing Implications

Rationale

Following the announcement dated August 30, 2019 by the Government of India towards merger of 10 public sector banks (PSBs) into four entities with a proposed capital infusion of Rs. 59,807 crore into 11 banks¹ and measures to improve the corporate, governance standards in banks, ICRA has placed the ratings outstanding on the bonds programme of Canara Bank² on Rating Watch with Developing Implications. Canara Bank is the principal shareholder holding about 30% stake in Can Fin Homes Limited (CFHL) as on June 30, 2019; entailing management support, board level guidance and financial flexibility to CFHL being an associate of Canara Bank. ICRA also takes note of Canara Bank's announcement relating to its intent to divest its entire stake in CFHL and initiation of process towards the same by way of inviting expression of interest. ICRA will continue to monitor the developments in this regard and the impact of the same on the eventual credit profile of CFHL and take suitable rating actions accordingly.

Key rating drivers and their description - NA

For the previous rationale of Can Fin Homes Limited dated May 2019 – [Please click here](#)

Liquidity Position: Adequate

The company has an adverse ALM profile given the long term nature of the asset class with tenure of home loans ranging from 12-20 years and relatively short term borrowings creating negative mismatches. As on June 30, 2019, the company's

¹ Gol subsequently announced a capital infusion of Rs. 4,557 crore in IDBI Bank Limited ((rated [ICRA]A(Negative) for Tier II bonds)

² [Rating rationale on Canara Bank dated September 19, 2019](#)

cumulative mismatches in the <1 year bucket was -21.2% (excluding unutilized lines and future interest on advances and borrowings) of its total assets. However, ICRA draws comfort from CFHPL’s unutilized sanctions to the extent of Rs.3,450.0 crore as on September 18, 2019 which supports its liquidity profile against repayment obligations over the next three months are in the range of Rs.1,890.0 crore (over and above expected inflows from advances of Rs.283 crore in Q3 FY2020. CFHL’s established relationships with diverse base of lenders and expected support from principal shareholder Canara Bank provides liquidity cushion.

Rating Sensitivities

Positive Triggers: ICRA could upgrade CFHL’s rating in the event of a material and favourable shareholding change or steady business scale up while reporting improvement in capitalization profile and maintaining good asset quality with GNPA <1% which is sustained over the longer term.

Negative Triggers: ICRA could downgrade the ratings in case of significant deterioration in asset quality, capitalization levels increasing beyond 11x or weakening of its liquidity profile or deterioration in the credit profile of Canara Bank or material unfavourable shareholding change.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA’s Credit Rating Methodology for Housing Finance Companies
Parent/Group Support	The rating factors ICRA’s expectations that Canara Bank (rated [ICRA]AA+ (hyb) (Stable) / [ICRA]AA- (hyb) (Stable) / [ICRA]A1+) would be willing to extend support to CFHL, should there be a need, given its importance and also the shared common name.
Consolidation / Standalone	Rating is based on standalone financial statements of the company.

About the company:

Can Fin Homes Limited (CFHL) – promoted by Canara Bank, HDFC Limited and UTI in 1987 – is a deposit taking housing finance company registered with National Housing Bank. Headquartered in Bangalore, the company has presence in 21 states and union territories. CFHL mainly focuses on housing loans to individuals which accounted for about 89.4% of its portfolio as on June 30, 2019. CFHL operates through a nation-wide network of around 154 branches, 21 affordable housing loan centres and 14 satellite offices as on June 30, 2019. CFHL’s portfolio stood at Rs.19,003 crore as on June 30, 2019 of which sizeable share is sourced from the Southern region – mainly Karnataka. The company primarily operates in the affordable housing category with the average ticket size of the loans being at around Rs.18.0 lakh. CFHL’s employee base stood at about 792 as on March 31, 2019. Canara Bank held 30.0% equity stake in the company as on June 30, 2019.

During FY2019, CFHL reported net profit of Rs.296.7 crore on advances of Rs.18,381 crore as against net profit of Rs.286.2 crore on advances of Rs.15,644 crore in FY2018 (as per IndAS). For Q1 FY2020, the company reported net profit of Rs.81.0 crore on advances of Rs.19,003 crore (as per IndAS).

Key Financial Indicators

Fiscal	FY 2017	FY 2018 (iGAAP)	FY2018 (IndAS)	FY2019 (IndAS)
Total Income (Rs. Crore)	1,353.1	1,547.1	1,522.0	1,731.4
Profit after Tax (Rs. Crore)	235.3	301.8	286.2	296.7
Net worth (Rs. Crore)	1,076.3	1,346.5	1,487.0	1,782.2
Total Managed Portfolio (Rs. Crore)	13,313.1	15,743.0	15,644.0	18,284.5
Total Managed Assets (Rs. Crore)	13,378.5	15,801.0	15,729.5	18,779.8
Return on Managed Assets (%)	1.9%	2.1%	2.0%	1.7%
Return on Net worth (%)	24.1%	24.9%	22.3%	18.2%
Gearing (times)	11.2	10.5	9.5	9.5
Gross NPA (%)	0.2%	0.4%	0.4%	0.6%
Net NPA (%)	0.0%	0.2%	0.2%	0.4%
Capital Adequacy Ratio (%)	18.5%	19.1%	19.1%	19.6%

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2020)				Chronology of Rating History for the past 3 years					
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating		FY2019	FY2018	FY2017		
					Sep 2019	May 2019	Oct 2018	Oct 2017	Feb 2017	Sep 2016	Jul 2016
1	Bank lines – LT	LT	11,100.00	14,100.00	[ICRA]AA+ &	[ICRA]AA+ (Stable)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)
2	Sub-debt	LT	300.00	100.00	[ICRA]AA+ &	[ICRA]AA+ (Stable)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)
3	NCD	LT	7,100.00	4,002.00	[ICRA]AA+ &	[ICRA]AA+ (Stable)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)
4	Bank lines – ST	ST	900.00	900.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Commercial Papers	ST	4,500.00	4,500.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
6	Fixed Deposits	MT	-	-	MAAA &	MAAA (Stable)	MAAA (Negative)	MAAA (Negative)	MAAA (Negative)	MAAA (Negative)	MAAA (Negative)

& Placed on Rating Watch with Developing Implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Bank Facilities	Fund Based	-	-	-	1,708.00	[ICRA]AA+ &
Bank Facilities	Unallocated	-	-	-	12,392.00	[ICRA]AA+ &
Bank Facilities	Short Term	-	-	-	900.00	[ICRA]A1+
INE477A07100	NCD	10-09-2015	8.69%	10-09-2020	100.00	[ICRA]AA+ &
INE477A07126	NCD	30-10-2015	8.41%	30-01-2019	150.00	[ICRA]AA+ &
INE477A07134	NCD	24-11-2015	8.45%	22-02-2019	100.00	[ICRA]AA+ &
INE477A07142	NCD	22-12-2015	8.55%	22-03-2019	100.00	[ICRA]AA+ &
INE477A07159	NCD	07-01-2016	8.60%	06-04-2019	125.00	[ICRA]AA+ &
INE477A07167	NCD	17-02-2016	8.85%	17-05-2019	165.00	[ICRA]AA+ &
INE477A07175	NCD	22-04-2016	8.37%	22-03-2019	300.00	[ICRA]AA+ &
INE477A07183	NCD	27-05-2016	8.55%	27-08-2019	100.00	[ICRA]AA+ &
INE477A07191	NCD	16-09-2016	7.85%	16-12-2019	300.00	[ICRA]AA+ &
INE477A07209	NCD	24-10-2016	7.73%	24-01-2020	440.00	[ICRA]AA+ &
INE477A07217	NCD	15-11-2016	7.77%	15-11-2021	122.00	[ICRA]AA+ &
INE477A07225	NCD	12-01-2017	7.57%	12-04-2020	400.00	[ICRA]AA+ &
INE477A07233	NCD	27-02-2017	7.68%	27-05-2020	200.00	[ICRA]AA+ &
INE477A07241	NCD	18-05-2017	7.89%	18-05-2022	600.00	[ICRA]AA+ &
INE477A07258	NCD	26-07-2017	7.32%	26-10-2020	400.00	[ICRA]AA+ &
INE477A07266	NCD	17-10-2017	7.44%	17-01-2021	200.00	[ICRA]AA+ &
INE477A07274	NCD	29-11-2017	7.64%	28-02-2021	200.00	[ICRA]AA+ &
Unallocated	NCD	-	-	-	3,098.00	[ICRA]AA+ &
INE477A08025	Sub-debt	12-03-2014	8.94%	12-03-2024	100.00	[ICRA]AA+ &
Unallocated	Sub-debt	-	-	-	200.00	[ICRA]AA+ &
-	Commercial Paper	-	-	7-365 days	4,500.00	[ICRA]A1+
-	Fixed deposit	-	-	-	-	MAAA &

Source: Can Fin Homes Limited

Annexure - 2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
NA	NA	NA

ANALYST CONTACTS

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+91-124-3341580 (open Monday to Friday, from 9:30 am to 6 pm)

communications@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

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