Can Fin Homes Limited

March 15, 2018

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Secured Redeemable Non-Convertible Debenture	2500*	**CARE AAA (Triple A) (Under Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Secured Redeemable Non-Convertible Debenture	2500**	**CARE AAA (Triple A) (Under Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Tier II Bonds (Subordinated Bonds)	300	**CARE AAA (Triple A) (Under Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Proposed Secured Redeemable Non-Convertible Debenture	3000#	**CARE AAA (Triple A) (Under Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Commercial Paper	4500^	**CARE A1+ (A one plus) (Under Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Total	12,800.00 (Rupees Twelve Thousand Eight hundred crore only)		

Details of instruments/facilities in Annexure-1
* Outstanding of Rs. 2062 crore and Rs. 300 crore raised and redeemed as on Feb-28, 2018
**Outstanding of Rs. 2340 crore as on Feb-28, 2018
Outstanding of Rs. 400 crore as on Feb-28, 2018
^ Rs.2584 outstanding as on Feb-16, 2018

Detailed Rationale & Key Rating Drivers

The rating of Can Fin Homes Limited (CFHL) is placed on credit watch with developing implications following the Canara Bank's proposal to offload its entire stake in CFHL. Canara Bank has conveyed to market that it has put its entire stake in CHFL on the block, and is expecting commercial bids from interested parties for their stake. CARE will take appropriate view once clarity emerges on the development including shareholding pattern, management control, operational support and financial flexibility post stake sale.

Detailed description of the key rating drivers

Divestment of entire stake in CFHL by Canara Bank: Canara Bank currently holds 30% stake in CFHL and has been looking for divesting its stake in part or full in various subsidiaries & associates including CHFL to shore up its core capital base in accordance with the directions of the Department of Financial Services, Ministry of Finance, Government of India. The bank had earlier proposed to sell 4% stake, however in a recent development informed the market of its intent to sell entire stake in CFHL. Canara Bank's strategic interest in CFHL and as a result, bank extending operational, financial and management support to CFHL was a key factor driving the ratings assigned to various instruments of CFHL. CARE will continue to monitor the development and take an appropriate view as clarity emerges on the new investor, extent of management control, financial flexibility besides the standalone credit profile of CHFL post stake sale by Canara Bank.

Analytical approach: Standalone and factoring linkages in rating

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

Applicable Criteria
[CARE's Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Financial Sector](#)
[Housing Finance Companies](#)

About the Company
Can Fin Homes Limited (CFHL) was incorporated in 1987 by Canara Bank in association with financial institutions including HDFC and UTI. CFHL is the first Bank sponsored Housing Finance Company in India with Canara Bank holding a stake of 30% as on March 31, 2017 (PY: 43.45%). During FY17, Canara bank had disinvested 13.45% equity shares of the Company. The disinvested portion of 13.45% was purchased by M/s. Caladium Investments Pte. Ltd., Singapore, an affiliate of GIC, Singapore's Sovereign Wealth Fund. The other major shareholder is Chattisgarh Investments Ltd having a stake of 10.03% as on March 31, 2017. Company is engaged in the business of providing housing finance to individuals for construction, purchase, repair and upgradation of houses. Company operates mainly in the Southern India with 88 out of the total 134 branches located in south India as on June 30, 2017. As on March 31, 2017, CHFL's advances stood at Rs.13,313 crores with 75% of the total advances from southern states. Housing loans account for major share (76% as on March 31, 2017) of CFHL's portfolio, wherein loans to salaried class form the major share. CAR stood at 18.50% as on March 31 2017 as against 20.69% as on March 31, 2016. Company reported Gross NPA ratio of 0.21% and Net NPA at nil as on March 31, 2017 as against Gross NPA ratio of 0.19% and Net NPA at nil as on March 31, 2016.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *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.*

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
NCD	6/2/2015	8.80%	6/2/2018	200	CARE AAA (Under Credit watch with Developing Implications)
NCD	28/04/2015	8.69%	28/04/2018	200	CARE AAA (Under Credit watch with Developing Implications)
NCD	28/05/2015	8.70%	28/06/2018	100	CARE AAA (Under Credit watch with Developing Implications)
NCD	7/2/2015	8.80%	7/2/2018	200	CARE AAA (Under Credit watch with Developing Implications)
NCD	8/7/2015	8.71%	8/7/2018	200	CARE AAA (Under Credit watch with Developing Implications)
NCD	10/8/2015	8.44%	10/8/2018	100	CARE AAA (Under Credit watch with Developing Implications)
NCD	30/10/2015	8.41%	30/01/2019	150	CARE AAA (Under Credit watch with Developing Implications)
NCD	24/11/2015	8.45%	22/02/2019	100	CARE AAA (Under Credit watch with Developing Implications)
NCD	22/12/2015	8.55%	22/03/2019	100	CARE AAA (Under Credit watch with Developing Implications)
NCD	07/012016	8.60%	4/6/2019	125	CARE AAA (Under Credit watch with Developing Implications)
NCD	17/02/2016	8.85%	5/19/2019	165	CARE AAA (Under Credit watch with Developing Implications)
NCD	9/10/2015	8.69%	9/10/2020	100	CARE AAA (Under Credit watch with Developing Implications)
NCD	22/04/2016	8.37%	22/03/2019	300	CARE AAA (Under Credit watch with Developing Implications)
NCD	27/05/2016	8.55%	27/08/2019	100	CARE AAA (Under Credit watch with Developing Implications)
NCD	16/09/2016	7.85%	16/12/2019	300	CARE AAA (Under Credit watch with Developing Implications)
NCD	24/10/2016	7.73%	24/01/2020	440	CARE AAA (Under Credit watch with Developing Implications)
NCD	15/11/2016	7.77%	15/11/2021	122	CARE AAA (Under Credit watch with Developing Implications)
NCD	1/12/2017	7.57%	4/12/2020	400	CARE AAA (Under Credit watch with Developing Implications)
NCD	2/27/2017	7.68%	5/27/2020	200	CARE AAA (Under Credit watch with Developing Implications)
NCD	5/18/2017	7.89%	5/18/2022	600	CARE AAA (Under Credit watch with Developing Implications)
NCD	7/26/2017	7.32%	10/26/2020	400	CARE AAA (Under Credit watch with Developing Implications)
NCD- Proposed	-	-	-	298	CARE AAA (Under Credit watch with Developing Implications)
NCD- Proposed	-	-	-	3000	CARE AAA (Under Credit watch with Developing Implications)
Subordinated debt	3/12/2014	8.94%	3/12/2024	100	CARE AAA (Under Credit watch with Developing Implications)
Subordinated Debt	-	-	-	200	CARE AAA (Under Credit watch with Developing Implications)
Commercial Paper	-	-	-	4500	CARE A1+ (Under Credit watch with Developing Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (05-Oct-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)	1)CARE AAA (13-Oct-15)	1)CARE AAA (15-Oct-14)
2.	Bonds-Tier II Bonds	LT	300.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (05-Oct-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)	1)CARE AAA (13-Oct-15)	1)CARE AAA (15-Oct-14)
3.	Debentures-Non Convertible Debentures	LT	2500.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (05-Oct-17) 2)CARE AAA; Stable (27-Jul-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)	1)CARE AAA (13-Oct-15)	1)CARE AAA (15-Oct-14)
4.	Debentures-Non Convertible Debentures	LT	2500.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (05-Oct-17) 2)CARE AAA; Stable (27-Jul-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)	-	-
5.	Debentures-Non Convertible Debentures	LT	3000.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (05-Oct-17)	-	-	-
6.	Commercial Paper	ST	4500.00	CARE A1+ (Under Credit watch with Developing Implications)	1)CARE A1+ (05-Oct-17)	-	-	-

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CIN - L67190MH1993PLC071691