Can Fin Homes Limited

September 11, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Secured Redeemable Non-Convertible Debenture	2500.00@	**CARE AAA; (Triple A) (Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Secured Redeemable Non-Convertible Debenture	2500.00@	**CARE AAA; (Triple A) (Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Tier II Bonds (Subordinated Bonds)	300.00$	**CARE AAA; (Triple A) (Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Secured Redeemable Non-Convertible Debenture	3000.00@	**CARE AAA; (Triple A) (Credit watch with developing implications)**	**Placed on credit watch with developing implications**
Commercial Paper	4500.00#	**CARE A1+ (A One Plus) (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
@ Rs.3060 crore is outstanding as on June 30, 2019
$ Rs.100 crore outstanding as on June 30, 2019
#Rs.2575 crore outstanding as on June 30, 2019

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers
Canara Bank, parent of Can Fin Homes Limited (CFHL), in its exchange filing has stated that it has invited for bid seeking expression of interest of bidders/investors through duly appointed Merchant Bankers to purchase entire stake held by the bank 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 stake sale progress including the credit profile of new investor, extent of management control, operational support and financial flexibility besides the standalone credit profile of CHFL post stake sale by Canara Bank.
Further, in another filing by Canara Bank, it has stated that it has received communication from Ministry of Finance, GOI to consider amalgamation of Syndicate Bank into Canara Bank. CARE will monitor the development given the number of approvals required and challenges to be encountered in successfully integrating the operations of the merged entity. Any impact on credit profile of Canara Bank post amalgamation is likely to have impact on ratings of CFHL.
In view of the above developments, CARE has placed the ratings of CFHL under credit watch with developing implication and will take appropriate action once the clarity emerges on above events.
The detailed press release on Can Fin Homes Limited is available here: click here
Detailed rating rationale is available on www.careratings.com

Analytical approach: Standalone along with Canara Bank's managerial, operational and financial support is considered.

Applicable Criteria
CARE's Criteria on assigning Outlook to Credit Ratings
Criteria for Short-term Instruments
CARE's Policy on Default Recognition
Financial Sector Ratios
Sector Methodology- Housing Finance Companies
Factoring Linkages in Ratings

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

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 29.99% as on June 30, 2019. 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 104 out of 175 the total branches located in south India as on June 30, 2019. As on June 30, 2019, CHFL's advances stood at Rs.19,003 crore with 71% of the total advances from southern states. Housing loans account for major share (around 89.5% as on June 30, 2019) of CFHL's portfolio, and overall loans to salaried class form the major share of around 71.1% as on June 30, 2019.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	1522	1731
PAT	286	297
Interest coverage (times)	1.53	1.43
Total Assets	15,707	18,755
Net NPA (%)	0.20	0.43
ROTA (%)	1.97	1.72

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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
Bonds-Tier II Bonds	December 03, 2014	8.94%	Decemeber 03, 2024	300.00	CARE AAA (Under Credit watch with Developing Implications)
Debentures-Non Convertible Debentures	November 15, 2016	7.77%	November 11, 2021	2500.00	CARE AAA (Under Credit watch with Developing Implications)
Debentures-Non Convertible Debentures	July 26, 2017	7.32%	October 26, 2022	2500.00	CARE AAA (Under Credit watch with Developing Implications)
Debentures-Non Convertible Debentures	November 29, 2017	7.64%	February 28, 2021	3000.00	CARE AAA (Under Credit watch with Developing Implications)
Commercial Paper	January 01, 1753	-	-	4500.00	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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (05-Oct-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)
2.	Bonds-Tier II Bonds	LT	300.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (30-Aug-19)	1)CARE AAA; Stable (01-Oct-18)	1)CARE AAA (Under Credit watch with Developing Implications) (15-Mar-18) 2)CARE AAA; Stable (05-Oct-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)
3.	Debentures-Non Convertible Debentures	LT	2500.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (30-Aug-19)	1)CARE AAA; Stable (01-Oct-18)	1)CARE AAA (Under Credit watch with Developing Implications) (15-Mar-18) 2)CARE AAA; Stable (05-Oct-17) 3)CARE AAA; Stable (27-Jul-17)	1)CARE AAA; Stable (01-Mar-17) 2)CARE AAA (11-Aug-16)
4.	Debentures-Non Convertible Debentures	LT	2500.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (30-Aug-19)	1)CARE AAA; Stable (01-Oct-18)	1)CARE AAA (Under Credit watch with Developing Implications) (15-Mar-18) 2)CARE AAA; Stable (05-Oct-17) 3)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 (30-Aug-19)	1)CARE AAA; Stable (01-Oct-18)	1)CARE AAA (Under Credit watch with Developing Implications) (15-Mar-18) 2)CARE AAA; Stable (05-Oct-17)	-

6.	Commercial Paper	ST	4500.00	CARE A1+ (Under Credit watch with Developing Implications)	1)CARE A1+ (30-Aug-19)	1)CARE A1+ (01-Oct-18)	1)CARE A1+ (Under Credit watch with Developing Implications) (15-Mar-18) 2)CARE A1+ (05-Oct-17)	-

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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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.

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