



Press Release

SAMMAAN CAPITAL LIMITED - INDIA RETAIL POOL 28 (ERSTWHILE INDIABULLS HOUSING FINANCE LIMITED - INDIA RETAIL POOL 28)

October 09, 2024

Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Pass Through Certificates (PTCs)	72.25	ACUITE A SO Assigned	-
Total Outstanding Quantum (Rs. Cr)	72.25	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of ‘ACUITE A(SO)’ (read as ACUITE A (Structured Obligation)) to the Pass Through Certificates (PTCs) of Rs. 72.25 Cr. issued by India Retail Pool 28 under a securitisation transaction originated by Sammaan Capital Limited (Erstwhile Indiabulls Housing Finance Limited (IHFL) (The Originator). The PTCs are backed by a pool of secured housing loans with principal outstanding of Rs. 80.27 Cr.

The rating addresses the timely payment of interest and principal on monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available in the form of

- (i) Excess cash flow (principal arising due to non-servicing of junior tranche) to the tune of 10.00% of the pool principal o/s
- (ii) Investment in ABFRL Mutual Funds to the tune of 10.00% of the pool principal o/s
- (iii) Excess Interest Spread of 172.43% of the pool principal o/s.

The rating of the PTCs is final as the following documents have been received:

1. Trust Deed
2. Deed of Assignment
3. Servicer Agreement
4. Legal Opinion
5. Final Term Sheet

About the Originator

IBHFL has been one of the larger housing finance companies (HFCs) in India. Recently the Company has changed its name from “Indiabulls Housing Finance Limited” to “Sammaan Capital Limited” and also converted from a Housing Finance Company to Non Banking Finance Company [NBFC-ICC].

Indiabulls Housing Finance Limited (IBHFL) is a public Ltd company incorporated on 10 May, 2005, under the provisions of the Companies Act, 1956 as a wholly owned subsidiary of Indiabulls Financial Services Limited (IBFSL). In April 1, 2012 Indiabulls Financial Services Ltd was reverse merged with IBHFL and the process was completed on March 8, 2013, following the Delhi High Court's approval on December 12, 2012. After the merger, IBHFL continued to operate as an HFC registered with the National Housing Bank. IBHFL, along with its

subsidiary Indiabulls Commercial Credit Ltd, focuses on asset classes such as mortgages and commercial real estate.

As part of an institutionalisation exercise, the erstwhile promoter group had exited entire stake in the entity and the company is professionally managed. The present directors of the company are Mr.Gagan Banga, Mr. Sachin Chaudhary, Mr. Achuthan Siddharth, Mr. Dinabandhu Mohapatra, Mr. Satish Chand Mathur, Mr. Subhash Sheoratan Mundra, Ms. Shefali Shah and Mr. Rajiv Gupta. For fiscal 2024, IBHFL had profit after tax (PAT) of ~Rs 1,217 crore on total income of ~Rs 8,625 crore, compared with ~Rs 1,128 crore and ~Rs 8,725 crore, respectively, in the previous fiscal.

Assessment of the Pool

IHFL group had Assets under management of Rs 66,566 Cr. as on June 30, 2024. The current pool being securitised comprises 0.12 percent of the total AUM. The underlying pool in the current Pass Through Certificate (PTC) transaction comprises of housing loans extended towards 164 individual and commercial borrowers and

LAP loans extended towards 305 individual and commercial borrowers. Housing Loans have an average ticket size of Rs. 17.03 lakhs, minimum ticket size of Rs. 0.62 lakhs. and maximum of Rs. 1.11 crore. LAP loans have an average ticket size of Rs. 24.96 lakhs, minimum ticket size of Rs. 0.42 lakhs. and maximum of Rs. 6.86 crore. The current average outstanding per borrower for HL stands at Rs. 14.09 lakhs and for LAP loans stands at 18.74 lakhs. The weighted average current tenure for pool is 360.29 months for Housing Loan and has weighted average seasoning of 61.02 months. The weighted average current tenure for pool is 253.08 months for LAP Loan and has weighted average seasoning of 57.69 months. Hence, the pool has low seasoning. In Housing Loans, ~44% of these borrowers are concentrated in Maharashtra and ~34% of these borrowers are concentrated in Uttar Pradesh. The top 5 borrowers of pool constitute 14.43% i.e. Rs. 3.33 Cr. of the Housing loans pool principal O/s. In LAP Loans, ~24% of these borrowers are concentrated in Maharashtra. The top 5 borrowers of pool constitute 21.38% i.e. Rs. 12.22 Cr. of the LAP loans pool principal O/s.

Credit Enhancements (CE)

- (i) Excess cash flow (excess interest and principal arising due to non-servicing of junior tranche) to the tune of 10.00% of the pool principal o/s
- (ii) Investment in ABFRL Mutual Funds to the tune of 10.00% of the pool principal o/s
- (iii) Excess Interest Spread of 172.43% of the pool principal o/s

Transaction Structure

The rating addresses the timely payment of interest and principal on monthly payment dates in accordance with the transaction documentation. The transaction is structured at par.

Brief Methodology

Parameters considered are seasoning of the pool, pool vs portfolio, portfolio cuts, amortisation of the pool, internal cash flow modeling, pool characteristics, static pool, dynamic DPDs to assign provisional rating.

Legal Assessment

The legal opinion to the satisfaction of Acuité is received. The legal opinion cover, adherence to RBI guidelines, true sale, constitution of the trust, bankruptcy remoteness and other related aspects.

Key Risks

Counter Party Risks

In Housing Loans part of the pool, the average ticket size is Rs. 17.03 lakhs, minimum ticket size is Rs. 0.62 lakhs. and maximum is Rs. 1.11 Crore. In LAP loans part of the pool, average ticket size is Rs. 24.95 lakhs, minimum ticket size is Rs. 0.42 lakhs. and maximum is Rs. 6.86 Crores. Considering the vulnerable credit profile of the borrowers, the risk of delinquencies/defaults are elevated. These risks of delinquencies are partly mitigated, considering the efficacy of the originator's origination and monitoring procedures.

Concentration Risks

The pool is moderately granular as underlying pool in the current Pass-Through Certificate (PTC) transaction comprising of Housing loans extended towards 164 individual and commercial borrowers and LAP loans extended towards 305 individual and commercial borrowers. In Housing Loans part of the pool, ~44% of these borrowers are concentrated in Maharashtra and ~34% of these borrowers are concentrated in Uttar Pradesh. In the Housing loans part of the pool, the top 5 borrowers constitute 14.43% i.e. Rs. 3.33 Cr. of the pool principal O/s. In LAP loans part of the pool, ~24% of these borrowers are concentrated in Maharashtra. The top 5 borrowers of pool constitute 21.38% i.e. Rs. 12.22 Cr. of the pool principal O/s.

Servicing Risks

The originator has a healthy track record of servicing PTCs since FY14. Hence, the risk of servicing remains partly mitigated.

Regulatory Risks

In the event of a regulatory stipulation impacting the bankruptcy remoteness of the structure, the payouts to the PTC holders may be impacted.

Prepayment Risks

The pool is subject to prepayment risks since rate of interest is significantly high and borrowers may be inclined to shift to low cost options (based on availability). Further, the asset class being housing loans and LAP loans, the risk of prepayment remains high. In case of significant prepayments, the PTC holders will be exposed to interest rate risks, since the cash flows from prepayment will have to be deployed at lower interest rates.

Commingling Risk

The transaction is subject to commingling risk since there is a time gap between last collection date and transfer to payout account.

Rating Sensitivity

If the stress factor for the transaction is increased by 10 percent, the rating of the transaction would not get impacted.

All Covenants (Applicable only for CE & SO Ratings)

1. The Assignor has right to assign the loans under each of the loan agreements of the loans being assigned, without consent of the borrower/co-borrower or any other obligor.
2. All loans have been disbursed at a floating rate of interest. All loans are fully disbursed with no pending obligations on part of the Assignors.
3. Underlying security should be residential or commercial or industrial or institutional properties and should have been duly created, registered (where required) and perfected.
4. For the loans in the pool where Underlying security exclusively available for the Loans being assigned there is no other encumbrances on the underlying security of the Loans.
5. Account not slipped to NPA or Special Mention Account and no rescheduling/restructuring during currency of advance (As per IRAC norms for NBFCs/ HFCs) except the moratorium granted during the period of April 1 to September 30, 2020 as mandated by RBI vide its (a) Circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020; and (b) DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020. It is clarified that except the said moratorium for the period of April 1 to September 30, 2020, no other moratorium was provided or rescheduling/restructuring was done due to COVID-19.
6. Latest CIBIL scrub to be provided and the accounts to be as per Credit policy of the Assignors.
7. All loans are fully disbursed and there is no undisbursed portion under any of the loans assigned
8. Original Repayment tenor of maximum 20 years
9. Minimum holding period of 06 months as per RBI Master Directions from the date of registration of the underlying security interest. For the loans where security did not require registration, the Assignor should have received minimum 6 EMIs.
10. Minimum 06 MOB seasoning i.e. 06 EMI's received.
11. Average Pool LTV of less than 70% however individual LTV should be as per regulatory guidelines applicable to NBFCs/HFCs, if any.
12. Repayment of EMIs for all the loan accounts is through ECS, NACH, escrow or through any other electronic mode of transfer or transmission of funds only as may be in compliance of applicable RBI guidelines.
13. All original collateral documents are in possession of the Assignors (No PDCs should be pending to be collected). Valid and enforceable Equitable or Registered Mortgage should have been created and the property title should be legally clear & marketable. Charge on all the underlying securities are duly registered with CERSAI/ROC/Information Utility as per Regulatory Norms
14. All the properties which are part of the pool should have a clear & marketable title with no existing encumbrances apart from the running Loan of the pool.
15. All property owners to be part of the loan structure as either main borrowers or co-borrowers in the loan agreements.
16. All loans EMI to be on monthly basis
17. None of the accounts have Film-stars & politically exposed person
18. None of the accounts Industry classification belong to Stock Broking, Disco Jockey and Military related Professionals.
19. No property provided as security for the Loans is in Under construction stage as on the proposed Transaction date.
20. No property has Identification Issue.
21. Property Valuation of ABFL to fit the LTV Norms on the Outstanding as on Transaction date, 100% verification to be done by ABFL before the transfer of the loan assets.
22. All loan accounts to be live in the system of the Assignors as on the effective date under the assignment agreement.
23. Any other points that may be agreed between Originator and ABFL
24. Loss estimation report will be required.
25. Some Loan accounts may have linked loans which have been securitized by the Assignor in favour of other entities and the charges on the underlying security are shared on pari passu basis with the Assignee. In the event of any enforcement/recovery proceedings, such recovery amount will be shared on pari passu basis with the Assignee.

All Assumptions

Acuité has arrived at a base case delinquency estimate basis its analysis of the company's historical static pool and further applied appropriate stress factors to the base loss figures to arrive at the final loss estimates. The loss estimate also consider the risk profile of the particular asset classes, the borrower strata, economic risks, collection efficiency over the past several months as well as the credit quality of the originator. Acuité also has simulated the potential losses to an extent by applying sensitivity analysis.

Liquidity Position Adequate

The liquidity position in the transaction is adequate. The PTC payouts is supported by an internal credit enhancement in the form of excess cash flow (excess interest and principal arising due to non-servicing of junior tranche) and external credit enhancement in the form of ABFRL Mutual funds.

Outlook: Not Applicable

Key Financials - Originator

IBHFL and Its Subsidiary ICCL

Particulars	Unit	FY 2024 (Actual)	FY 2023 (Actual)
Total Assets	Rs. Cr.	72,831.24	74,508.91
Total Income*	Rs. Cr.	3,318.00	3,089.30
PAT	Rs. Cr.	1,216.97	1,127.68
Net Worth	Rs. Cr.	19,791.90	17,361.25
Return on Average Assets (RoAA)	(%)	1.65	1.45
Return on Average Net Worth (RoNW)	(%)	6.55	6.63
Debt/Equity	Times	2.45	3.02
Gross NPA	(%)	2.69	2.86
Net NPA	(%)	1.52	1.90

*Total income includes Net Interest Income and Other Income

**FY 2024 figures have been updated as per latest annual report

Any Other Information

None

Status of disclosure of all relevant information about the Obligation being Rated Non-public information

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>
- Securitised Transactions: <https://www.acuite.in/view-rating-criteria-48.htm>

Rating History: Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Pass Through Certificate	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	72.25	Highly Complex	ACUITÉ A SO Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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