
October 18, 2010

CARE REAFFIRMS EXISTING 'CARE AAA' RATING TO VARIOUS DEBT INSTRUMENTS OF ICICI HOME FINANCE CO LTD.

CARE has retained the existing 'CARE AAA' [Triple A] rating to the Senior Bonds of ICICI Home Finance Company Ltd aggregating to Rs.2214 crore. CARE has also retained the 'CARE AAA' [Triple A] rating to the Subordinate Bonds of ICICI Home Finance Company Ltd aggregating to Rs.165 crore. CARE has reaffirmed the existing 'CARE AAA (FD) (so)' [Triple A] rating to the existing Fixed Deposit programme of ICICI Home Finance Company Ltd having a limit of Rs.2000 crore.

Instrument	Rating	Rated Limits (Rs. Crore)
Senior Bonds	CARE AAA	2214
Subordinated debt-Tier II	CARE AAA	165
Fixed Deposit Programme	CARE AAA(FD)	2000

These ratings factor in IHFC's strong parentage(100% subsidiary of ICICI Bank), ICICI Bank's continuous explicit support in the form of both equity and debt, the strategic importance of the housing finance business in ICICI Bank's broader business plans and the strong inter-linkages between the Bank and HFC resulting in an almost seamless functioning of both the entities. However IHFC's ability to protect spreads maintain profitability and asset quality in the intensely competitive mortgage finance industry are the key rating sensitivities.

Background

ICICI Home Finance Company Ltd (IHFC), incorporated on May 28, 1999, is a 100% subsidiary of ICICI Bank Ltd (IBL). In the initial years ICICI HFC functioned as a mortgage sourcing arm for its parent IBL. Between December 2007 and November 2009, IHFC did lending on its own books. However over the last one year given the group's overall moderation in housing loan volume, ICICI Bank has been disbursing home loans. Going forward, this would be reviewed at the group level as the volume picks up.

The loan book of IHFC stood at Rs.11104 crore as of Mar 31, 2010. Housing loans and loan against property to individuals account for around 90% of the loan book. In FY10, IHFC recorded PAT of Rs.161 crore (FY09:- Rs.143 crore) on Total Income of Rs.1590 crore (FY09:-1472 crore). Gross NPA and Net NPA ratio increased to 1.70% (FY09: 0.63%) and 1.29% (FY09: 0.46%) respectively at the end of FY10. The increase in NPAs has been mainly on account of seasoning of the loan portfolio even as the loan book remained flat. IHFC's CAR stands comfortable at 15.04% as of Mar 31, 2010 (Mar 09:13.96%) with Tier I CAR at 9.83%.'

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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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