

**Indian Receivable Trust 2019 Series 6.  
(Originator - Reliance Home Finance Limited)**

**Brickwork Ratings reaffirms the ratings for the ‘Indian Receivable Trust 2019 Series 6’ backed by housing and LAP loan receivables issued and originated by Reliance Home Finance Limited.(RHFL).**

**Particulars**

Transaction	Instrument **	Amt Rated (Rs Crs)			Cash Collateral	Payout Maturity Date	Rating*	
			Previous Amt (Rs. Cr)	Present Amt (Rs. Cr)			Previous Rating (Dec 2021)	Present Rating
Indian Receivable Trust 2019 Series 6	Pass Through Certificates (PTCs)	291.37	87.79	<b>70.59</b>	35.84	17-Mar-37	BWR A+ (SO) (Stable)	<b>BWR A+ (SO) (Stable) (Reaffirmation)</b>
	Total	291.37	87.79	<b>70.59</b>	35.84	<b>Rupees Seventy Crores and Fifty Nine Lakhs only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings.

\*\* Details of PTC provided in Annexure-1

**RATING ACTION / OUTLOOK**

Brickwork Ratings (BWR) reaffirms 'BWR A+ (SO)/Stable' ratings assigned to “ **Indian Receivable Trust 2019 Series 6**” PTCs (pass-through certificates) issued/originated by “**Reliance Home Finance Limited**” (RHFL) as tabulated above.

The reaffirmation of rating factors in the increase in credit enhancement available since the time of initial rating, given the regular repayments and high pre-payments. The first loss credit facility (FLCF) available in the form of fixed deposits (placed with Yes Bank) has increased to 50.77 % of the remaining pool outstanding. The rating is, however, constrained by risk of collection efficiency. Catalyst Trusteeship Limited (CTL) is the appointed trustee for the said transaction to monitor the transaction on behalf of the PTC holders. Collection and Payout account is with Axis Bank. The outlook of the rating remains Stable.

The initial pool o/s was Rs 291.37 Cr. Current total pool outstanding is Rs 70.59 Crs (75.77% of pool is amortised) as per November 2022 payout report. The prepayments remain high. Around 66.31% of the initial pool principal amount has been prepaid till date. The cumulative collection efficiency [(Total collection - Prepayment collection)/Servicer billing] stood at 89.90% till November 2022 payout. First Loss Credit Facility available in the form of fixed deposits has improved to 50.77% of remaining pool o/s, from 15% of initial pool principal).



## TRANSACTION STRUCTURE

The loan receivables are transferred “at par” to a Special Purpose Vehicle (SPV) and the Trust has issued PTCs to the investors.

### **Credit Enhancement:**

1. Min 15% of Total Pool Principal to be kept as Cash Collateral (in form of Fixed Deposits with Yes Bank Ltd.)

Rs 35.84 Crs (50.77% of the outstanding PTC) placed as fixed deposits with Yes Bank).

2. EIS for the month (to be held-in-trust with CSA as defined in the Structure as above)

### **Payment Mechanism:**

On each Payout Date, the Collections of every month shall be distributed in accordance with the Waterfall

Mechanism as under:

1. for payment of all statutory and regulatory dues;  
2. Payment of expenses incurred by the Trustee (upto maximum of Rs. 5 Lakh p.a.) and those incurred by

the bank where the trust account is placed (upto a maximum of Rs. 1 Lakh p.a.);

3. for payment of all opening overdues if any;  
4. for payment of interest amount to the Investor on the principal outstanding for the period at the PTC

Yield Rate;

5. for payment of principal due to the Investor in accordance with the payout schedule and prepayment

principal as received in the underlying schedule;

6. EIS to be used for top-up of Cash Collateral Account to the extent utilized on any earlier Payout Date,

balance EIS amount to be held in trust with CSA (as defined in Structure above) for sole benefit of

Investors till last Payout Date.

7. Any prepayments in the underlying loans shall be pass through and go towards repayment of principal outstanding of PTCs. The revised PTC repayment schedule will change in line with the

change in underlying Pool repayment schedule

### **Pool Characteristics**

The initial pool (Rs 291.37 Crs) consisted of loan receivables pertaining to Home Loans (55.39%), Affordable Housing Loans (8.42%) and Loan Against Property (LAP) (36.19%).

The underlying loans have monthly repayment frequency and service the interest on a monthly basis. Around 75.77% of PTCs have been amortized and present outstanding is Rs 70.59 Crs as per November 2022 payout. Total no of contracts in the pool are 221.

### Pool Performance Summary:

Rs in Crs	Initial Pool (April 2019)	As per Nov 2022 payout report
Total pool o/s	291.37	70.59
PTCs	291.37	70.59
Excess interest spread as a % of initial pool principal	3.00%	--
First Loss Credit Facility available (FD) with Yes Bank	43.71	35.84
First Loss Credit Facility available (FD) as a % of pool outstanding	15.00%	50.77%
Cumulative Prepayment as a % of initial pool	--	66.31%

### Counterparty details

Reliance Home Finance Limited (RHFL) who is the originator for this transaction was initially the collection & servicing agent (CSA) also for the transaction. However, RHFL has been in stress and the lending banks of RHFL have entered into an Intercreditor Agreement (ICA) to arrive at a debt resolution plan. Given that RHFL has been in stress, the servicer risk and commingling risk were high.

In December 2019, BWR had downgraded the rating due to increase in servicer risk and commingling risk in the transaction.

To mitigate these risks, Yes Bank Ltd (investor) has terminated the CSA agreement with RHFL and has taken over the collection and servicing.

BWR believes that the servicer risk, now, is minimal, as, under the new arrangement, the collection & servicing agent and the investor is the same (i.e. Yes Bank Ltd)

### Key Rating Drivers

#### Credit Strengths:-

First Loss Credit Facility available in the form of fixed deposits at 50.77 % of remaining pool principal, increased from 15% of initial pool principal.

#### Credit Weakness:-

- The 0+ DPD (days past due), 30+ DPD and 90+ DPD, as a % of initial pool principal, stood at 2.66%, 2.61% and 2.55% respectively as per November 2022 payout report.
- Higher than expected prepayments results in lower EIS at a later stage. Total prepayments are high at around 66.31% of initial pool principal till November 2022 payout.



**Liquidity Position: Adequate.** The credit cum liquidity enhancement available in the transaction is ~ Rs 35.84 Crs (50.77% of the remaining pool outstanding) which is in the form of fixed deposits.

### **Key Rating Assumptions**

To assess the collection shortfalls and gross default rates for this transaction, BWR has analysed the pool characteristics vis-a-vis the overall portfolio of the company, the performance of static pool of RHFL's loan portfolio and the current operating environment that could impact the performance of the underlying pool contracts, the recovery rate and prepayment rate. BWR expects the base case peak shortfall in the pool to be between 5.50% - 6.50% of the pool principal. BWR expects the prepayments in the range of 1.00% to 1.50% per month in the LAP portfolio and 1.50% to 2.00% in the home loan portfolio.

### **Analytical Approach and Applicable Rating Criteria.**

The rating is based on the analysis of the past performance of RHFL's portfolio, key characteristics and composition of the current pool and its performance till Nov 2022, performance expected over the balance tenure of the pool and the credit enhancement available in the transaction.

### **Rating Sensitivities:**

**Positive:** The rating may be upgraded if the collection efficiency of the pool and credit enhancement improves substantially and sustains for a period of time.

**Negative:** The rating may be downgraded if the collection efficiency of the pool deteriorates, with lower collections resulting in decrease in credit enhancement and/or there is increase in delinquencies in the underlying loans.

### **About Originator**

Reliance Home Finance Limited (RHFL) is a subsidiary of Reliance Capital Limited (Rcap). RHFL was incorporated on 5 June 2008. The company is registered with the National Housing Bank as a Housing Finance Company. RHFL provides home loans, including affordable housing loans, loans against property and construction finance loans. The company is listed on BSE and NSE. The Company is rated BWR D/ Continues to be in ISSUER NOT COOPERATING# category as on 04 Oct 2022.

### **UPDATE on Originator (as available from the Debenture trustee):**

SEBI on 11 February 2022 had passed an interim order cum show cause notice under Section 11 of the SEBI Act against the Company and its key management personnel and has restrained them from buying, selling or dealing in securities until further orders. Certain lending banks of RHFL have entered into an InterCreditor Agreement (ICA) to arrive at a debt resolution plan in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets with Bank of Baroda acting as the lead lender. Bank of Baroda, on behalf of ICA lenders, as part of the debt resolution process invited expressions of interest and bids from interested bidders. Lenders have selected Authum Investment and Infrastructure Limited as the successful Bidder to acquire the Company and / or all its assets through a competitive bidding process after several rounds of negotiations between the bidders and the Lenders. The implementation of the resolution plan by the successful bidder is subject to approval of non-ICA Lenders, shareholders, regulatory authorities and vacation of existing legal injunctions on the Company. A meeting of the Debenture Holders of Reliance Home Finance Limited called by IDBI Trusteeship Services Ltd. (Debenture Trustee) was held on May 13, 2022, for consideration and approval of the Resolution Plan along with the Distribution Mechanism

approved by ICA Lenders on June 19, 2021. Further, pursuant to the Order dated May 10, 2022 passed by the Hon'ble High Court of Judicature at Bombay, the results of the voting of the Meeting has been placed before the Hon'ble Court in a sealed envelope. Further, the Company is prohibited to dispose off, alienate, encumber either directly or indirectly or otherwise part with the possession of any assets, pursuant to Order dated November 20, 2019 passed by the Hon'ble Delhi High Court in the matter of OMP(I) COMM. 420/2/01

### Key Financial Performance on Consolidated Basis:

#### KEY FINANCIAL INDICATORS (As available in public domain)

Key Parameters		FY 2021	FY 2022
Result Type	Units	Audited	Audited
Loan Portfolio (Outstanding)	Rs Crs	10787	3108
Total Operating Income	Rs Crs	803	291
Net Profit	Rs Crs	-1520	-5439
Tangible net worth	Rs Crs	-52.96	-5492
Borrowings	Rs Crs	12976	12713
Gearing	Times	-ve	-ve
CRAR	%	Not available	Not available
GNPA	%	Not available	Not available

#### RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended.

Sr. No.	Instrument	Current Rating (2022)			Rating History			
		Type	Amt	Rating	10-Dec-21	4-Dec-20	2019	
			(Rs. Cr)				3-Dec-19	18-Mar-19
1	Pass Through Certificates (PTC)	Long term	70.59	BWR A+ (SO) (Stable) (Reaffirmed)	BWR A+ (SO) (Stable)	BWR A+ (SO) (Stable)	BWR A+ (SO) (Stable)	Provisional BWR AA(SO) (Stable) (Assigned)

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY:NA**

**COMPLEXITY LEVELS OF THE INSTRUMENTS: Highly Complex**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- **General Criteria**
- **Rating Criteria for Securitisation Transactions**

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**Annexure-1**

**DETAILS OF THE INSTRUMENTS RATED- Indian Receivable Trust 2019 Series 6**

Instrument Detail	Transaction Structure	Payment Mechanism	PTC Outstanding (Rs. Crs.)	Transaction Yield	Date of Issue	Date of Maturity
PTC	par	Timely Interest and Timely Principal (TITP)	70.59	10.50%	16-Apr-19	17-Mar-37

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