

AUGUST 25, 2015

**CARE REAFFIRMS RATINGS ASSIGNED TO VARIOUS DEBT INSTRUMENTS OF
INDIABULLS HOUSING FINANCE LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long –term Debt	21,000	CARE AAA (Triple A)	Reaffirmed
Retail NCD	3,000	CARE AAA (Triple A)	Reaffirmed
Long-term/ Short-term Bank Facilities	35,730	CARE AAA (Triple A)/ CARE A1+ (A One Plus)	Reaffirmed
Subordinated Debt	1,750	CARE AA+ (Double A Plus)	Reaffirmed
Perpetual Debt	200	CARE AA (Double A)	Reaffirmed

Rating Rationale

The rating factors the consistency in strong financial and business performance of Indiabulls Housing Finance Ltd (IBHFL) and the growth prospects of mortgage finance business in India coupled with the position of IBHFL to benefit from the same. The rating also takes into consideration the comfortable capitalisation level, diversified resources profile, good asset quality, experienced management, comfortable liquidity profile and risk associated with big ticket size corporate loans. Asset quality, profitability and capitalisation are the key rating sensitivities.

Background

IBHFL is registered with National Housing Bank (NHB) and is engaged in the business of mortgage finance (home loans and loan against property) and corporate mortgage loans (lease rental discounting and residential construction finance). In March 2013, the parent company Indiabulls Financial Services Ltd (IBFSL) reverse merged with its 100% subsidiary, IBHFL, with a share swap ratio of 1:1. IBHFL on a consolidated basis has a presence in mortgage finance (Home loan and Loan against property) (76% of consolidated assets under management [AUM] of Rs.52,235 crore as on March 31, 2015), corporate mortgage loans (22% of AUM) and commercial vehicle financing (2% of AUM). IBHFL has a presence at 220 locations spread across 20 states and union territories of India as on March 31, 2015. Mr. Sameer Gehlaut is the Founder Chairman and Executive Director and is supported by Mr. Gagan Banga, Vice Chairman and MD.

During FY15 (refers to the period April 1 to March 31), IBHFL reported a profit of Rs.1,901 crore on total income of Rs.7270 crore. The total AUM was Rs.52,235 crore with Rs.46,040 crore being on-balance sheet portfolio. The total capital adequacy stood at 18.36% with Tier-I CAR at 15.25%.

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

The PAT for Q1FY16 was Rs.511 crore on an income of Rs.2,025 crore. The AUM stood at Rs.54,022 crore as on June 30, 2015. Asset quality remained stable with Gross and Net NPA at 0.95% and 0.41% respectively as on June 30, 2015.

Note:- *Mr. Y.H. Malegam, who is one of CARE's Rating Committee Members, carried out a consultancy assignment for one of the Indiabulls group company and hence to avoid any potential conflict of interest Mr. Malegam did not participate in the rating process and the rating committee meeting.*

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

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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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691