

AUGUST 20, 2014

CARE REVISES THE RATING OF LONG-TERM DEBT AND REAFFIRMS THE RATING OF SUBORDINATE DEBT AND PERPETUAL DEBT OF INDIABULLS HOUSING FINANCE LTD

Ratings

Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Debt	12,500	CARE AAA (Triple A)	Revised from CARE AA+ (Double A Plus)
Subordinate Debt	1,750	CARE AA+ (Double A Plus)	Reaffirmed
Perpetual Debt	200	CARE AA (Double A)	Reaffirmed

Rating Rationale

The rating revision factors the consistency in strong financial and business performance of Indiabulls Housing Finance Ltd and the growth prospects of mortgage finance business in India coupled with position of IBHFL to benefit from the same. The rating revision also factors in induction of reputed independent directors. The rating also takes into consideration comfortable capitalization 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 capitalization are the key rating sensitivities.

Background

Indiabulls Housing Finance Ltd. (IBHFL) is registered with National Housing Board (NHB), and is engaged in the business of mortgage finance (home loans, loan against property and lease rental discounting) and corporate mortgage loans. 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 consolidated basis has presence in mortgage finance (Home loans and LAP) (74% of consolidated AUM of Rs.41,169 crore as on March 31, 2014), corporate mortgage loans (21% of AUM) and commercial vehicle financing (5% of AUM). IBHFL has presence at 205 locations spread across 20 states and union territories of India as on March 31, 2014. Mr. Sameer Gehlaut is the Founder Chairman and Executive Director and is supported by Mr. Gagan Banga, Vice Chairman & MD.

During FY14 (refers to the period April 1 to March 31), IBHFL reported a profit of Rs.1569 crore on total income of Rs.5,961 crore. The total AUM was Rs.41,169 crore with Rs.35,445 crore being on-balance sheet portfolio. The total capital adequacy stood at 19.14% with Tier-I CAR at 15.05%.

The PAT for Q1FY15 stood at Rs.424 crore on an income of Rs.1,603 crore. The AUM stood at Rs.42,014 crore as on June 30, 2014.

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.

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

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