

July 8, 2010

**CARE ASSIGNS 'CARE AA' RATING TO LONG TERM DEBT OF
INDIABULLS FINANCIAL SERVICES LTD. (FOR ENHANCED AMOUNT)**

CARE has assigned a '**CARE AA**' [**Double A**] umbrella rating to long term debt programme (including NCD and Bank Borrowings) aggregating to Rs.10,000 crore (limit enhanced from Rs.1,000 crore) to be issued by Indiabulls Financial Services Ltd (IFSL) from time to time.

Instrument / Facility	Amt Rated (Rs crore)	Rating¹	Remark
Long Term Debt	10,000	CARE AA (Double A)	Assigned

Rating Rationale

The rating factors in IBFSL's high capitalization levels, experienced management, strong franchise with pan India presence, re-focus in business strategy on relatively safer asset class of mortgage finance (through its housing loan subsidiary), diversification in income sources and its improved resource profile with lower dependence on short term market borrowings.

The rating is constrained due to limited seasoning of its mortgage finance portfolio as well as exposure to relatively riskier business segments like corporate credit, loan to SMEs and retail lending portfolio. Going forward, maintenance of asset quality in its SME loan and corporate loan portfolio as well as its mortgage portfolio, managing asset liability maturity and timely infusion of capital to support growth would remain key rating sensitivities.

Company Profile

IBFSL is an NBFC registered with RBI and engaged into business of asset finance mainly comprising mortgage financing (home loans and loan against property), commercial vehicle finance, SME financing and corporate finance. It has presence in 140 locations throughout 18 states and union territories of India.

¹ Complete definitions of the ratings assigned are available at www.careratings.com



Press Release

During FY10, IBFSL reported consolidated Profit After Tax (PAT) of Rs.307 crore on total income of Rs.1,635 crore as compared to PAT of Rs.106 crore on total income of Rs.2,006 crore during FY09.

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CARE 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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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