

October 21, 2010

**CARE ASSIGNS 'CARE BBB' RATING TO THE BANK FACILITIES OF
UJJIVAN FINANCIAL SERVICES PVT. LTD**

Ratings

Facilities/Instruments	Amount (Rs crore)	Ratings¹
Long-term Bank Loan Facilities	310.63	CARE BBB (Triple B)

Rating Rationale

The rating factors in company's high level of geographic diversification, experienced management team and well developed loan origination and management systems. The rating also factors in the adequate capitalization with demonstrated ability to raise capital, improving profitability, good asset quality and a moderately diversified resource base.

The rating is constrained by modest earnings profile, concentration in revenue sources, low seasoning of the portfolio and moderate scale of operations. The rating is further constrained by inherent risks in microfinance industry including relatively short track record of the overall sector, socio political intervention risk and regulatory uncertainty.

Asset quality, capitalization levels, competitive positioning and diversification of business are key rating parameters that would be monitored. Performance of the company in the new segments of housing loans and individual business loans is also a rating parameter that would be monitored.

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

Company Profile

Ujjivan Financial Services Pvt Ltd (Ujjivan) is a Bangalore based Microfinance Company registered as an NBFC. It has been in microfinance lending since 2005 and operates through joint liability group model in urban and semi urban areas. It has created a niche segment in the microfinance sector as an urban MFI. It has presence in 19 states and operating with 332 branches across India. As on March 31, 2010, portfolio outstanding of Ujjivan stood at Rs.370.76 crore and Net worth stood at Rs.105.09 crore. Company reported total income of Rs.83.99 crore and net profit of Rs.9.64 crore during FY10. Reported CAR was also comfortable at 27.04% as on March 31, 2010.

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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.

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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