



Infomerics Valuation and Rating Pvt Ltd

Press Release

Infomerics has assigned IVR AAA (AIF)/ Stable Outlook (pronounced IVR triple A Alternative Investment Fund with Stable Outlook) rating to the Indiabulls High Yield Fund for a maximum issue size of Rs.1000 crores (including a greenshoe option of Rs.500 crores).

Rating & Definition

Infomerics has assigned a rating of IVR AAA (AIF) / Stable Outlook (pronounced IVR triple A Alternative Investment Fund with Stable Outlook) to the Indiabulls High Yield Fund (IBHYF) upto a maximum amount of Rs.1000 crores (including a greenshoe option of Rs.500 crores). The asset selection ability and asset management capabilities in the respective segments/sectors for these funds are expected to be very good.

Infomerics rating of AIF is an opinion on the asset selection ability and asset management capabilities in the relevant segment i.e., the industry / sector / asset class in which AIF desires to deploy the fund of the scheme. This rating exercise aims to evaluate the sponsor, the Investment Manager's track record & expertise, risk management mechanism, investment processes, soundness of operations and technology preparedness

Rating Rationale

The aforesaid rating derives comfort from the established stature of the sponsor (Indiabulls Housing Finance Ltd.), its financial strength, its position of being one of the largest private sector housing finance companies of the country, commitment towards the fund and its (alongwith its group companies) significant presence in the real estate sector; gradual positioning of the Investment Manager & presence of highly qualified and experienced management team, robust investment process and detailed post-investment monitoring mechanism supported by well-established technological & operational platform. The rating also factors in the stated investment strategy, expected portfolio quality of the scheme, the fact that the actual investment and modalities of IBHYF are yet to be tested and volatility in the real estate sector. Continuous support from the sponsor, adherence to existing investment



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process & risk management system and credit quality of the future portfolio of the scheme are the major drivers for the rating.

Fund Background

Indiabulls AIF is a Category II AIF as per SEBI regulations. Indiabulls High Yield Fund (IBHYF) is the second scheme of Indiabulls AIF, a trust settled by Indiabulls Asset Holding Co. Ltd. under Indian Trusts Act, 1882. Vistra ITCL (India) Ltd (formerly, IL&FS Trust Co. Ltd.) is the Trustee for the Trust. The tenor of the fund is four years from the date of final closing. The final closing date is maximum of 24 months from the date of first closing. The sponsor of the fund is Indiabulls Housing Finance Company Ltd (IBHFL) and the investment manager is Indiabulls Asset Management Company Ltd.

The stated objectives of IBHYF is to achieve consistent risk-adjusted returns by making strategic investment in debt instruments to be issued by real estate corporates, the fund in respect of which shall be invested primarily in residential or mixed used project in geographies with proven market depth, high pent up demand and in projects with medium to low execution risks. The Investment Manager shall actively manage risk and provide risk-adjusted returns to investors by capturing growth opportunities across well located residential projects of quality developers. The investments of the Fund would be structured in the form of relatively high yielding securities (convertible or non-convertible debentures) by the portfolio entities with a well-defined exit strategy and target high yielding risk adjusted returns to investors.

Disclaimer: Infomerics' Alternative Investment Fund rating is not a recommendation to buy, sell, or hold a security / fund. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors. The ratings are based on current information furnished to Infomerics by the issuer or obtained by Infomerics from sources it considers reliable. Infomerics 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. Infomerics does not perform an audit in connection with any rating and may, on certain occasions, rely on. The ratings may be changed, suspended, or withdrawn as a result of changes in, or non-availability of, such information, or based on other circumstances / information. Funds rated by Infomerics have paid a rating fee.