Indiabulls
HOME LOANS

Indiabulls Housing Finance Limited

(CIN: L65922DL2005PLC136029)

Unaudited Financial Results – Q2 FY 2014-15

October 27, 2014

Indiabulls Housing Finance Limited

Safe Harbour Statement

Indiabulls HOME LOANS

This document contains certain forward-looking statements based on current expectations of Indiabulls management. Actual results may vary significantly from the forward-looking statements in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, and outside India, volatility in interest rates and in Securities markets, new regulations and government policies that might impact the business of Indiabulls, the general state of the Indian economy and the management's ability to implement the company's strategy. Indiabulls doesn't undertake any obligation to update these forward-looking statements.

This document does not constitute an offer or recommendation to buy or sell any securities of Indiabulls or any of its subsidiaries or associate companies. This document also doesn't constitute an offer or recommendation to buy or sell any financial products offered by Indiabulls.

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Contents

		Pg. No.
1.	Business Update	4
2.	Operational Update	7
3.	Indian Mortgage Market	12
4.	Financial and Operational Highlights	17
5.	Key Ratios, Valuations and Shareholding	33
6.	Detailed Financials	38

Business Update

Our Journey

Indiabulls HOME LOANS

2000
- Started as an NBFC

2004
- IPO and listing

2005
- Multi-product lending

2006
- Launched secured mortgage and commercial vehicle businesses

2008
- Credit rating of AA-
- Loan book crosses Rs.10,000 Cr.
- Exit from unsecured personal and business loans

2009
- Mortgage finance focused growth plan
- Home loans to prime salaried segments
- In-house sales team ramp up to over 1,000 employees

2010 - 11
- Credit rating upgraded to AA
- Retail mortgage constitutes 70% of loan book
- Balance sheet crosses Rs. 20,000 Cr.
- RoE: 17%

2011-12
- Credit rating upgraded to AA+
- PAT crosses Rs.1,000 Cr.
- Balance sheet crosses Rs. 30,000 Cr.
- RoE: 22%

2012-13
- Conversion to HFC
- India's 3rd largest HFC by size
- PAT Rs.1,266 Cr., RoE: 26%
- Balance sheet: Rs. 39,129 Cr.

2013-14
- PAT: Rs.1,569 Cr.
- Loan assets: Rs.41,169 Cr.
- RoE: 27%

FY 2014-15: Long-term credit rating upgraded to AAA

Business Update

Indiabulls HOME LOANS

Key Financial Highlights: H1 FY 2014-15

	H1 FY 14-15	H1 FY 13-14	Growth (%)
Total Revenues (Rs. Cr.)	3,308.5	2,818.1	17.4%
NII (Rs. Cr.)	1,438.6	1,243.6	15.7%
PAT (Rs. Cr.)	872.1	721.9	20.8%
EPS (Rs.)	25.90	22.49	

Year-on-Year (Y-o-Y) Comparison – Q2 FY14-15 v/s Q2 FY13-14

	Q2 FY 14-15	Q2 FY 13-14	Growth (%)
Total Revenues (Rs. Cr.)	1,705.8	1,474.2	15.7%
NII (Rs. Cr.)	737.4	644.9	14.3%
PAT (Rs. Cr.)	448.3	370.4	21.0%
EPS (Rs.)	13.22	11.33	

The company had cash, cash equivalents and investments in liquid debt instruments of Rs. 7,141 Crs as at 30th September, 2014. The company receives income from its cash, cash equivalents and investments in liquid debt instruments through the quarter, which appears in 'Other Income'.

For H1 FY15, total dividend of Rs.17/- per share of face value of Rs. 2/-, amounting to 850%, has been paid.

Operational Update

Rating Upgrades

Indiabulls HOME LOANS

- Long-term credit rating upgraded to AAA by CARE Ratings and Brickwork Ratings
- CRISIL, a Standard and Poor's company, upgraded long-term credit rating to AA+ in July, 2014
- ICRA, an Associate of Moody's Investors Service, upgraded long-term credit rating to AA+ in June, 2014
- Only the second private sector HFC/NBFC to have a combination of a AAA rating from CARE Ratings and to also be rated AA+ or above from both/either CRISIL or ICRA
- The only company amongst HFCs, NBFCs and private sector banks to be rated by all the five rating agencies in India
- In upgrading the rating, agencies cited
  - CARE Ratings: "***strong financial and business performance; comfortable capitalization; good asset quality; comfortable liquidity profile and experienced management***".
  - CRISIL: "***strong market position in the retail mortgage business; improved seasoning of the mortgage portfolio and strong appraisal and loan sanctioning process***".
- With these upgrades, our ratings from the various rating agencies are tabulated below

	Long Term Rating	Short Term Rating
CARE Ratings	AAA	
Brickwork Ratings	AAA	
CRISIL (A Standard & Poor's Company)	AA+	A1+
ICRA (An Associate of Moody's Investor Service)	AA+	A1+
India Ratings & Research (A Fitch Group Company)		A1+

Strengthening of Board of Directors

Indiabulls HOME LOANS

Board of Directors with pre-eminence and experience in diverse fields

- Mr. Sameer Gehlaut - Chairman of the board
- Mr. Gagan Banga - Vice Chairman, MD & CEO
- Dr. K.C. Chakrabarty - former Deputy Governor of the Reserve Bank of India
- Justice Surinder Singh Nijjar - retired Justice, Supreme Court of India
- Justice Bisheshwar Prasad Singh - retired Justice, Supreme Court of India
- Mrs. Manjari Kacker - former member of CBDT (Central Board of Direct Taxes)
- Brig. Labh Singh Sitara - honoured with the Dhyan Chand Award by the President of India
- Mr. Samsher Singh Ahlawat - 20 years of banking experience in senior management positions
- Mr. Prem Prakash Mirdha – Business background with expertise in SME sector
- Mr. Ashwini Kumar Hooda - Deputy Managing Director
- Mr. Ajit Kumar Mittal - Ex-Reserve Bank of India

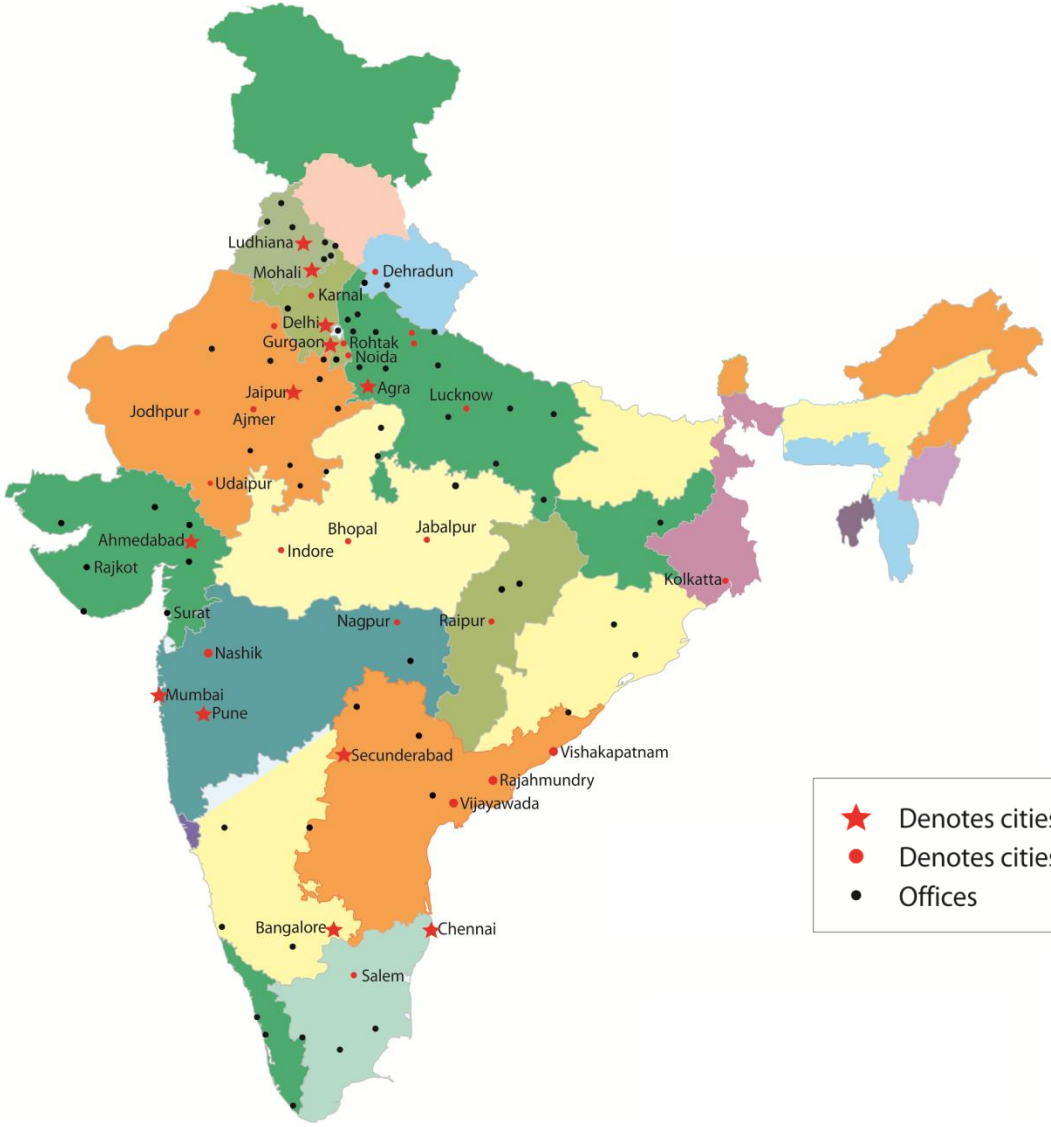
Business Summary

Indiabulls HOME LOANS

• Loans Outstanding	:	Rs. 45,027 Cr
(September 30, 2014)	:	(US$ 7.50 bn)
• Loan Book CAGR (6 years)	:	26 %
• Cumulative Number of Retail Customers Served	:	6.17 Lacs
• Cumulative Loans Disbursed till date	:	Rs. 94,831 Cr (US$ 15.81 bn)
• Cost to Income Ratio (FY 2014)	:	17%
• Profit After Tax CAGR (6 years)	:	20%

US $ amounts are converted based on the exchange rate of US $1 = Rs. 60

Country-wide Reach

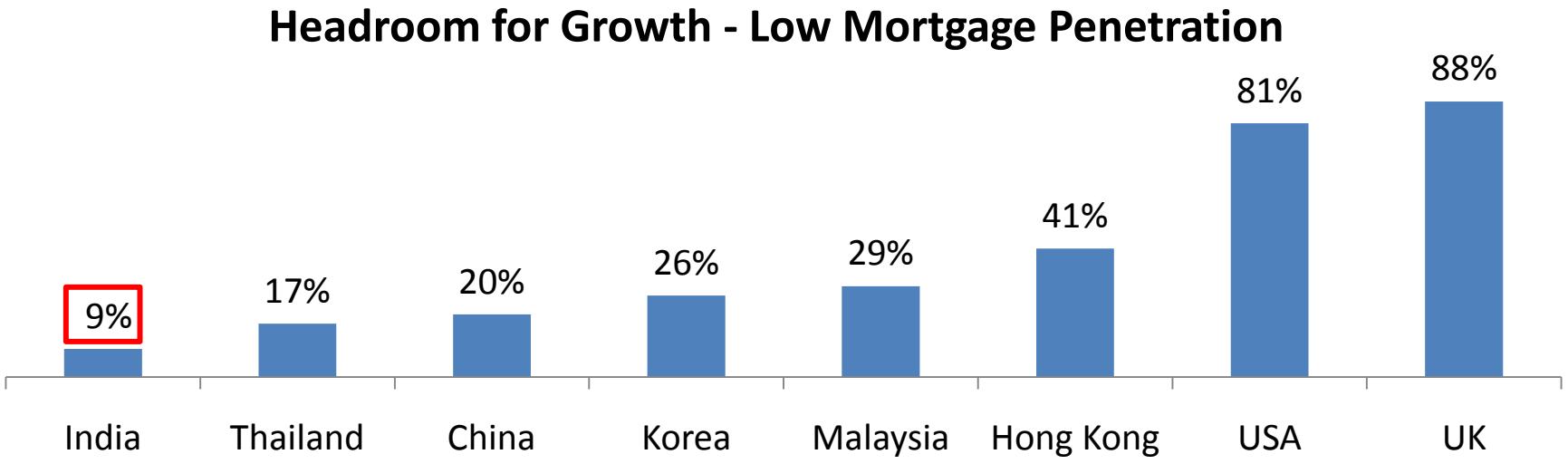


Number of Outlets

FY 10	140
FY 11	163
FY 12	180
FY 13	200
FY 14	205
Q2 FY15	214

Indian Mortgage Market

Indian Mortgage Market



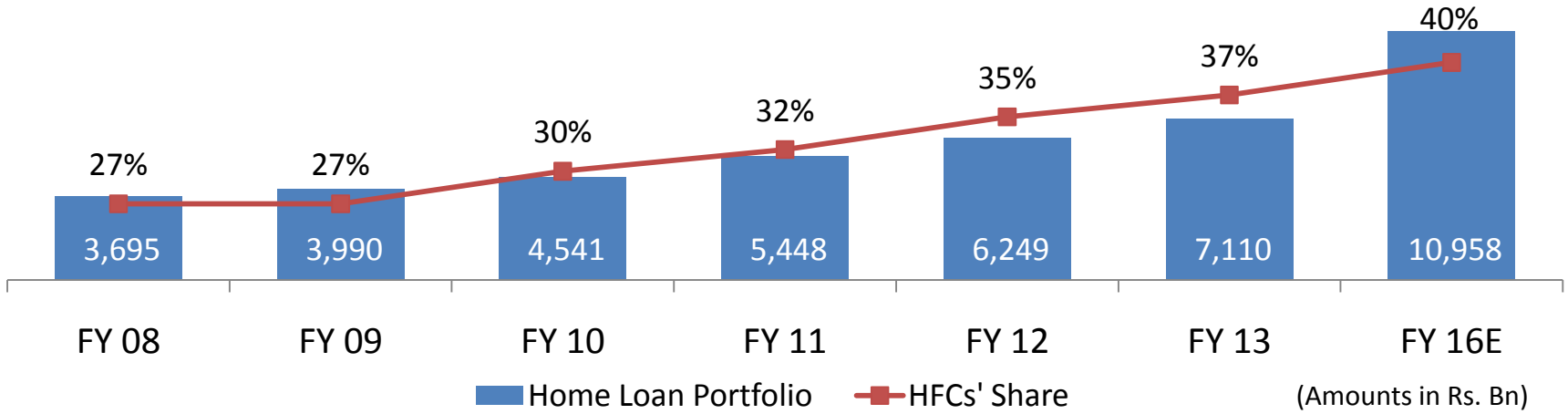
Source: National Housing Bank, 2013

- Lower mortgage penetration compared to advanced and emerging economies implies huge opportunity for growth
- Indian mortgage industry at an inflection point and is expected to grow five-fold in next 10 years
- In this year's budget, the Government has increased tax exemption limits on home loan repayments, effectively lowering the rate of interest
- Government has underlined support for affordable housing in the budget, which has been followed up by prompt steps by the regulator

Indian Mortgage Market

Indiabulls HOME LOANS

Growing HFC Market Share in a Steadily Expanding Home Loans Market



Source: RBI Database, NHB Reports, CRISIL, & ICRA Estimates

High demand growth driven by:

- Increasing Affordability: Rising disposable incomes coupled with low effective interest rate of only 5.80% after tax benefits
- Average age of house owner has reduced to 35 years from 43 years in FY2000[2]
- Urbanisation to rise to 40% of population by 2025 from the current 31%[1]
- Urban Housing Shortage: estimated at 31.9 million units by 2016[2]
- Favourable Demographics: 60% of the country's population is below 30 years of age[3]

1 – NHB Report, 2012
2 – CRISIL Report
3 – Census 2011

Recent Government Policy Initiatives

Indiabulls HOME LOANS

- Housing for all by 2022: A major policy goal for the new government
  - 65 million new housing units
  - Government focus on making organised housing finance available to all

- Affordable Housing: Policy makers' focus on Home loans up to 50 Lacs (from sub 25 Lacs classified as priority sector lending)
  - Will increase availability of fund to HFCs for onward lending
  - Will eventually open up 25 to 50 Lac Home Loans' segment for securitisation

- 100 smart cities plan: Technologically integrated and planned townships
  - Large housing opportunity
  - Concentrated market and government focus to reduce delivery expenses and improve operating margins

- Jan Dhan Yojana: Access to organised banking for all – present coverage: 58%.
  - Vast increase in organised banking infrastructure and reach
  - Ultimate benefit and knock on effect on credit off-take and growth

Indian Mortgage Market

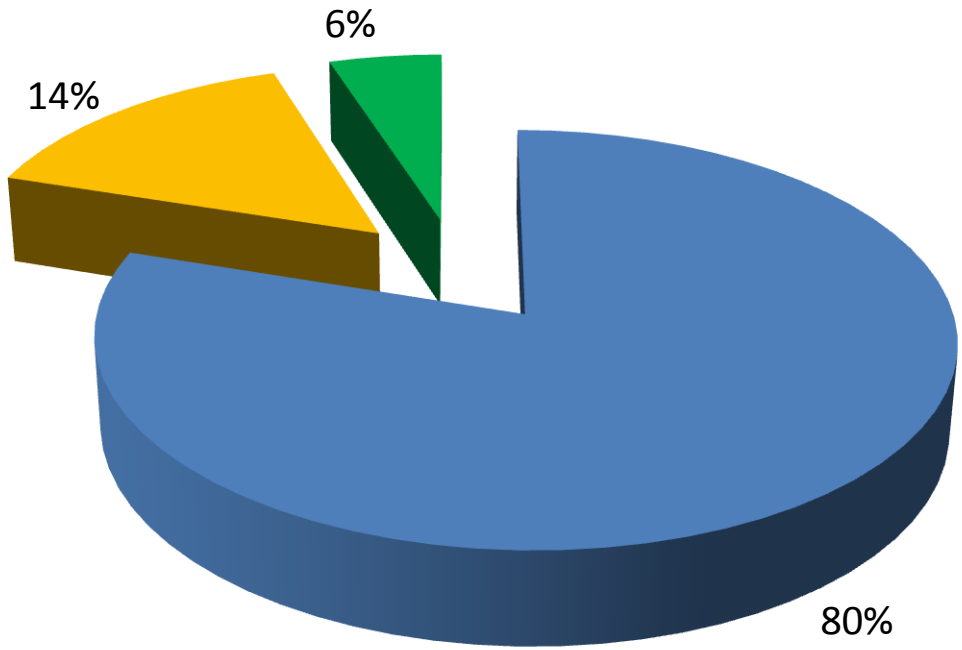
Indiabulls HOME LOANS

Tax Incentives – Low Effective Interest Rates

Particular	2015	2010	2000
Loan Amt (Rs)	2,500,000	2,500,000	2,500,000
Nominal Interest Rate(%)	**10.25%**	**9.25%**	**13.25%**
Max deduction for interest allowed	200,000	150,000	75,000
Deduction Principal	150,000	100,000	20,000
Tax Rate applicable	**30.90%**	**30.90%**	**34.50%**
Tenor(Yrs)	15	15	15
Total amount paid per year	326,985	327,878	384,521
Interest component	253,100	227,878	327,893
Principal component	73,885	100,000	56,628
Tax amount saved	108,150	77,250	32,775
Effective Interest paid on home loan	144,950	150,628	295,118
Effective interest rate on home loan	**5.80%**	**6.03%**	**11.80%**

Financial and Operational Highlights

Balance Sheet Assets

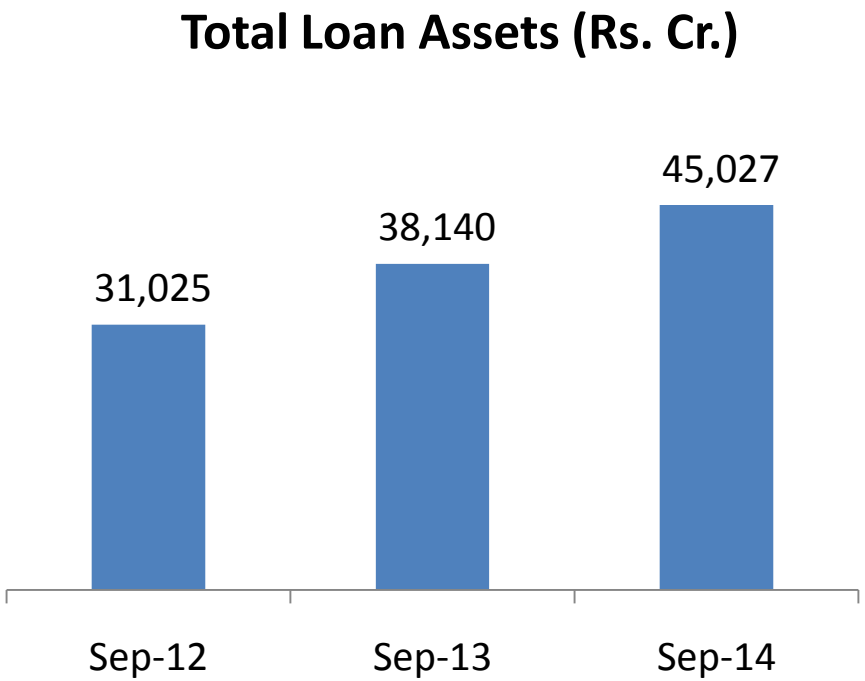


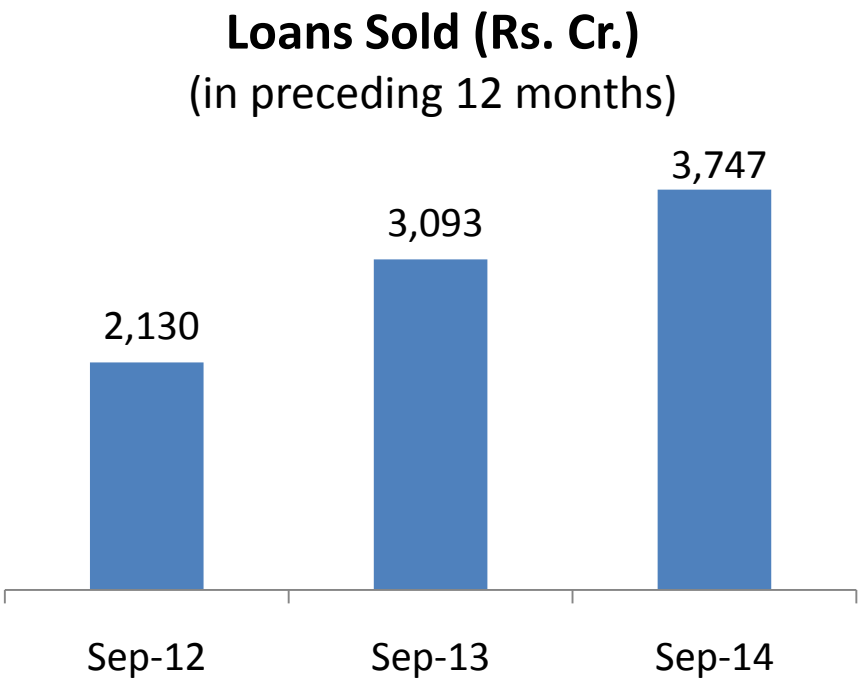
- Loan Book: 80%
- Cash & Liquid Investments*: 14%
- Other Assets: 6%

Total Assets	
As at September 30, 2014	Rs. 49,536 Cr. (US$ 8.26 bn)
As at September 30, 2013	Rs. 42,975 Cr. (US$ 7.16 bn)

* Cash, Cash Equivalents and Investments in Liquid Debt Instruments
US $ amounts are converted based on the exchange rate of US $1 = Rs. 60

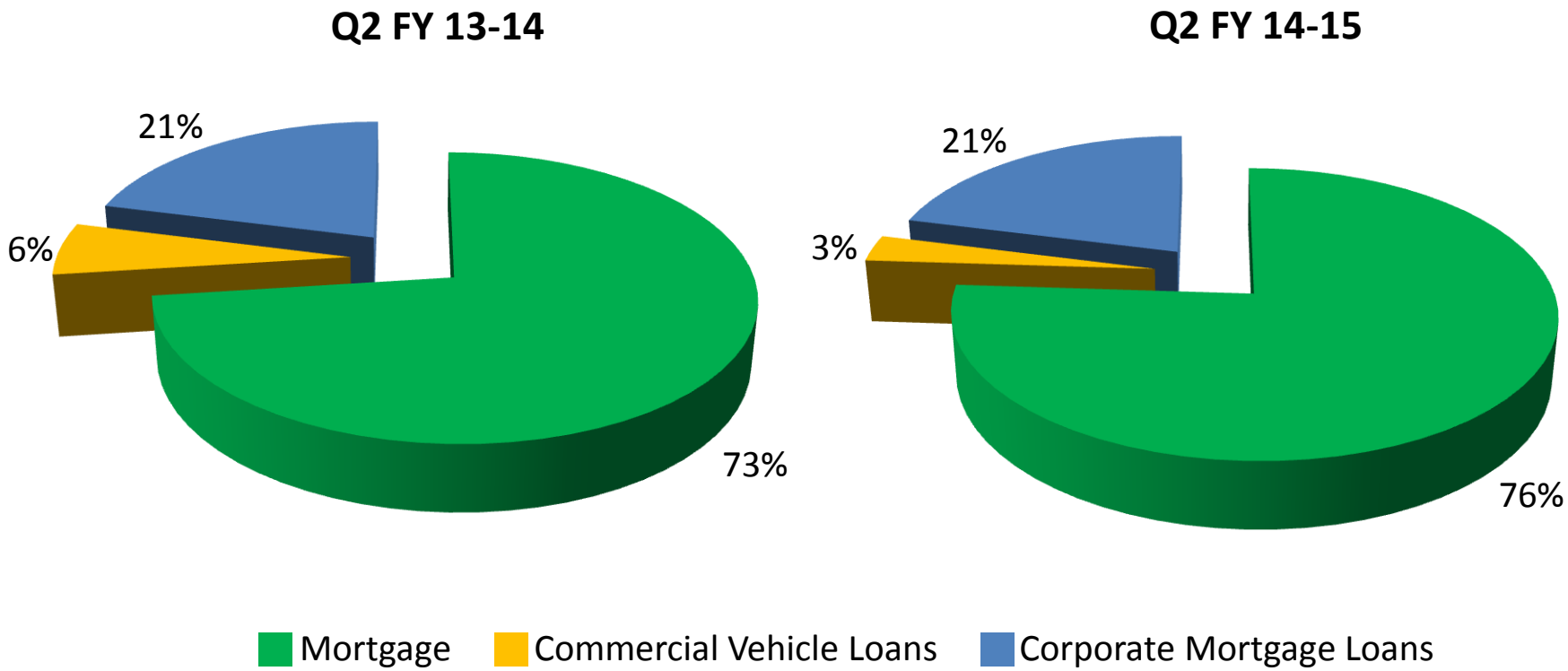
Loan Book Growth





- Loans sold (outstanding as on 30th Sep, 2014): Rs. 5,238 Cr. – on which spread at 3.4% p.a. is to be earned over the life of the loan

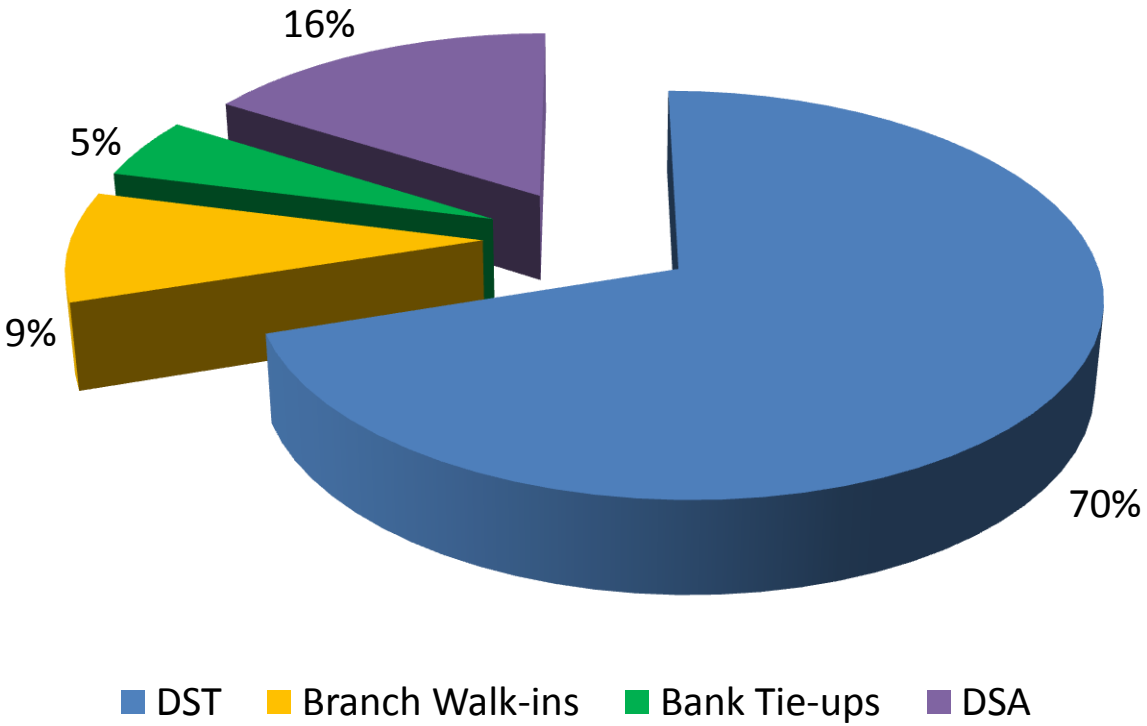
Asset Composition



- Driven by the growth of the Home loans book, retail mortgage book growth has outpaced the growth of corporate mortgage book growth
- Home loans, which forms the majority of incremental disbursals, are disbursed at an average ticket size of Rs. 24 Lacs; average LTV of 70% (at origination)

Mortgage Loans' Sourcing

79% of Mortgage loans are sourced in-house



- Increasing DST manpower and improving productivity will push in-house sourcing to over 80% in FY15

Conservative Home Loan Profile

Indiabulls HOME LOANS

Average Loan Size	24 Lacs
Maximum Loan to Value	80%
Average Loan to Value	70% (at origination)
Average Loan Term	13 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

Conservative Loan Against Property Profile

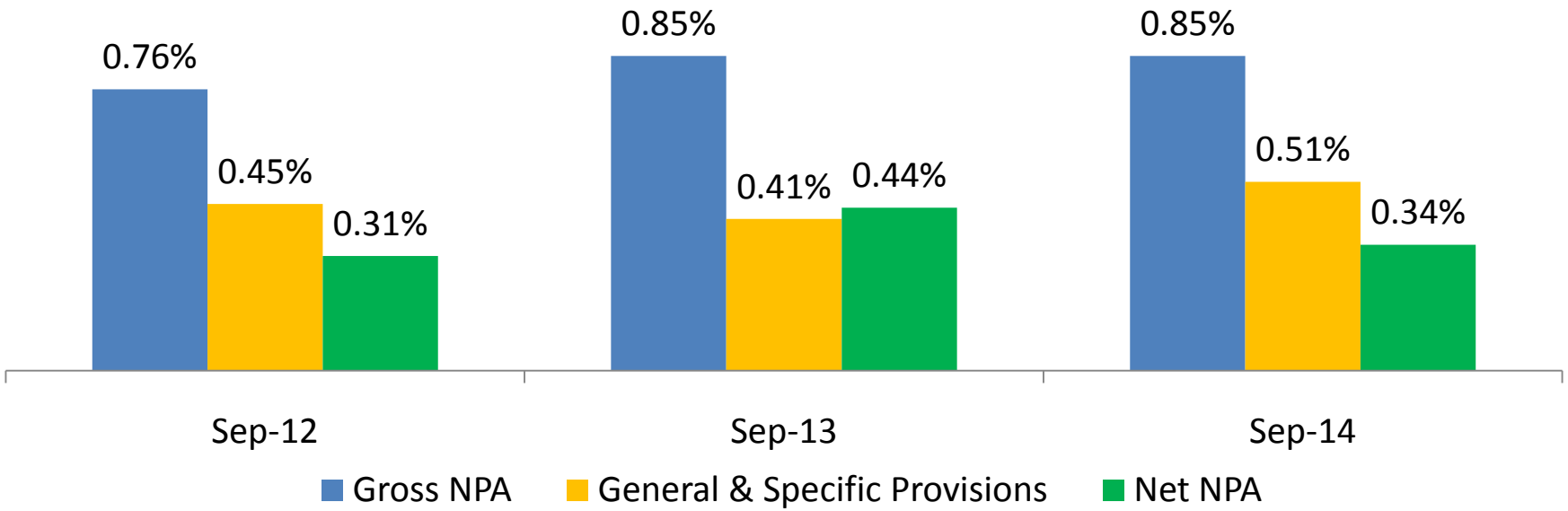
Indiabulls HOME LOANS

Average Loan Size	68 Lacs
Maximum Loan to Value	65%
Average Loan to Value	49% (at origination)
Average Loan Term	7 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

Asset Quality

Indiabulls HOME LOANS

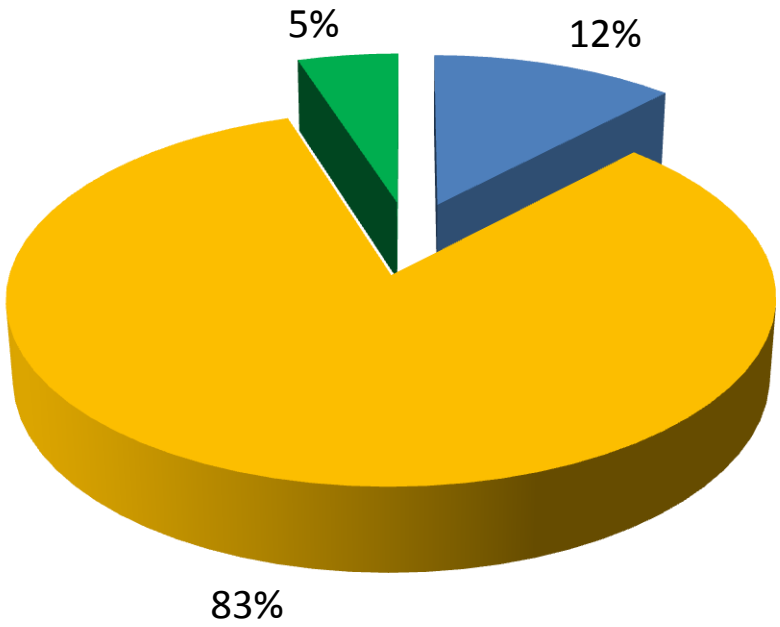
(as % of Total Loan Assets)



- NPA's continue to remain within the target range. With the expected economic recovery, the pressure on NPA's is expected to ease

- Standard Asset Provision and Counter-cyclical Provision pool of Rs. 357.5 Cr. is over and above General and Specific Provision pool and is not netted off against Gross NPAs in calculation of Net NPAs

Liabilities



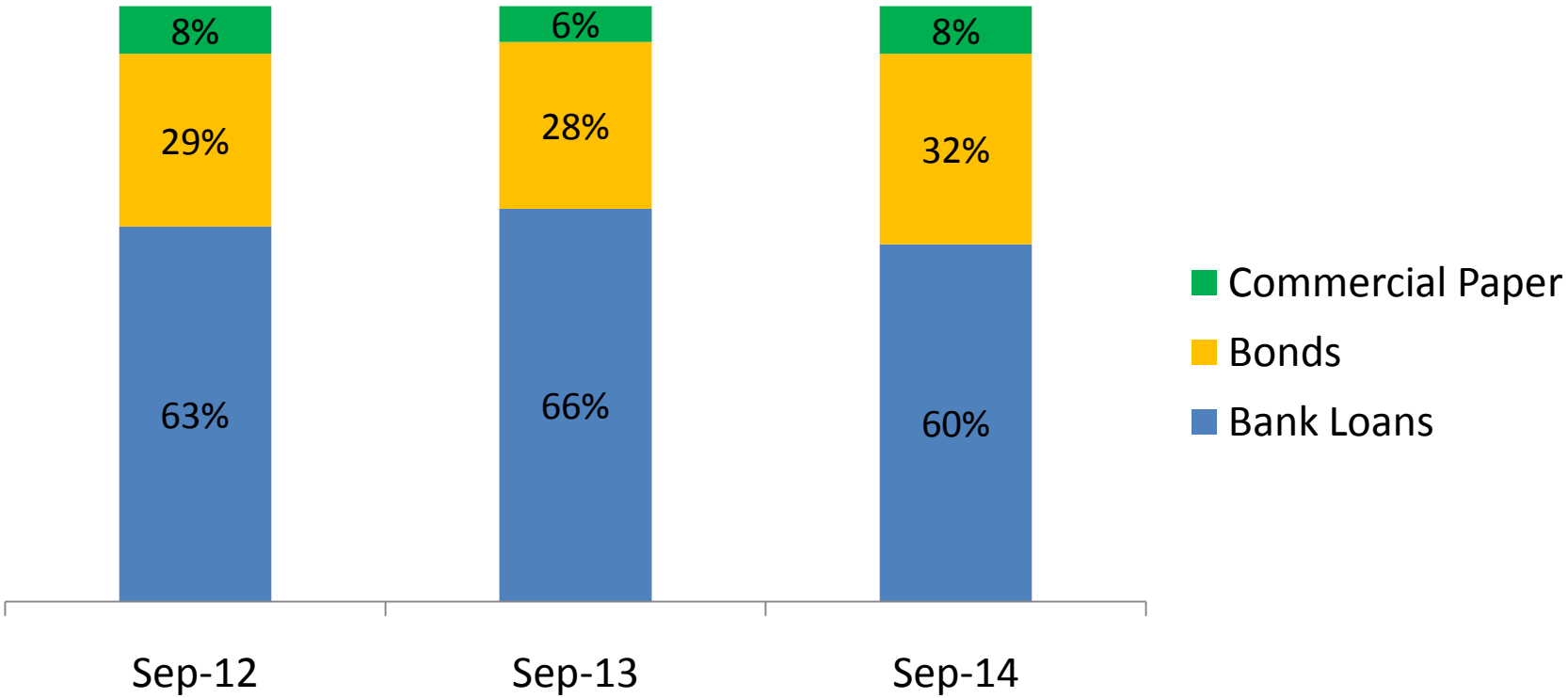
- Share Holder's Funds: Rs. 6,120 Cr. (US$ 1.02 bn)
- Borrowings: Rs. 41,103 Cr. (US$ 6.85 bn)
- Other Liabilities: Rs. 2,313 Cr. (US$ 0.39 bn)

Total Liabilities:

As of September 30, 2014: Rs. 49,536 Cr. (US$ 8.26 bn)
As of September 30, 2013: Rs. 42,975 Cr. (US$ 7.16 bn)

US $ amounts are converted based on the exchange rate of US $1 = Rs. 60

Diversified Borrowing Programme

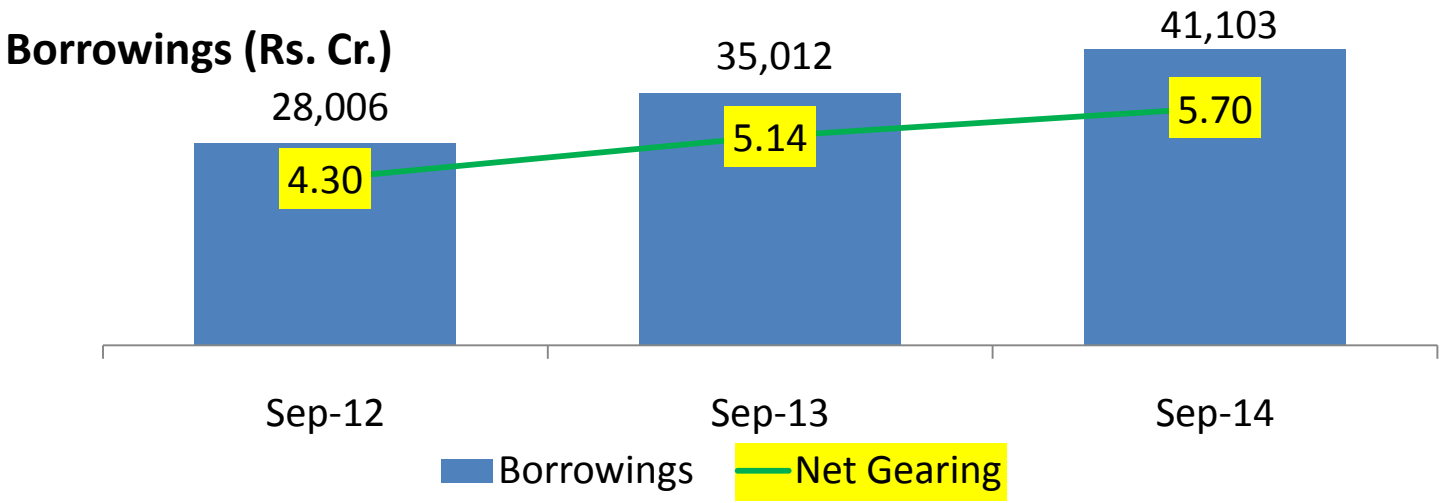


Total Borrowings:

As of September 30, 2014: Rs. 41,103 Cr. (US$ 6.85 bn)
As of September 30, 2013: Rs. 35,012 Cr. (US$ 5.84 bn)

US $ amounts are converted based on the exchange rate of US $1 = Rs. 60

Diversified Borrowing Programme

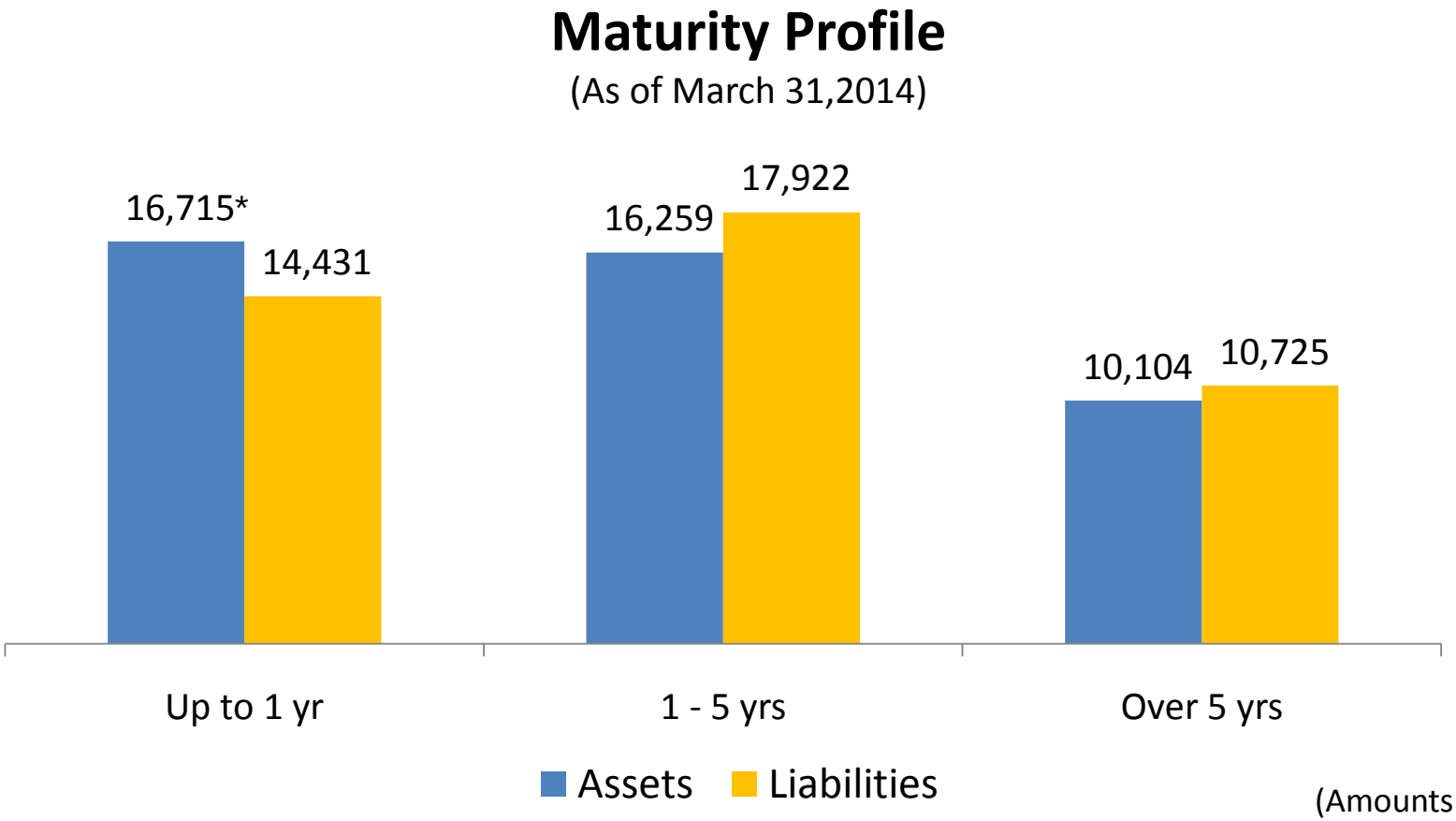


Net Gearing: Borrowings Net of 'Cash & Cash Equivalents' and 'Investments in Liquid Debt Instruments'

Total Borrowings (Rs. Cr.)			Contribution in Incremental Borrowing
	Sep-14	Sep-13	Last 12 months
Bank Loans	24,808	23,062	29%
Bonds	12,900	9,720	52%
CP	3,395	2,230	19%
Total	***41,103***	***35,012***	***100%***

- Bond issuances have been healthy and contributed 52% of the incremental borrowings in the last 12 months
- Amongst its lenders, the company now counts 120 strong relationships: 26 PSU banks, 16 Private and Foreign banks and 78 Mutual Funds, Provident Funds, Pension Funds, Insurance Companies and others

Optimally Matched Balance Sheet



(Amounts in Rs. Cr.)

- * Assets in the 'Up to 1 Yr' bucket includes Rs. 7,341.4 Cr. of Cash, Cash equivalents and investments in liquid debt instrument
- The maturity profile reflects adjustments for prepayments and renewals in accordance with the guidelines issued by National Housing Bank

Our Strengths

Corporate Strengths

- Highest credit rating of AAA
- Very strong board of directors
- Stable and experienced management team
- Headroom to grow: Net gearing: 5.70
- Steady book growth over last 20 quarters
- Declining cost to income ratio: 17.1% (for FY 2013-14)
- Technology driven quality customer service

Home Loan Strengths

- In-house sourcing & collection teams – low and stable NPA levels
- Low average loan to value ratios
- Emphasis on borrower cash flow stability during loan appraisal
- Experienced underwriting team - company has cumulatively disbursed over Rs. 94,831 Cr. since inception

Awards and Accolades

ASSOCHAM HFC of the Year 2013-2014

ISO 9001:2008 Certificate

Certificate of Registration

QUALITY MANAGEMENT SYSTEM
INDIABULLS HOUSING FINANCE LIMITED
(Loan Operations)

"Indiabulls House", 448 - 451, Udyog Vihar,
Phase-V, Gurgaon-122 016

Scope
Document Management

This is to certify that the Quality Management System of the above mentioned Organization meets the requirement of

ISO 9001:2008

MS - 2081012 Certificate Number	28 January 2012 Date of Initial Registration
28 January 2013 Date of Last Issue	27 January 2014 * Date of Expiry

CERTIFICATE

OSS Certification Services Pvt. Ltd.

NAREDCO Fastest growing HFC of the year 2013-2014

NAREDCO

Indiabulls Foundation: Corporate Social Responsibility

Indiabulls HOME LOANS

Kashmir Flood Relief

- Indiabulls Foundation provided timely relief to 10,000 flood affected people in Kashmir.
- Supporting the redevelopment of Kashmir valley with J&K flood relief fund

Nutrition, Sanitation

- Indiabulls Foundation Free Medical Clinic in Worli, Mumbai, provides free primary health care services to the needy within the radius of 20 to 30 Km of the medical clinics
- Health camps in villages around Nashik, Maharashtra focused on detection and treatment of cataract
- Tied up with Smile Train to help 600 children with their surgeries of cleft or palate deformities in the regions of Nashik, Amravati and Mumbai
- Under project 'Konal', educate women about sanitation and distribute over 10,000 sanitary napkin packs per month

Indiabulls Foundation: Corporate Social Responsibility

Indiabulls HOME LOANS

Rural empowerment

- Street lights arrangement in Wagholi & Gulvanch village, Maharashtra
- Built household rainwater harvesting structures and storage tanks in 385 rural households across 10 villages in Nagaur district, Rajasthan
- Approved 3 bore wells for Datli village, Maharashtra along with installation of hand pumps to provide drinking water to the village of 5,000 people
- Wheel chair distribution programme to the handicapped to enable them better mobility

Sustainable livelihoods

- Promoting sustainable employment options for the underprivileged at the root level
- Partnership with The Village Store to provide income generation opportunity to rural women
- Promoting message of hygiene, sanitation and awareness amongst women about healthy practices

Indiabulls Foundation: Corporate Social Responsibility

Indiabulls HOME LOANS

Education	▪ Started Indiabulls Foundation Scholarship Program to deserving students to pursue their higher education after 12th standard ▪ Indiabulls Foundation has sponsored MSCIT courses to 125 students in Amravati and 150 students in Sinnar, Nashik district ▪ Adopted an ashram school in Raigad district and started highly sophisticated E-learning methods ▪ Initiated a project to help rural youth learn to use computers and Internet for their own utility

Indiabulls FOUNDATION SCHOLARSHIP

Key Ratios, Valuations and Shareholding

Rising Productivity Ratios

Indiabulls HOME LOANS

	FY 2014	FY 2013	FY 2012
No. Of Employees	4,099	4,072	4,243
No. Of Outlets	205	200	181
Profit Per employee (Rs. Cr.)	0.38	0.31	0.24
Asset Per employee (Rs. Cr.)	10.84	8.09	5.85
Cost Income Ratio	17.1%	18.0%	18.7%

Key Financial Metrics

Indiabulls HOME LOANS

	FY 2014	FY 2013	FY 2012
Pre Tax ROAA (%)	4.8%	4.9%	4.9%
Post Tax ROAA (%)	3.8%	3.8%	3.7%
ROE (%)	27%	26%	22%
Capital Adequacy (%)	19.14%	18.47%	18.86%
- *Of which Tier I*	*15.05%*	*14.96%*	*18.21%*
- *Tier II*	*4.09%*	*3.51%*	*0.65%*

Valuations and Returns

Indiabulls HOME LOANS

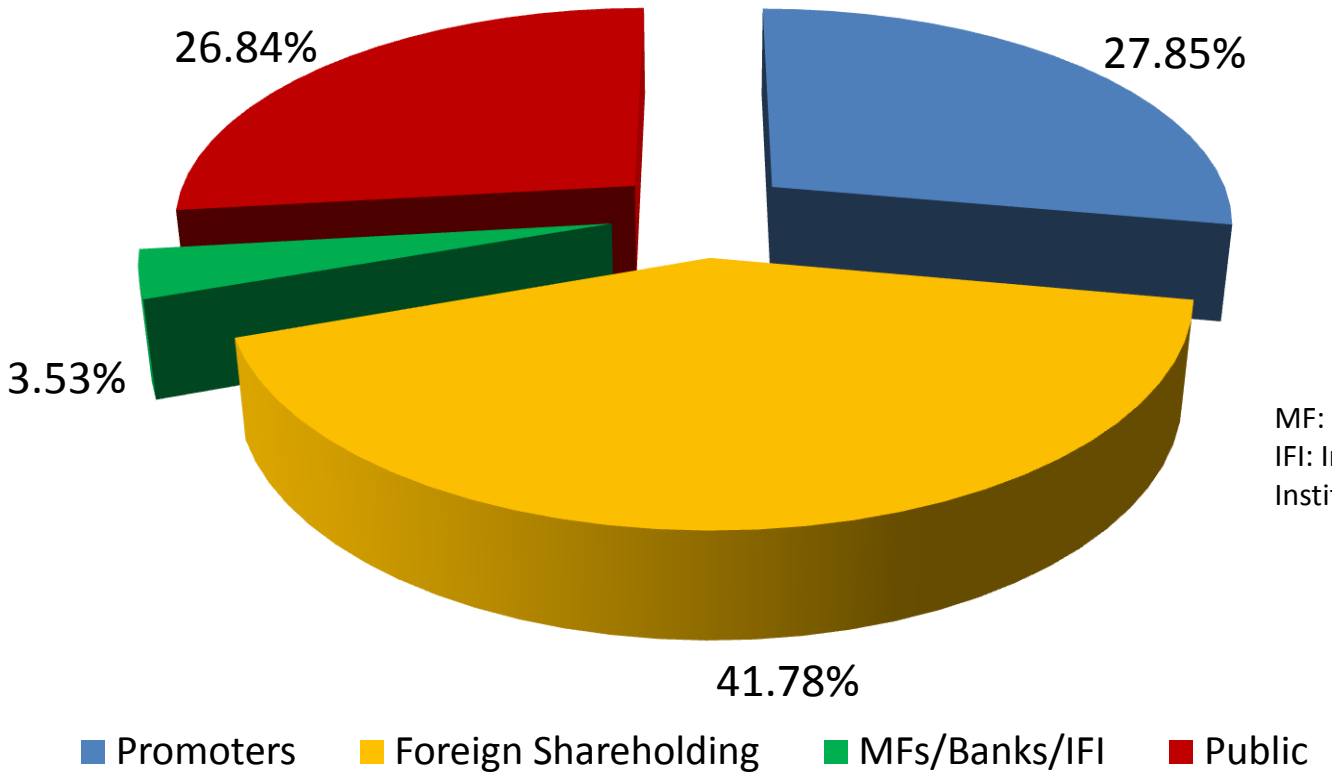
	Sep-14	Mar-14	Mar-13	Mar-12
Market Price per share (Rs.)	402.7	285.6	271.8	207.1
Market Capitalisation (US$ Bn)	2.38	1.59	1.42	1.08
Book value per Share (Rs.)	170.3	168.7	165.4	157.7
PE Ratio (times)	7.8	6.0	6.8	6.5
Price to Book Ratio (times)	2.4	1.7	1.6	1.3
Dividend per share (Rs.)	17*	29	20	13
Foreign Shareholding (%)	41.8%	41.1%	45.2%	38.7%

Adjusted for dividends paid out of Rs. 58/- per share in the last 24 months (Rs. 33 in the last 12 months), the book value per share would have been Rs. 228.5 on Sep 30, 2014

*Dividend for H1 FY 2015

US $ amounts are converted based on the exchange rate of US $1 = Rs. 60

Shareholding Pattern



MF: Mutual Funds
IFI: Indian Financial Institutions

Detailed Financials

Consolidated Balance Sheet

Indiabulls HOME LOANS

Particulars	As at 30.09.14 (Unaudited)	As at 30.09.13 (Unaudited)
		(Rupees in Crore)
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	71.02	66.02
(b) Reserves and Surplus	6,047.19	5,453.96
(c) Money received against share warrants	-	19.35
(2) Minority Interest	1.98	149.19
(3) Non-Current Liabilities		
(a) Long-term borrowings	23,063.91	21,698.20
(b) Deferred tax Liabilities (net)	0.01	-
(c) Other Long term liabilities	0.22	20.21
(d) Long term provisions	391.64	442.84
(4) Current Liabilities		
(a) Short-term borrowings	10,385.43	8,131.43
(b) Trade payables	1.76	1.09
(c) Other current liabilities	8,860.80	6,364.09
(d) Short-term provisions	711.87	628.31
Total	**49,535.85**	**42,974.69**
II.Assets		
(5) Goodwill on Consolidation	70.04	-
(6) Non-current assets		
(a) Fixed assets	43.05	45.88
(b) Non-current investments	1,030.22	741.31
(c) Deferred tax assets (net)	78.80	167.83
(d) Long term loans and advances	34,693.91	30,331.24
(e) Other non-current assets	736.72	497.15
(7) Current assets		
(a) Current investments	5,041.24	1,607.35
(b) Trade receivables	1.10	0.59
(c) Cash and cash equivalents	2,099.78	4,786.40
(d) Short-term loans and advances	5,141.79	4,292.81
(e) Other current assets	599.20	504.13
Total	**49,535.85**	**42,974.69**

Rs. 7,141 Cr. of Cash & Cash Equivalents and Investments in Liquid Debt Instruments

Consolidated Income Statement

Indiabulls HOME LOANS

(Rupees in Crore)

	Particulars	Quarter ended			Six Months ended		Year ended
		30.09.14	30.06.14	30.09.13	30.09.14	30.09.13	31.03.14
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income from Operations**						
	a) Income from Operations	1,438.22	1,318.84	1,354.37	2,757.05	2,510.07	5,186.51
	b) Other Operating Income	80.36	48.74	46.33	129.09	100.33	232.88
	Total Income from operations (net)	**1,518.58**	**1,367.57**	**1,400.70**	**2,886.15**	**2,610.40**	**5,419.39**
2	**Expenses**						
	a) Employee Benefits Expense	89.43	71.56	67.32	160.99	136.68	263.73
	b) Depreciation and Amortisation Expense	3.85	5.42	1.99	9.27	4.06	7.89
	c) Other Expenses	91.78	100.75	89.70	192.53	177.53	425.52
	Total Expenses	**185.05**	**177.73**	**159.01**	**362.78**	**318.27**	**697.14**
3	Profit from Operations before Other Income, Finance costs & Exceptional Items (1-2)	1,333.52	1,189.85	1,241.69	2,523.37	2,292.14	4,722.25
4	Other Income	187.18	235.21	73.45	422.39	207.71	541.92
5	Profit from ordinary activities before Finance costs & Exceptional Items (3+4)	1,520.70	1,425.06	1,315.14	2,945.76	2,499.84	5,264.17
6	Finance Costs	955.35	889.44	809.79	1,844.79	1,523.42	3,282.38
7	Profit from ordinary activities after Finance costs but before Exceptional Items (5-6)	565.35	535.62	505.35	1,100.97	976.43	1,981.79
8	Exceptional Items	-	-	-	-	-	-
9	**Profit from Ordinary Activities before Tax (7-8)**	**565.35**	**535.62**	**505.35**	**1,100.97**	**976.43**	**1,981.79**
10	Tax Expense (including Deferred Tax and MAT credit entitlement)	117.06	111.85	134.96	228.91	254.54	413.25
11	**Net Profit from Ordinary Activities after Tax (9-10)**	**448.29**	**423.77**	**370.39**	**872.06**	**721.88**	**1,568.54**
12	Extraordinary Items (net of tax expenses Rs. NIL)	-	-	-	-	-	-
13	**Net Profit for the period / year (11-12)**	**448.29**	**423.77**	**370.39**	**872.06**	**721.88**	**1,568.54**
14	Minority Interest for the period / year	0.05	0.03	1.27	0.07	4.32	4.38
15	**Net Profit from Ordinary Activities after Tax and Minority Interest (13-14)**	**448.25**	**423.74**	**369.12**	**871.99**	**717.57**	**1,564.16**
16	Paid-up Equity Share Capital	71.02	66.87	66.02	71.02	66.02	66.81
17	Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2014						5,570.14
18	Minority Interest	1.98	1.94	149.19	1.98	149.19	1.91
19	Earnings per Share (EPS) before extraordinary items						
	**(EPS for the quarters and six months are not annualised)*						
	-Basic (Amount in Rs.)	13.22*	12.68*	11.33*	25.90*	22.49*	47.96
	-Diluted (Amount in Rs.)	12.78*	12.27*	11.23*	25.06*	22.16*	47.47
	-Face Value (Amount in Rs.)	2.00	2.00	2.00	2.00	2.00	2.00
	Earnings per Share (EPS) after extraordinary items						
	**(EPS for the quarters and six months are not annualised)*						
	-Basic (Amount in Rs.)	13.22*	12.68*	11.33*	25.90*	22.49*	47.96
	-Diluted (Amount in Rs.)	12.78*	12.27*	11.23*	25.06*	22.16*	47.47
	-Face Value (Amount in Rs.)	2.00	2.00	2.00	2.00	2.00	2.00

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Thank you

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