Indiabulls Financial Services Limited

Unaudited Financial Results – Q1 (FY 2010-11)

July 24, 2010

Safe Harbour Statement

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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 and the management's ability to implement the company's strategy. Indiabulls doesn't undertake any obligation to update these forward-looking statements.

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Business Update

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Year-on-Year (Y-o-Y) Comparison
Q1 FY 10-11 Key Financial Highlights (Q1 FY 10-11 v/s Q1 FY 09-10)

	Q1 FY 10-11	Q1 FY 09-10	Growth
Total Revenues (Rs. Cr.)	471.09	395.99	18.97%
PBT (Rs. Cr.)	199.80	111.65	78.95%
PAT (Rs. Cr.)	133.58	74.07	80.34%
EPS (Rs.)	4.24	2.65	60.00%

Quarter-on-Quarter (Q-o-Q) Comparison
Q1 FY 10-11 Key Financial Highlights (Q1 FY 10-11 v/s Q4 FY 09-10)

	Q1 FY 10-11	Q4 FY 09-10	Growth
Total Revenues (Rs. Cr.)	471.09	428.56	9.92%
PBT (Rs. Cr.)	199.80	143.60	39.14%
PAT (Rs. Cr.)	133.58	94.36	41.56%
EPS (Rs.)	4.24	2.99	41.81%

Asset Growth

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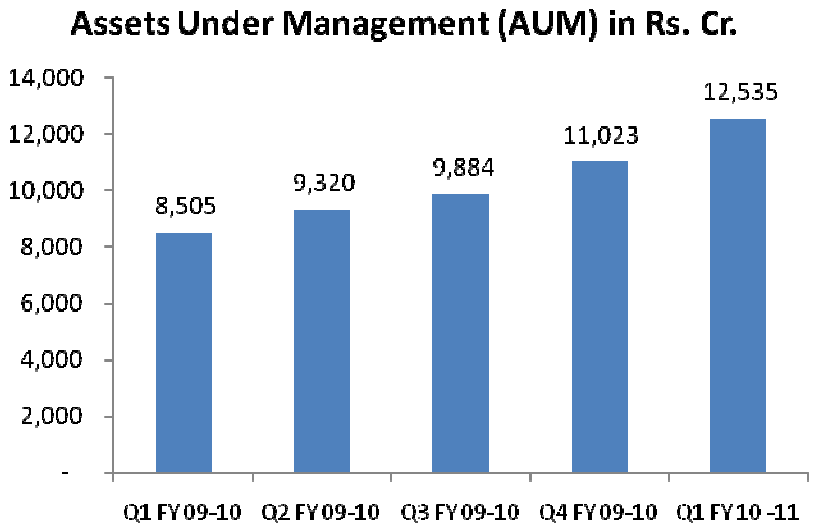
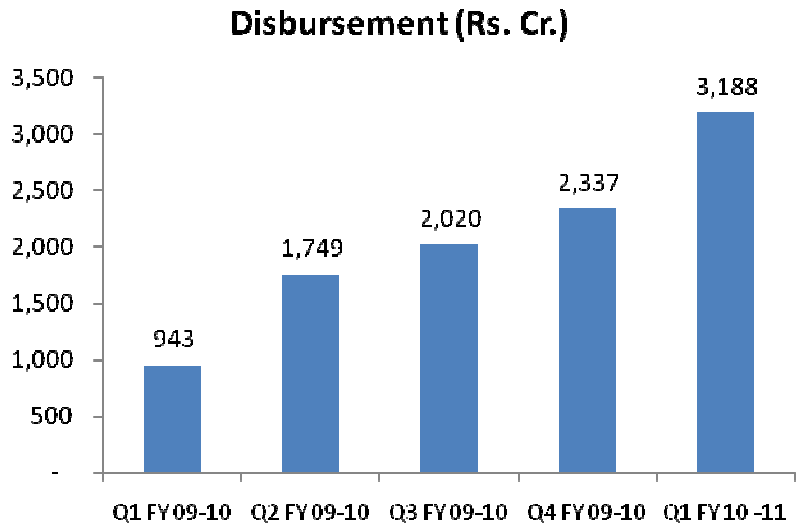
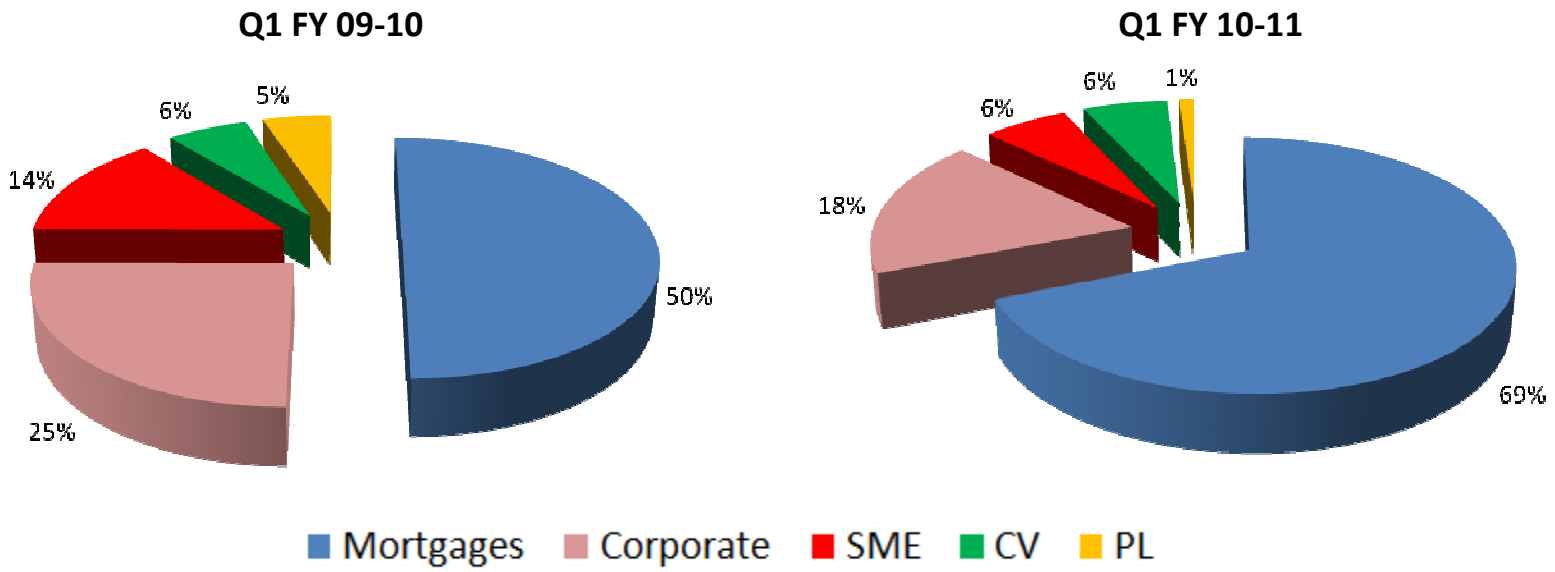




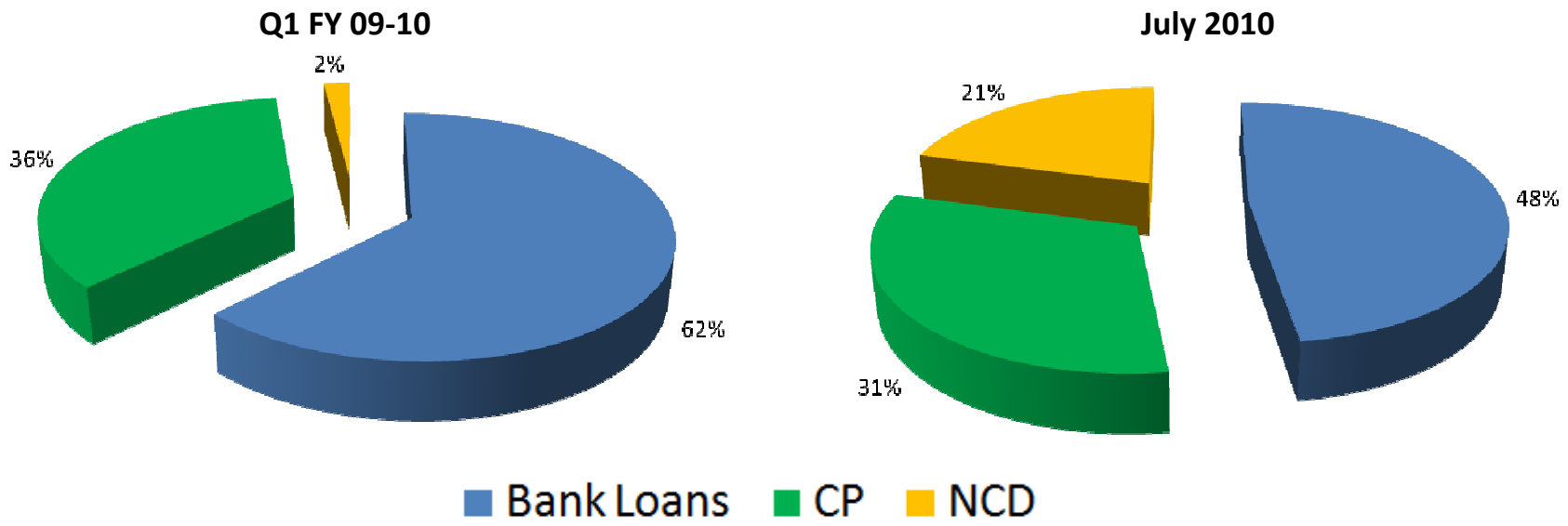
- Focus on mortgage assets enabling company:
  1. To have low-risk assets and increasingly lower credit costs
  2. To have sustained asset growth as tenure of mortgage loans is long term

Asset Composition



- Increasing share of low-risk mortgage loans
- Composition of long tenure loans up to 69% and will result in sustained asset growth
- Medium term loans are down to 31% of the overall loans from 56% in Q1 FY 09-10
- Growth in mortgage loans will lead to lower provisioning costs

Improving Liability Profile



CRISIL Rating Report on Indiabulls Financial Services Ltd.: IBFSL's resource profile has gradually improved over the past two years, with lower dependence on short-term market borrowing, stronger and larger number of lender relationships, and lower borrowing costs.

- NCD Issuance: In July 2010 IBFSL has raised Rs 1,260 Cr. from allotment of 3- years' secured redeemable Non-Convertible Debenture (NCDs) to leading Banks, PFs and Financial Institutions.
- Shift towards long term debt and NCDs from large number of public sector banks and financial institutions at competitive rates
- Company to further focus on diversifying its sources of funding

Consistent Growth in NII

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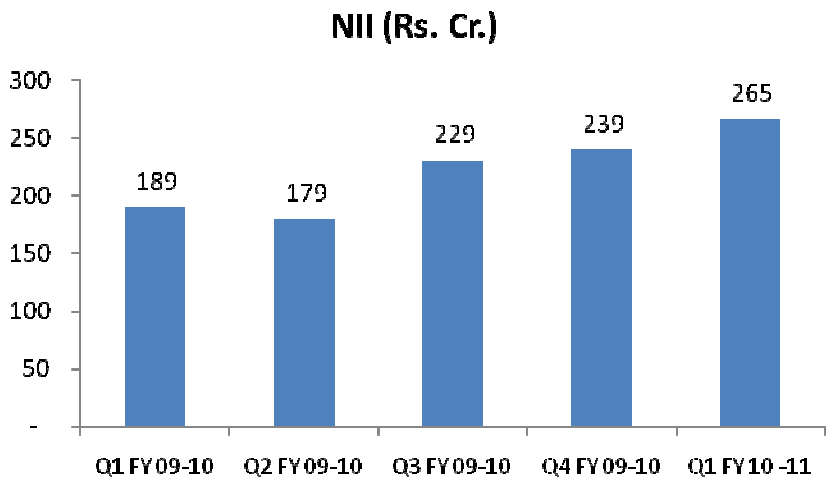
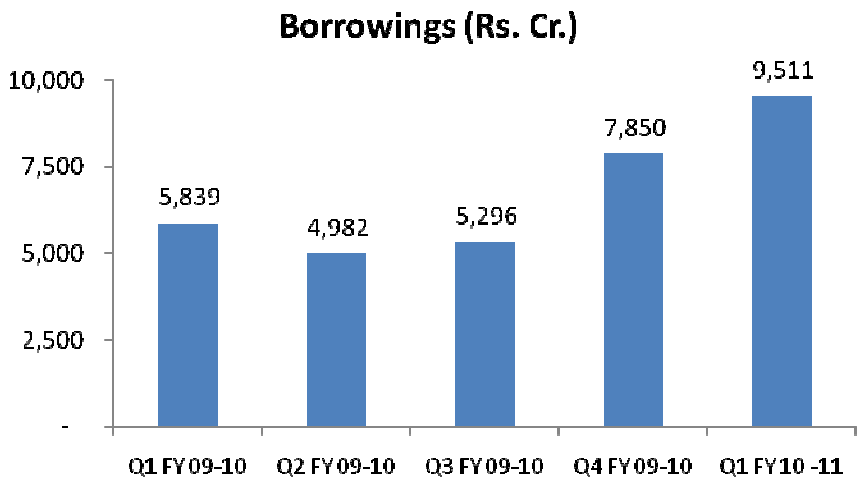
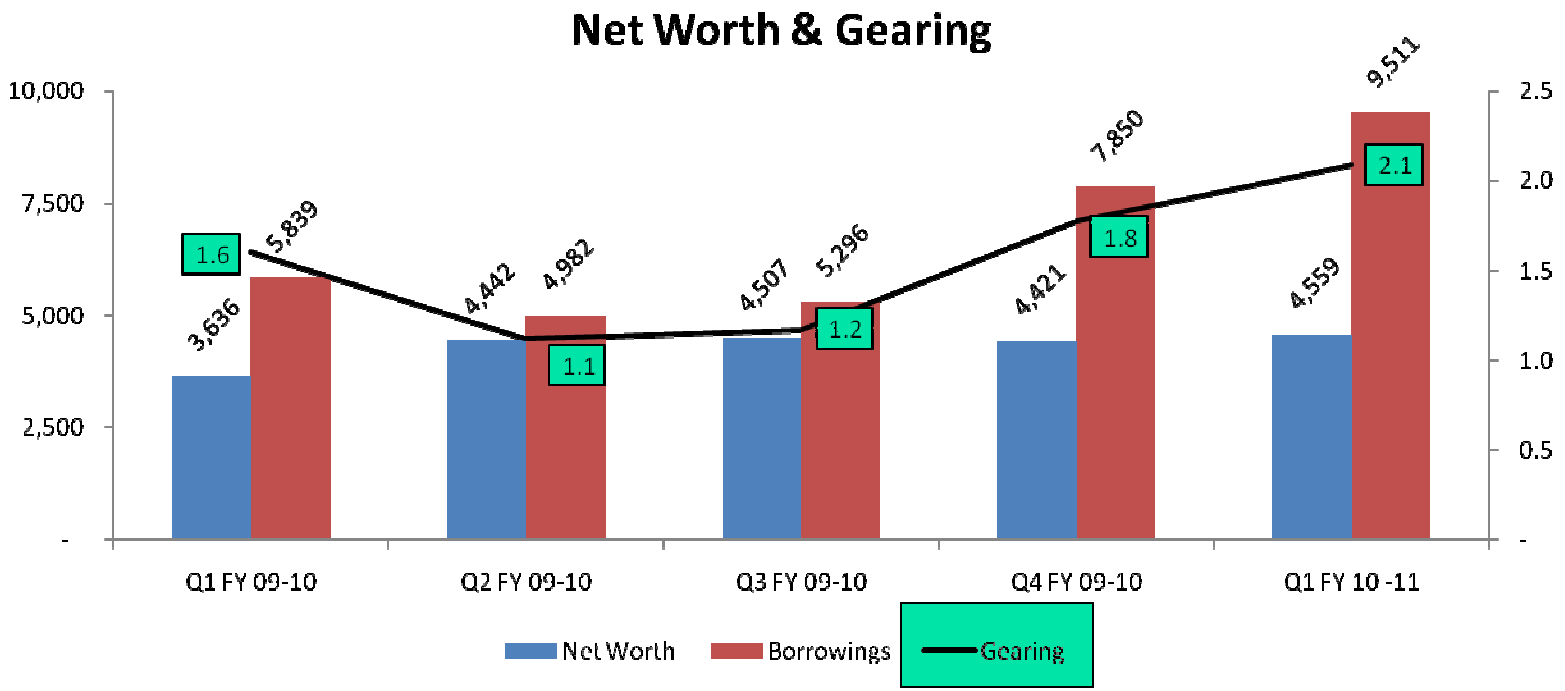




- AA (Stable) Rating from ICRA (An Associate of Moody's Investors Service) and CARE to contribute towards efficient management of cost of funds as the company enhances its borrowing programme to fund its expanding loan portfolio
- Company has been able to avail long term loans from PSU banks at very competitive rates for its home loans portfolio

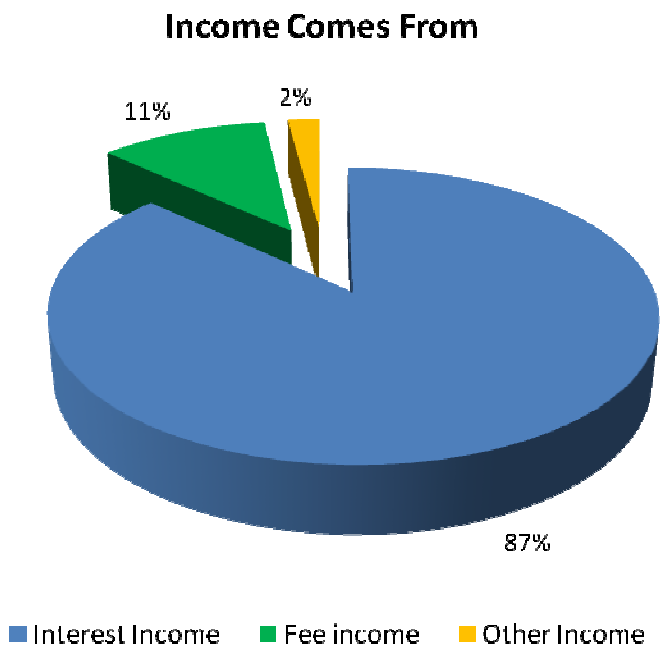
Headroom for Growth



Figures in Rs. Cr.

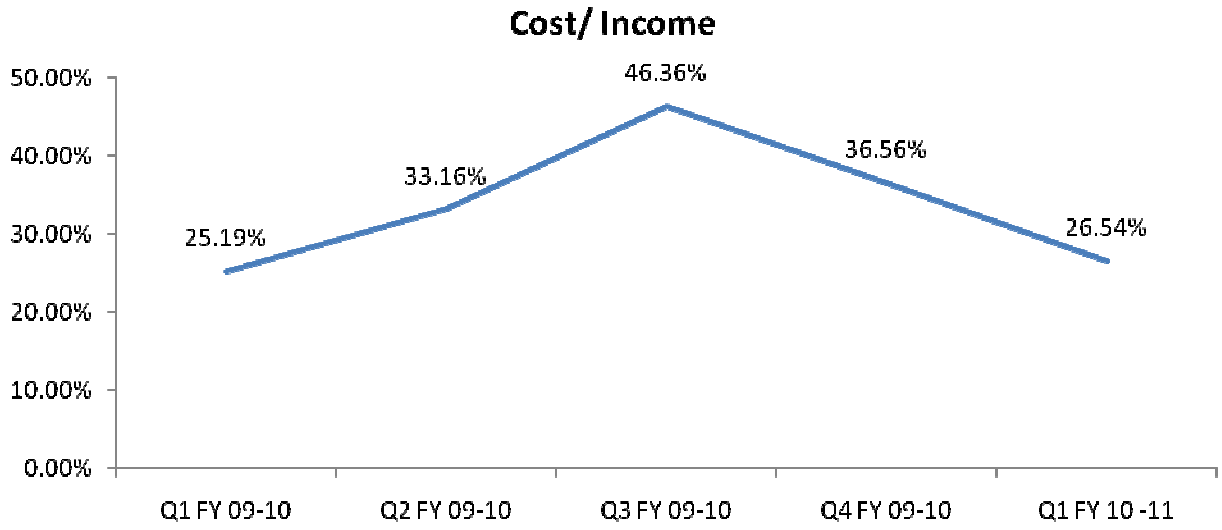
- CRAR of 28.48% provides for considerable headroom for growth of loan portfolio for the next 3 years
- Company to focus on long duration term loans and NCDs to fund expansion of its asset book

Income Sources



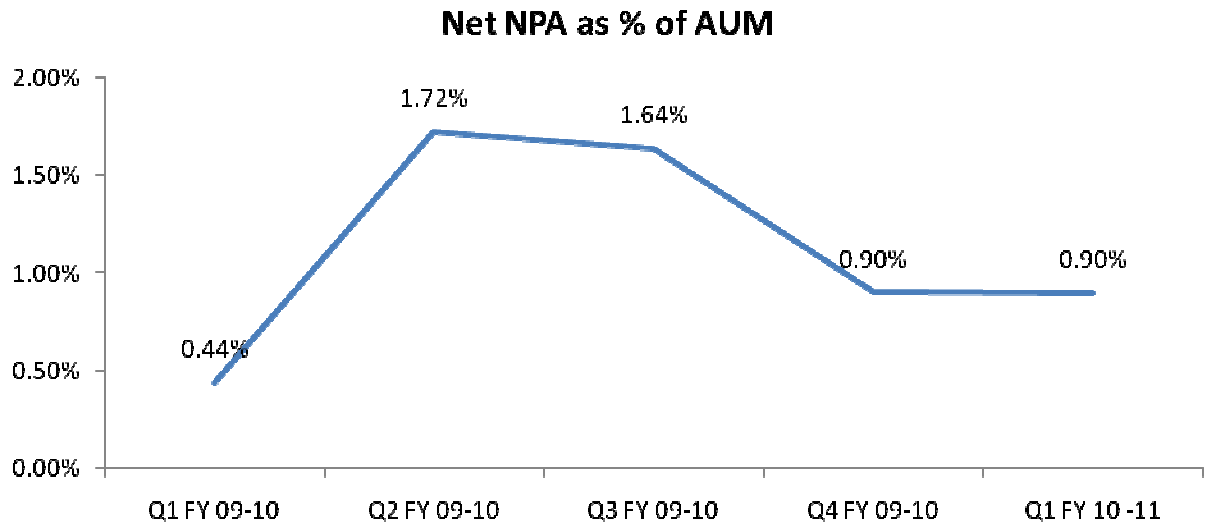
- Steady long-term and sustained loan book growth to further increase contribution of 'Interest Income'
- Steady growth in disbursements and enhanced cross-selling of related services to borrowers will expand 'Fee Income' and also improve cost-income ratio
- Improving recoveries from written-off loan assets will steadily grow 'Other Income' through FY 10-11

Improving Cost-Income Ratio



- Steadily growing portfolio and income will further improve the cost-income ratio
- Improving cost-income ratio will help stabilise spreads as the company expands its portfolio towards low risk mortgage assets

Stable Asset Quality



CRISIL Rating Report on Indiabulls Financial Services Ltd.: Mortgage financing is less susceptible to economic cycles in terms of growth and portfolio quality vis-à-vis other retail asset classes such as auto loans and personal loans. CRISIL, therefore, believes that IBFSL's shift of business focus to mortgages will lead to a structural improvement in the company's asset quality.

- NPA Levels to reduce further as company shifts its product mix towards low risk mortgage assets
- Historical baggage of high-risk assets constitutes major portion of the NPAs and will continuously come down with asset growth mainly in mortgage assets

Consolidated Income Statement

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Significant reduction in cost of finance in spite of higher borrowing

Steady loan book growth has increased interest income

Improving cost-income ratio

Sustainable growth in PAT due to reduced cost of funds and steadily expanding loan book mainly in mortgage assets

				(Rupees in Lakhs)
		Quarter ended		Year ended
	Particulars	**30.06.10**	**30.06.09**	**31.03.10**
		(Unaudited)	**(Unaudited)**	**(Audited)**
1	a) Income from Operations	43,370.55	33,492.44	144,301.27
	b) Other Operating Income	2,803.87	5,979.80	18,263.81
	Total	46,174.42	39,472.24	162,565.08
2	Expenditure			
	a) Employees Cost	4,281.82	3,068.04	13,635.61
	b) Depreciation	241.29	197.01	844.03
	c) Operating Expenses	585.34	237.07	1,719.81
	d) Administrative & Other Expenses	7,396.02	6,473.67	41,764.18
	Total	12,504.47	9,975.79	57,963.63
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	33,669.95	29,496.45	104,601.45
4	Other Income	934.58	127.11	938.96
5	Profit before Interest & Exceptional Items (3+4)	34,604.53	29,623.56	105,540.41
6	Interest and Finance Charges	14,624.06	18,458.33	59,808.16
7	Profit after Interest but before Exceptional Items (5-6)	19,980.47	11,165.23	45,732.25
8	Exceptional Items	-	-	-
9	**Profit from Ordinary Activities before Tax (7-8)**	**19,980.47**	**11,165.23**	**45,732.25**
10	Tax expense (including Deferred Tax and Fringe Benefits Tax) (Fringe Benefits Tax for current quarter and previous year is Nil)	6,622.50	3,758.46	14,984.62
11	**Net Profit from Ordinary Activities after Tax (9-10)**	**13,357.97**	**7,406.77**	**30,747.63**
12	Extraordinary Items (net of tax expenses Rs. NIL)	-	-	-
13	**Net Profit for the period before Minority Interest (11-12)**	**13,357.97**	**7,406.77**	**30,747.63**
14	Minority Interest	208.48	216.45	617.89
15	**Net Profit from Ordinary Activities after Tax and Minority Interest (13-14)**	**13,149.49**	**7,190.32**	**30,129.74**
16	Preference Dividend for the period (including corporate dividend tax thereon)	-	457.55	915.11
17	Paid-up Equity Share Capital (Face Value of Rs.2 per Equity Share)	6,205.12	5,072.60	6,197.89
18	Paid-up Preference Share Capital (Face Value of Rs.157.39 per Preference Share)	-	15,686.54	-
19	Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2010			424,809.02
20	Minority Interest	11,295.85	14,084.39	11,087.38
21	Earnings per Share before extraordinary items (Face Value of Rs.2 per Equity Share)			
	-Basic	4.24	2.65	9.94
	-Diluted	4.20	2.61	9.84
	Earnings per Share after extraordinary items (Face Value of Rs.2 per Equity Share)			
	-Basic	4.24	2.65	9.94
	-Diluted	4.20	2.61	9.84

Consolidated Balance Sheet

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Statement of Assets and Liabilities			(Rupees in Lakhs)
Particulars	**As at**	**As at**	**As at**
	30.06.10	**30.06.09**	**31.03.10**
	(Unaudited)	**(Unaudited)**	**(Audited)**
Shareholders Funds			
(a) Share Capital	6,205.12	20,759.13	6,197.89
(b) Reserves and Surplus	438,373.69	328,711.42	424,809.02
Minority Interest	11,295.85	14,084.39	11,087.38
Share Application Money Pending Allotment	-	2,400.00	-
Loan Funds	951,098.21	583,941.30	784,953.01
Total	**1,406,972.87**	**949,896.24**	**1,227,047.30**
Fixed Assets (including Capital work in progress / Capital Advances)	4,415.63	4,524.21	4,449.07
Investments (includes Rs 132,683.90 lacs (previous quarter Rs 102,062.86 lacs), (previous year Rs 90,415.48 lacs) invested under debt schemes of various Mutual Funds)	156,827.07	161,940.87	116,833.53
Deferred Tax Asset (Net)	2,639.63	1,567.92	2,507.96
Current Assets, Loans And Advances			
(a) Sundry Debtors	2,516.83	871.85	2,216.92
(b) Cash and Bank Balances	77,483.13	163,955.24	123,127.48
(c) Other Current Assets	13,137.25	13,725.82	12,483.58
(d) Loans and Advances	1,265,040.89	698,464.96	1,090,564.23
	1,358,178.10	877,017.87	1,228,392.21
Less: Current Liabilities And Provisions			
(a) Current Liabilities	88,055.53	70,240.21	84,063.44
(b) Provisions	27,032.03	24,914.42	41,072.03
	115,087.56	95,154.63	125,135.47
Net Current Assets	1,243,090.54	781,863.24	1,103,256.74
Total	**1,406,972.87**	**949,896.24**	**1,227,047.30**

Thank you