Indiabulls Financial Services Limited

Unaudited Financial Results – Q3 (FY 2010-11)

January 21, 2011

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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Q3 FY 10-11 Key Financial Highlights

	Q3 FY 10-11	Q2 FY 10-11	9M FY 10-11
Total Revenues (Rs. Cr.)	685.05	581.44	1,737.58
PBT (Rs. Cr.)	297.11	251.01	747.92
PAT (Rs. Cr.)	206.75	174.46	514.79
EPS (Rs.)	6.52	5.57	16.33

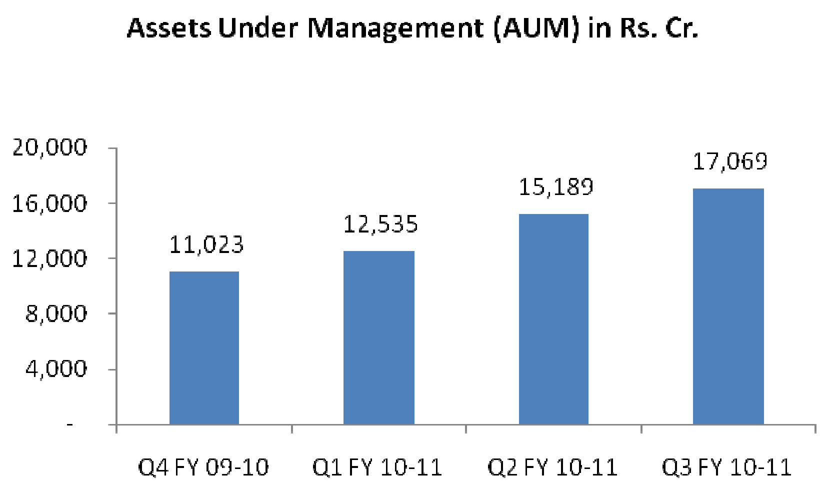
- The PBT figure for Q3 FY 10-11 is after a one-time charge of Rs. 33.19 Cr towards 0.25% provision on 'Standard Assets' forming part of existing portfolio of IBFSL (stand alone), as mandated by RBI's new guidelines released on January 17, 2011 for NBFCs. In the forthcoming quarters this charge will be on incremental 'Standard Assets' only
- The figures for Q3 FY 10-11 includes a one-time gain of Rs. 21.35 Cr from a 26% sale of stake in Indian Commodity Exchange Ltd (ICEX)

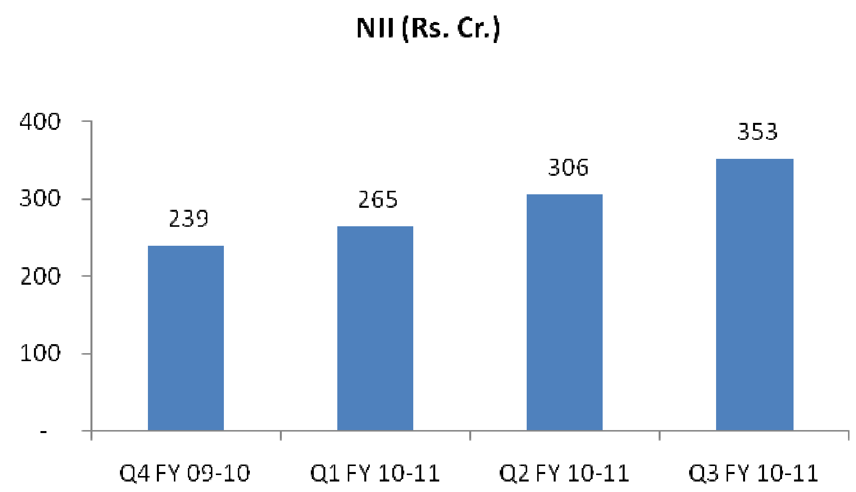
Business Update

9M FY 10-11 Key Financial Highlights (9M FY 10-11 v/s 9M FY 09-10)

	9M FY 10-11	9M FY 09-10
Total Revenues (Rs. Cr.)	1,737.58	1,207.17
PBT (Rs. Cr.)	747.92	313.72
PAT (Rs. Cr.)	514.79	213.11
EPS (Rs.)	16.33	6.91

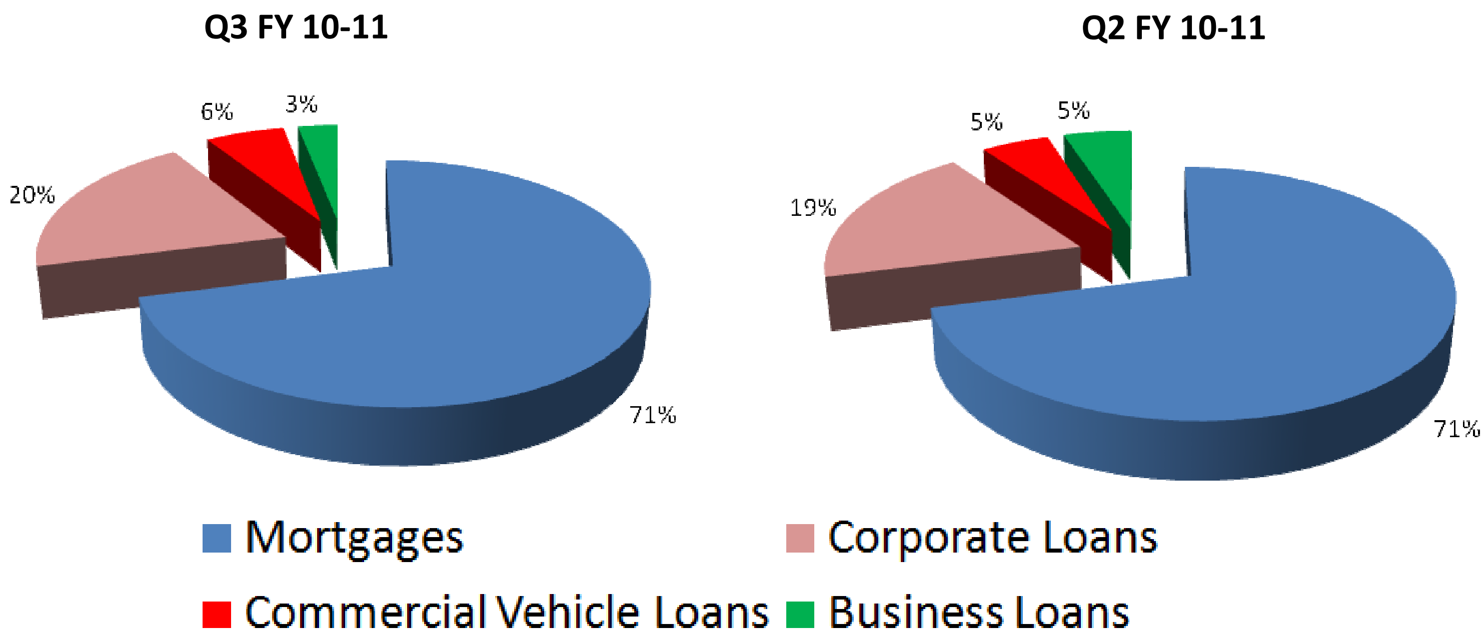
Asset Growth





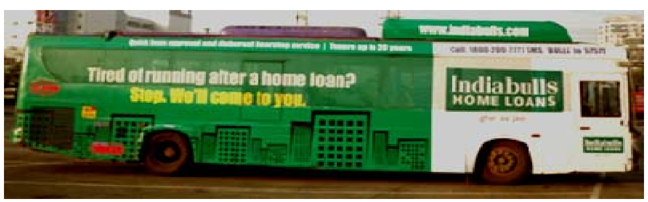
- The company continues to witness strong and steady demand for Home Loans. Consequently, Home Loans has been the main contributor to the asset growth
- To maintain stable spreads in a rising interest rate environment, the company increased PLR by 75 bps in Q3 and will continue to similarly adjust PLR to maintain spreads

Asset Composition



- Focus on Home Loans has resulted in sustained asset growth, the composition of low-risk mortgage loans remains steady at 71% of the assets

Home Loans: Increasing Presence

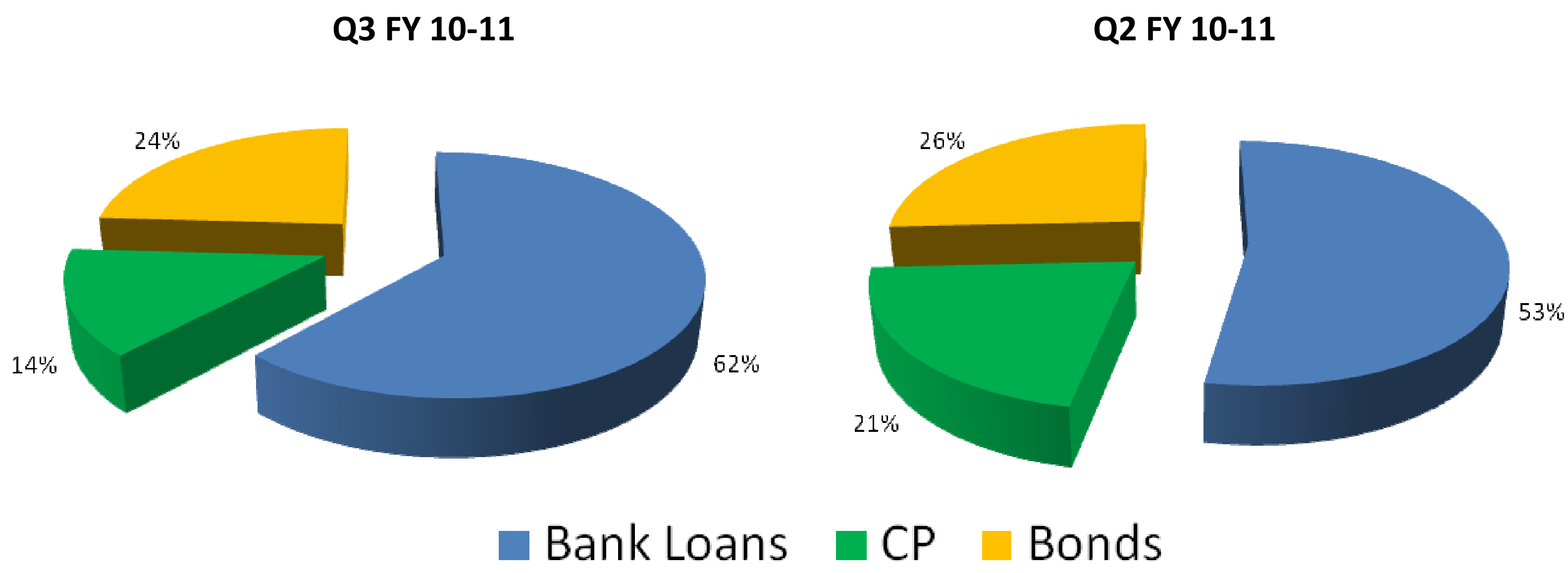


- **Customer Convenience** and **Superior Service** form the core of Indiabulls' Home Loans' product proposition. Thus:
  - Home Loans from the company are competitively priced and cater to the mass-market salaried segment
  - Prospective customers are promptly attended to by a Direct Sales Team of over 1,500 people; all pertinent information is made easily available on-line. Specialist helpdesks are also set-up to address all product queries

Home Loans: Convenience and Service

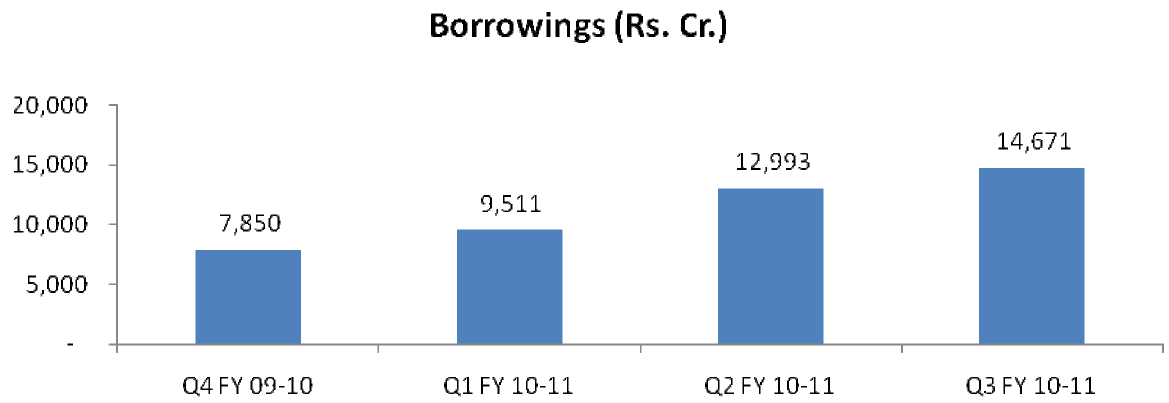
- The company continues to expand its branch network and now has over 150 branches spread across 18 states
- The branches are set-up in accessible locations with the aim of nurturing long-term customer relationships
- Customers are attended to by knowledgeable and experienced staff, trained to deliver quality service

Improving Liability Profile



- **During the quarter, the company's long-term debt rating has been upgraded to AA+**
- The company has achieved its stated objective of decreasing the dependence on short-term money to under 15% of its total borrowings

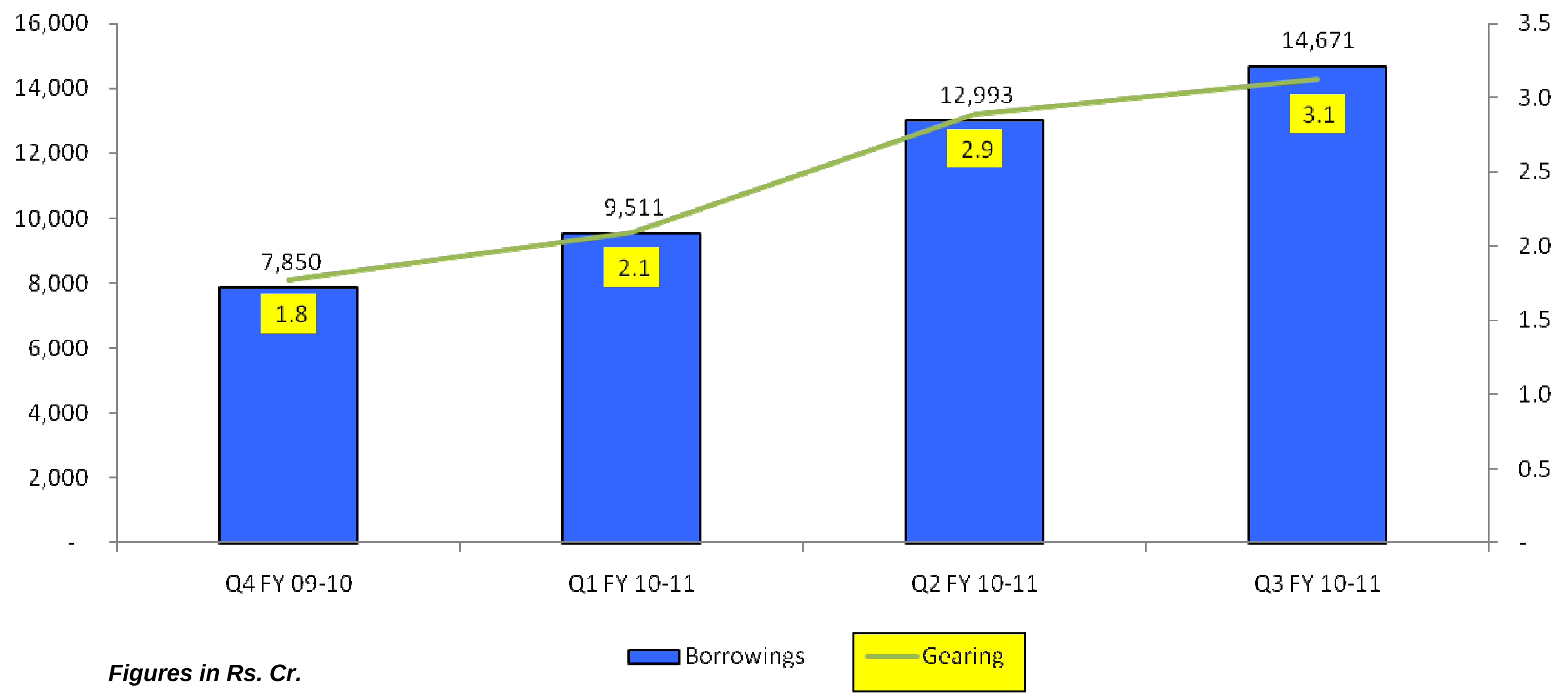
Diversified Borrowing Programme



Total Borrowings (Rs. Cr.)			Contribution in Incremental Borrowing
	Dec 10	**Mar 10**	**9M FY 10-11**
Bank Loans	9,058	3,790	77%
NCD	3,493	810	39%
CP	2,120	3,250	-16%
Total	***14,671***	***7,850***	***100%***

- The quarter saw continuing diversification of funding sources. Amongst its lenders, the company now counts 48 strong relationships: 20 PSU banks, 9 Private and Foreign banks and 19 other Mutual Funds, Provident Funds, Pension Funds and Insurance Companies

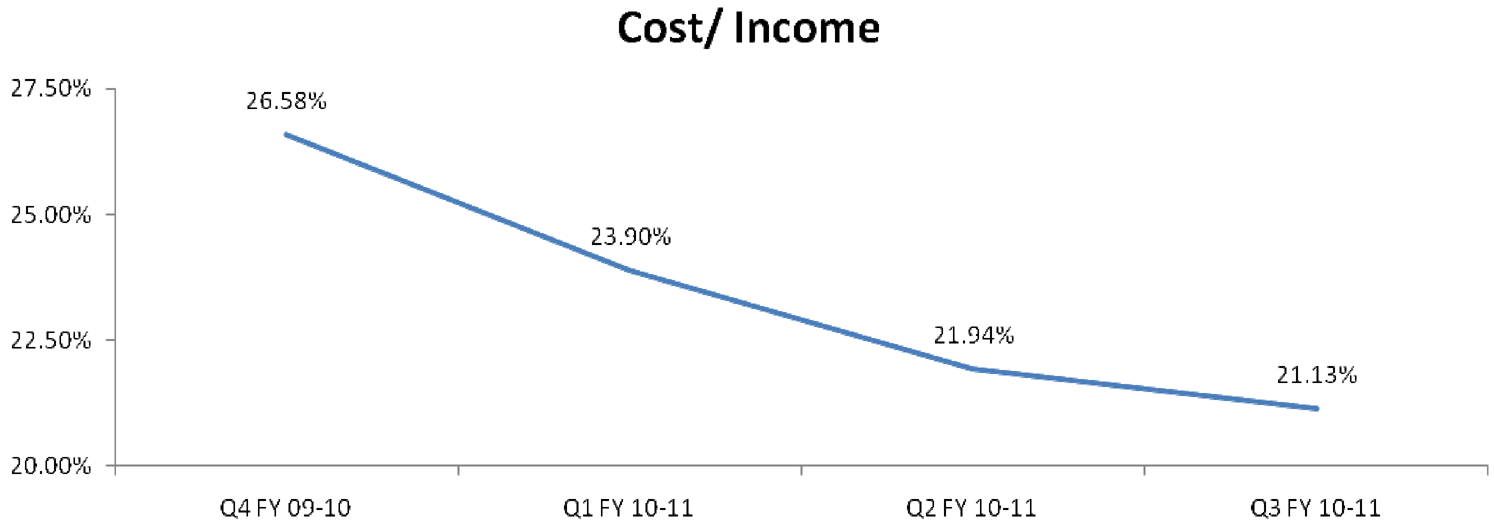
Headroom for Growth



Figures in Rs. Cr.

- Low gearing of 3.1 times provides for continued expansion of loan book over the next few years without requiring further equity infusion
- Company is focused on long duration term loans and bonds to fund this expansion

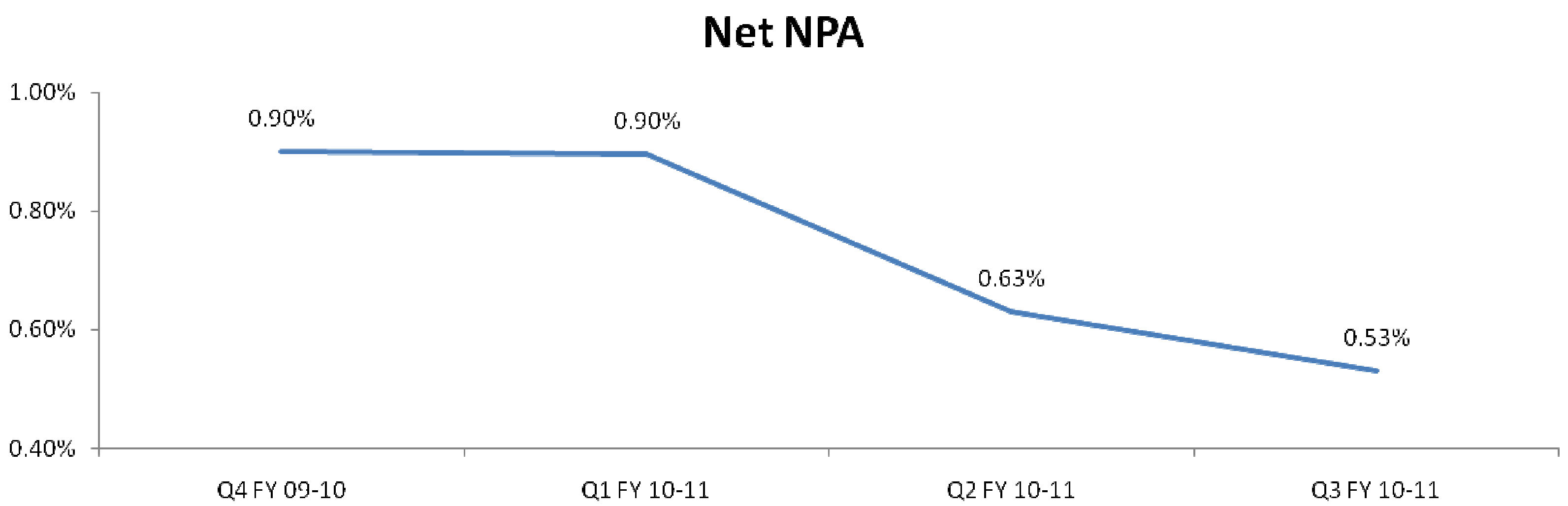
Improving Cost-Income Ratio



Costs include Salaries and Operating Expenses

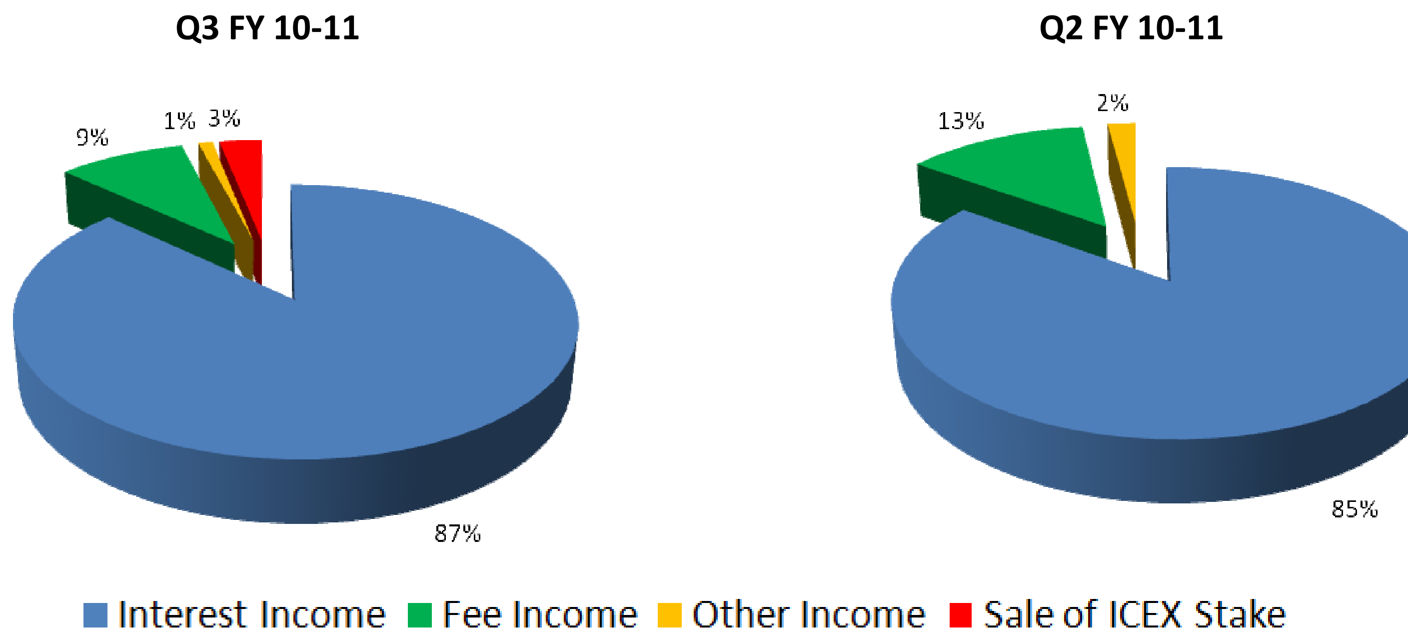
- Continuing improvement in cost-income ratio due to increasing efficiency in operations and build-up of long-term assets
- Disbursals are expected to outpace expenses hence continuing the downward trend of the cost-to-income ratio

Stable Asset Quality



- Five quarters of continuous reduction in Net NPA levels as low-risk mortgage portfolio increases the asset base, thereby, reducing the Net NPAs due to very low incremental delinquencies
- In arriving at the Net NPA (Gross NPA – Provisions), the provision figure excludes the one-time charge of Rs. 33.19 Cr towards 0.25% provision on 'Standard Assets' forming part of existing portfolio of IBFSL (stand alone) as mandated by RBI's new guidelines released on January 17, 2011 for NBFCs
- Total provisions are 2.23 times the regulatory requirement and covers 72% of the Gross NPAs

Income Sources



- To continue its focus on core business of Mortgage finance, the company gave up control and 26% stake in the Indian Commodity Exchange Ltd (ICEX). The company retains a 14% stake in ICEX as strategic investment
- ‘Interest Income’ contributes significantly to the total income and its contribution continues to remain stable and steady
- ‘Fee Income’ continues to be a significant income stream for the company

Consolidated Income Statement

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	Particulars	Quarter ended 31.12.10 (Unaudited)	Quarter ended 31.12.09 (Unaudited)	Nine months ended 31.12.10 (Unaudited)	Nine months ended 31.12.09 (Unaudited)	Year ended 31.03.10 (Audited)
						(Rupees in Lakhs)
1	a) Income from Operations	59,620.68	37,157.40	1,57,126.94	1,05,061.15	1,44,301.27
	b) Other Operating Income	8,032.09	4,119.12	13,904.47	15,108.80	18,263.81
	Total	67,652.77	41,276.52	1,71,031.41	1,20,169.95	1,62,565.08
2	Expenditure					
	a) Employees Cost	4,171.90	3,455.52	12,419.23	9,685.13	13,635.61
	b) Depreciation	255.75	213.01	742.34	610.73	844.03
	c) Operating Expenses	682.04	467.92	2,065.01	1,027.87	1,719.81
	d) Administrative & Other Expenses	9,675.42	15,138.65	25,809.34	31,041.23	41,764.18
	Total	14,785.11	19,275.10	41,035.92	42,364.96	57,963.63
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	52,867.66	22,001.42	1,29,995.49	77,804.99	1,04,601.45
4	Other Income	852.34	297.12	2,726.63	547.44	938.96
5	Profit before Interest & Exceptional Items (3+4)	53,720.00	22,298.54	1,32,722.12	78,352.43	1,05,540.41
6	Interest and Finance Charges	24,009.49	12,765.09	57,930.17	46,980.61	59,808.16
7	Profit after Interest but before Exceptional Items (5-6)	29,710.51	9,533.45	74,791.95	31,371.82	45,732.25
8	Exceptional Items	-	-	-	-	-
9	**Profit from Ordinary Activities before Tax (7-8)**	**29,710.51**	**9,533.45**	**74,791.95**	**31,371.82**	**45,732.25**
10	Tax expense (including Deferred Tax)	9,035.05	2,954.19	23,312.82	10,060.62	14,984.62
11	**Net Profit from Ordinary Activities after Tax (9-10)**	**20,675.46**	**6,579.26**	**51,479.13**	**21,311.20**	**30,747.63**
12	Extraordinary Items (net of tax expenses Rs. NIL)	-	-	-	-	-
13	**Net Profit for the period before Minority Interest (11-12)**	**20,675.46**	**6,579.26**	**51,479.13**	**21,311.20**	**30,747.63**
14	Minority Interest	421.09	179.76	807.55	608.78	617.89
15	**Net Profit from Ordinary Activities after Tax and Minority Interest (13-14)**	**20,254.37**	**6,399.50**	**50,671.58**	**20,702.42**	**30,129.74**
16	Preference Dividend for the period (including corporate dividend tax thereon)	-	-	-	915.11	915.11
17	Paid-up Equity Share Capital (Face Value of Rs.2 per Equity Share)	6,216.30	6,197.77	6,216.30	6,197.77	6,197.89
18	Paid-up Preference Share Capital	-	-	-	-	-
19	Reserves excluding Revaluation Reserves	4,49,833.06	4,33,622.31	4,49,833.06	4,33,622.31	4,24,809.02
20	Minority Interest	11,894.93	10,923.80	11,894.93	10,923.80	11,087.38
21	Earnings per Share before extraordinary items (Face Value of Rs.2 per Equity Share)					
	-Basic (Amount in Rupees)	6.52	2.07	16.33	6.91	9.94
	-Diluted (Amount in Rupees)	6.46	2.04	16.18	6.80	9.84
	Earnings per Share after extraordinary items (Face Value of Rs.2 per Equity Share)					
	-Basic (Amount in Rupees)	6.52	2.07	16.33	6.91	9.94
	-Diluted (Amount in Rupees)	6.46	2.04	16.18	6.80	9.84

Consolidated Balance Sheet

Indiabulls

Statement of Assets and Liabilities	(Rupees in Lakhs)	
Particulars	**As at**	**As at**
	31.12.10	**31.12.09**
	(Unaudited)	**(Unaudited)**
Shareholders Funds		
(a) Share Capital	6,216.30	6,197.77
(b) Reserves and Surplus	4,49,833.06	4,33,622.31
Minority Interest	11,894.93	10,923.80
Loan Funds	14,67,071.87	5,29,559.01
Total	**19,35,016.16**	**9,80,302.89**
Fixed Assets (including Capital work in progress / Capital Advances)	4,743.91	4,531.90
Investments	1,84,578.24	87,932.16
Deferred Tax Assets (Net)	4,773.77	2,847.15
Current Assets, Loans And Advances		
(a) Sundry Debtors	4,034.11	2,448.65
(b) Cash and Bank Balances	84,005.53	1,00,062.00
(c) Other Current Assets	17,718.36	12,695.46
(d) Loans and Advances	17,35,603.33	9,15,442.49
	18,41,361.33	10,30,648.60
Less: Current Liabilities And Provisions		
(a) Current Liabilities	60,409.36	1,23,781.36
(b) Provisions	40,031.73	21,875.56
	1,00,441.09	1,45,656.92
Net Current Assets	17,40,920.24	8,84,991.68
Total	**19,35,016.16**	**9,80,302.89**