



Indiabulls Financial Services Limited
Unaudited Financial Results – Q2 (FY 2010-11)

October 21, 2010

Safe Harbour Statement

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

Quarter-on-Quarter (Q-o-Q) Comparison

Q2 FY 10-11 Key Financial Highlights (Q2 FY 10-11 v/s Q1 FY 10-11)

	Q2 FY 10-11	Q1 FY 10-11
Total Revenues (Rs. Cr.)	581.44	471.09
PBT (Rs. Cr.)	251.01	199.80
PAT (Rs. Cr.)	174.46	133.58
EPS (Rs.)	5.57	4.24

250% interim dividend of Rs. 5/- per share of face value of Rs 2/- has been declared

Year-on-Year (Y-o-Y) Comparison

Q2 FY 10-11 Key Financial Highlights (Q2 FY 10-11 v/s Q2 FY 09-10)

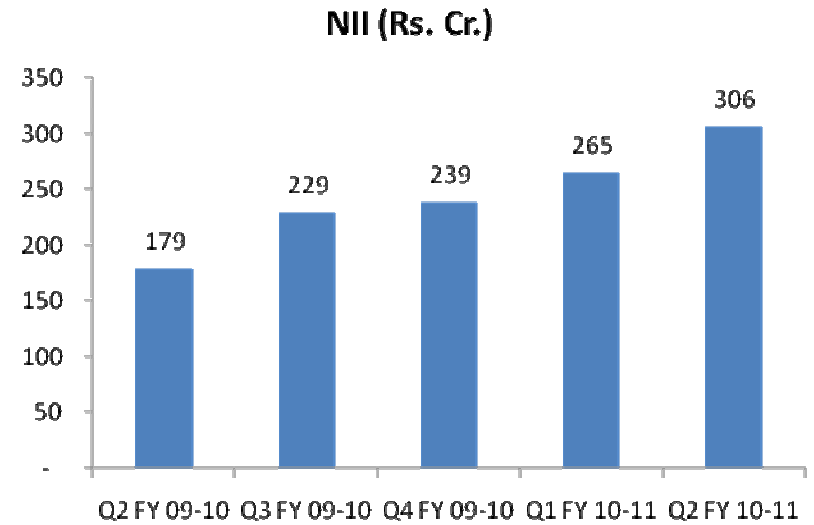
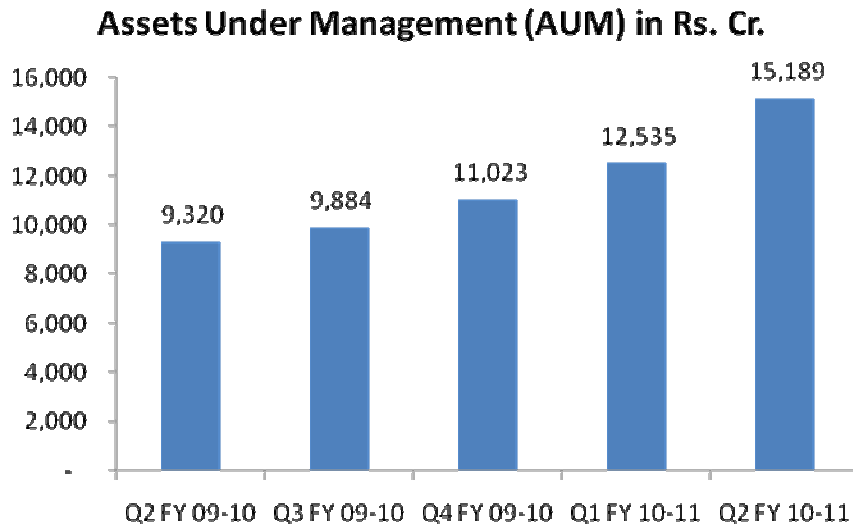
	Q2 FY 10-11	Q2 FY 09-10
Total Revenues (Rs. Cr.)	581.44	395.62
PBT (Rs. Cr.)	251.01	106.73
PAT (Rs. Cr.)	174.46	73.25
EPS (Rs.)	5.57	2.25

Business Update

H1 FY 10-11 Key Financial Highlights (H1 FY 10-11 v/s H1 FY 09-10)

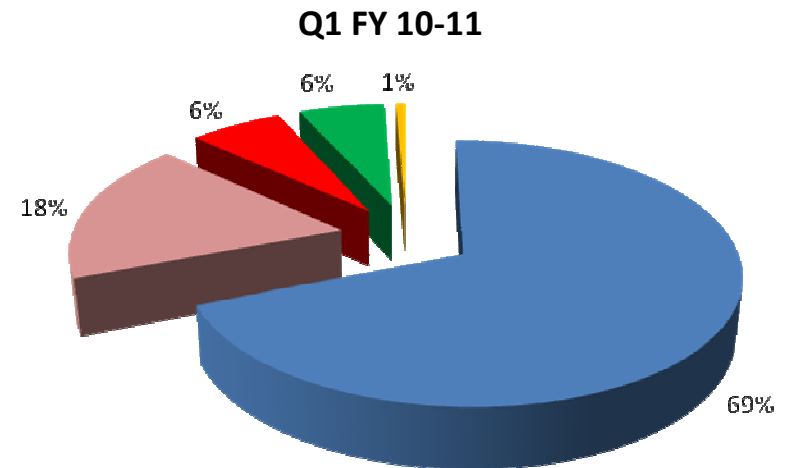
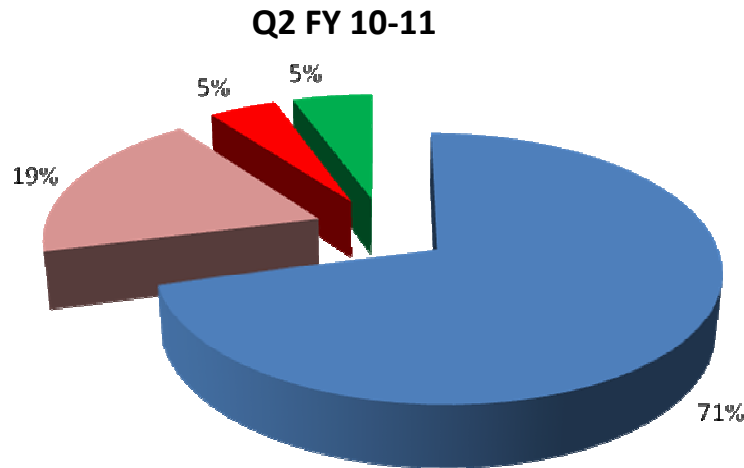
	H1 FY 10-11	H1 FY 09-10
Total Revenues (Rs. Cr.)	1,052.53	791.60
PBT (Rs. Cr.)	450.81	218.38
PAT (Rs. Cr.)	308.04	147.32
EPS (Rs.)	9.81	4.87

Asset Growth



- Focus on long-duration mortgage loans has resulted in steady asset growth and a consistent increase in Net Interest Income
- To maintain stable NIMs in a rising interest rate environment, the company has increased PLR by 50bps in Q2 and will continue to similarly adjust PLR to maintain spreads.

Asset Composition



■ Mortgages ■ Corporate ■ SME ■ CV ■ PL

- Disbursals for the quarter stood at Rs. 4,787 Crore
- Focus on Home Loans has resulted in sustained asset growth and increase in composition of low-risk mortgage loans to 71% of the assets
- The unsecured personal loans' book has run off

Home Loans: Increasing Presence

Direct Selling Team of over 1,200 people offering home loans to customers and addressing leads generated through print & television media and outdoor advertising campaign

8.5%

Call: 1800-200-7777
SMS: 'BULLS' to 57575

Indiabulls HOME LOANS
ghar aa jao

Welcome to your new home.



8.5% *

Get home loans on time, everytime.

Indiabulls HOME LOANS
ghar aa jao

Quick loan approval and disbursal • Doorstep service • Tenure up to 20 years
Call: 1800-200-7777 • SMS: 'BULLS' to 57575

8.5% *

This Navratri Swirl into a new home.

Quick loan approval and disbursal Doorstep service | Tenure up to 20 years

Call: 1800-200-7777
SMS: 'BULLS' to 57575

Indiabulls HOME LOANS
ghar aa jao

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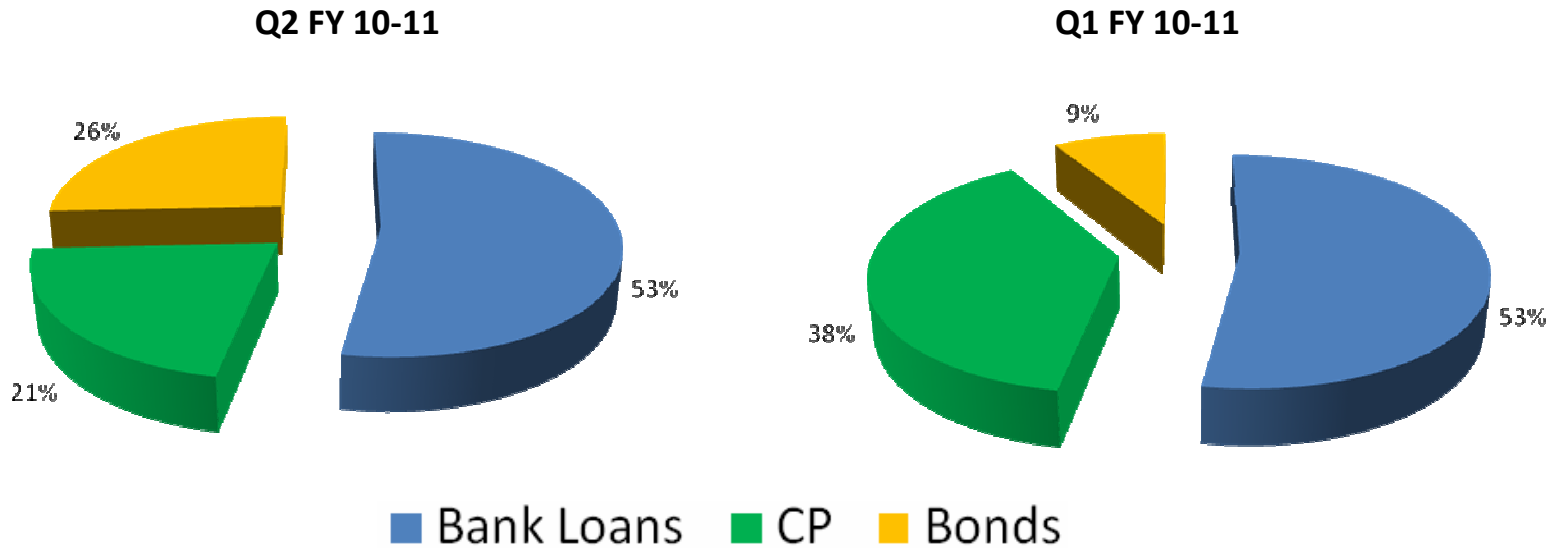


Home Loans: Expanding Reach

Expanding Branch Network: Accessible branches to build long-term customer relationships



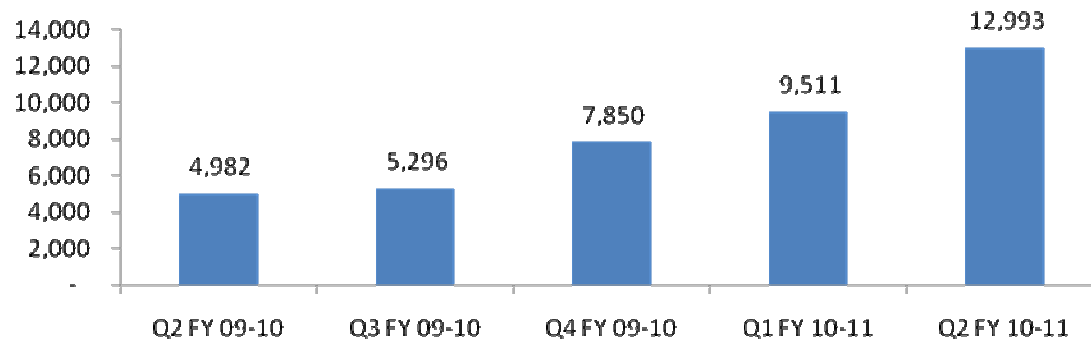
Improving Liability Profile



- Rs. 2,510 Cr of bonds were issued in Q2 FY 10-11 for tenures of 1.5, 2, 3 and 5 years, supported by AA rating from three rating agencies: CRISIL (a Standard & Poor’s Company), ICRA (An Associate of Moody’s Investor Service) and CARE Ratings
- During the quarter, the company has set precedent by raising 10-year term loans from banks

Diversified Borrowing Programme

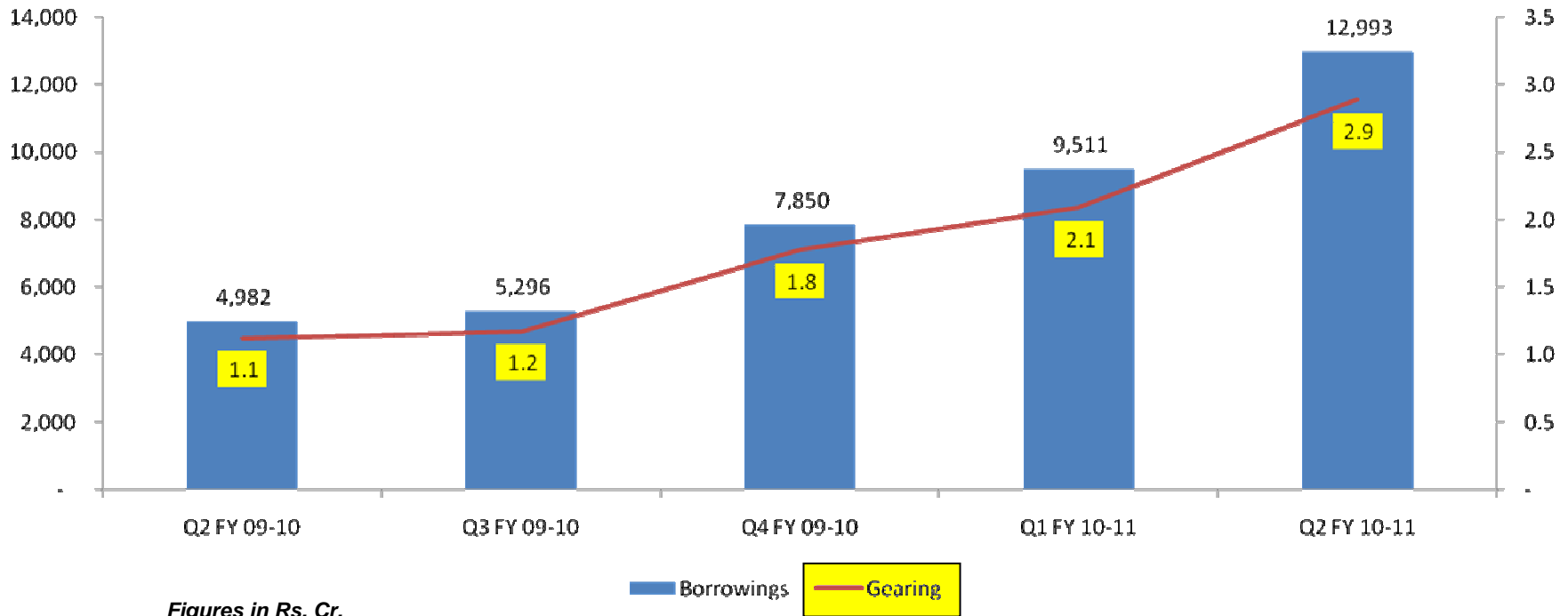
Borrowings (Rs. Cr.)



Total Borrowings (Rs. Cr.)			Contribution in Incremental Borrowing
	Sep 10	Mar 10	H1 FY 10-11
Bank Loans	6,880	3,790	60%
NCD	3,343	810	49%
CP	2,770	3,250	-9%
Total	12,993	7,850	100%

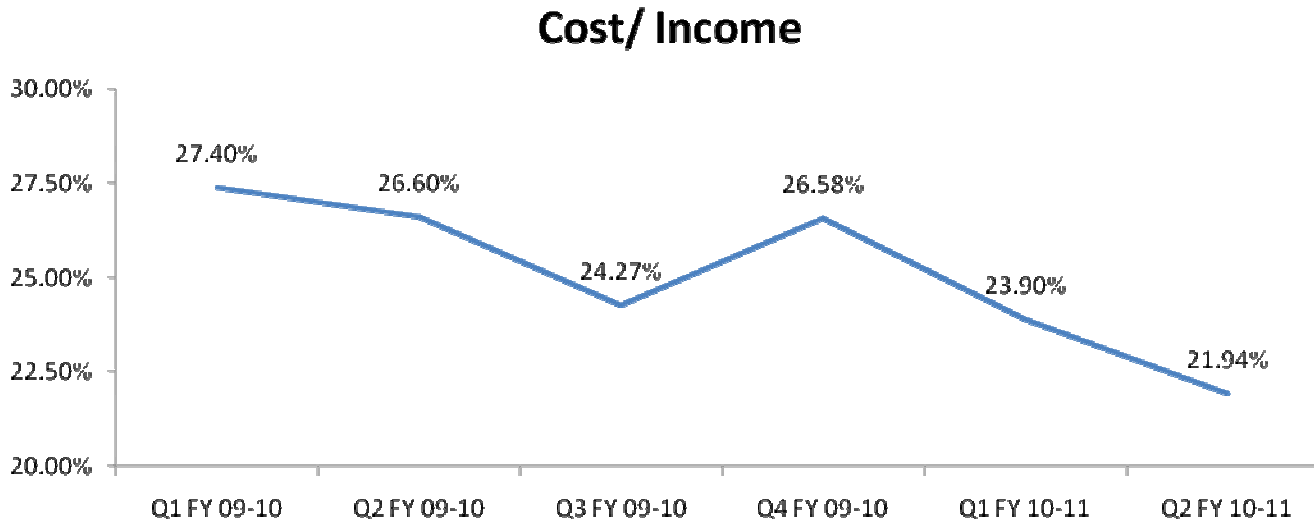
- Expanded relationship to 18 PSU banks, 8 Private and Foreign banks and 15 other Mutual Funds, Provident Funds, Pension Funds and Insurance Companies.
- The company has built strong relationships with its lenders and has been successful in increasing the tenure of its borrowings and also in diversifying the types of borrowings to support the growth in low-risk mortgage asset book.

Headroom for Growth



- 72% of the incremental borrowing in Q2 FY 10-11 has come in the form of long-term bonds
- Low gearing of 2.9 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

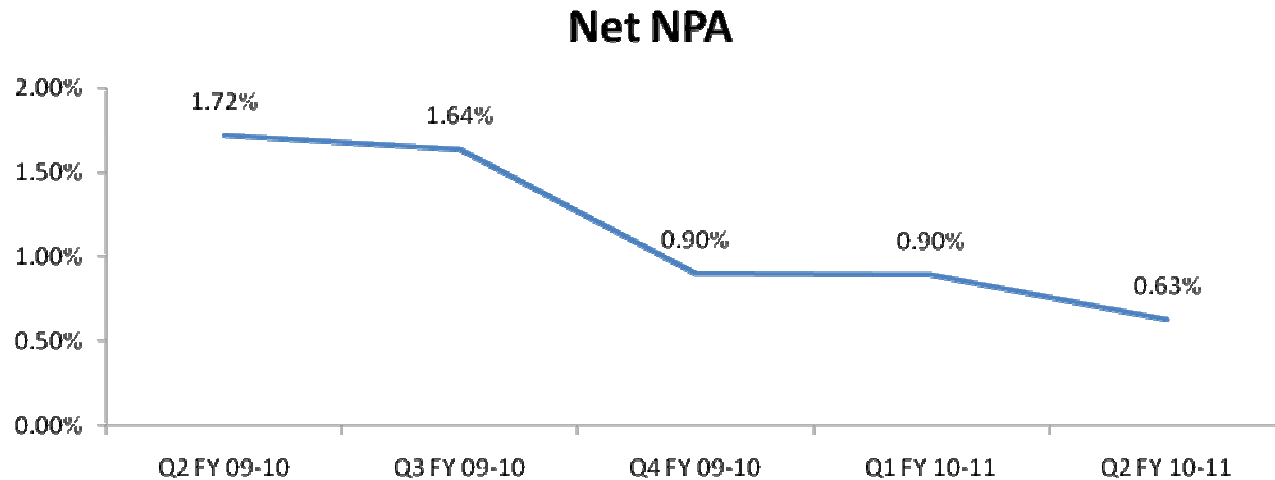
Improving Cost-Income Ratio



Costs include Salaries and Operating Expenses

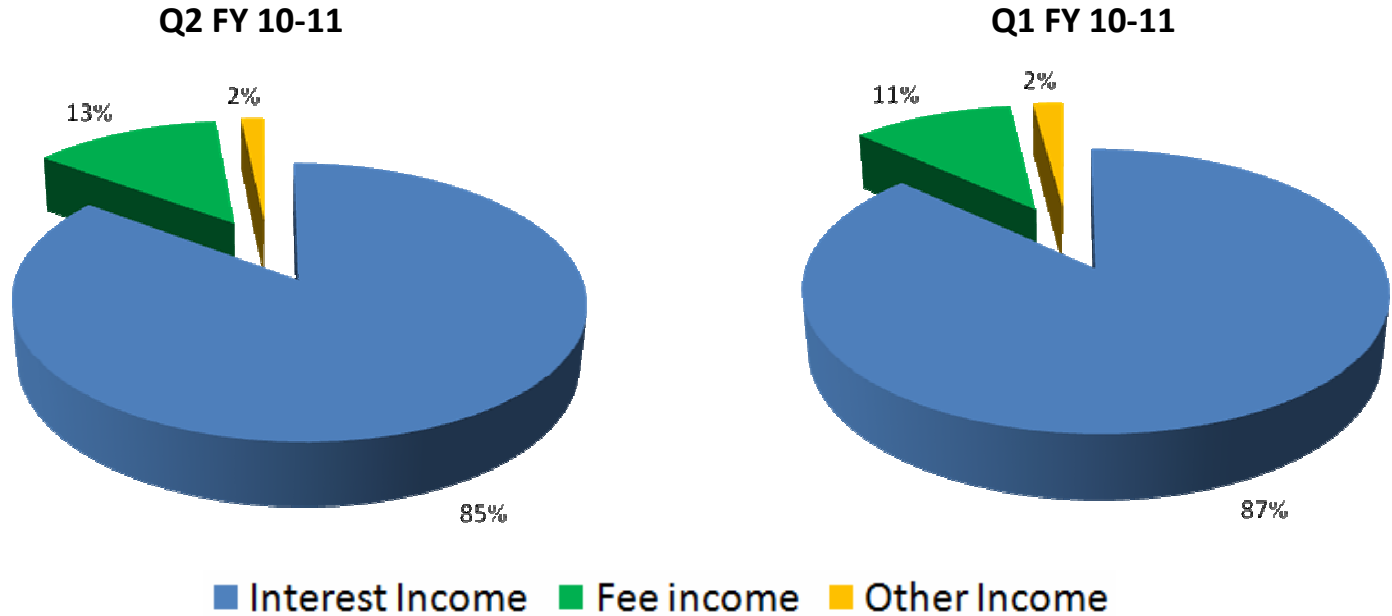
- Steady improvement in cost-income ratio due to increasing efficiency in operations
- Disbursals are expected to outpace expenses hence continuing the downward trend of the cost-to-income ratio

Stable Asset Quality



- Steady reduction in Net NPAs as low-risk mortgage portfolio increases the asset base, thereby, reducing the net NPAs due to very low incremental delinquencies

Income Sources



- 'Interest Income' contributes significantly to the total income and its contribution has remained stable
- 'Fee Income' has kept up with growth in 'Interest Income' with rising disbursements and enhanced cross-selling of related services to borrowers
- Improving recoveries has ensured that 'Other Income' has kept pace with the growth in Interest and Fee incomes

Consolidated Income Statement

Particulars		(Rupees in Lakhs)		
		Quarter ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	a) Income from Operations	54,135.71	35,083.14	1,44,301.27
	b) Other Operating Income	3,068.50	4,338.08	18,263.81
	Total	57,204.21	39,421.22	1,62,565.08
2	Expenditure			
	a) Employees Cost	3,965.51	3,161.57	13,635.61
	b) Depreciation	245.30	200.70	844.03
	c) Operating Expenses	797.63	322.88	1,719.81
	d) Administrative & Other Expenses	8,737.89	9,446.86	41,764.18
	Total	13,746.33	13,132.01	57,963.63
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	43,457.88	26,289.21	1,04,601.45
4	Other Income	939.71	141.15	938.96
5	Profit before Interest & Exceptional Items (3+4)	44,397.59	26,430.36	1,05,540.41
6	Interest and Finance Charges	19,296.63	15,757.18	59,808.16
7	Profit after Interest but before Exceptional Items (5-6)	25,100.96	10,673.18	45,732.25
8	Exceptional Items	-	-	-
9	Profit from Ordinary Activities before Tax (7-8)	25,100.96	10,673.18	45,732.25
	Tax expense (including Deferred Tax and Fringe Benefits Tax) (Fringe Benefits Tax for current quarter and previous year is Nil)	7,655.28	3,347.98	14,984.62
11	Net Profit from Ordinary Activities after Tax (9-10)	17,445.68	7,325.20	30,747.63
12	Extraordinary Items (net of tax expenses Rs. NIL)	-	-	-
13	Net Profit for the period before Minority Interest (11-12)	17,445.68	7,325.20	30,747.63
14	Minority Interest	177.98	212.57	617.89
15	Net Profit from Ordinary Activities after Tax and Minority Interest (13-14)	17,267.70	7,112.63	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)	6,206.83	6,197.62	6,197.89
18	Paid-up Preference Share Capital	-	-	-
19	Reserves excluding Revaluation Reserves	4,32,515.03	4,27,219.84	4,24,809.02
20	Minority Interest	11,473.83	10,744.04	11,087.38
21	Earnings per Share before extraordinary items (Face Value of Rs.2 per Equity Share)			
	-Basic (Amount in Rupees)	5.57	2.25	9.94
	-Diluted (Amount in Rupees)	5.51	2.21	9.84
	Earnings per Share after extraordinary items (Face Value of Rs.2 per Equity Share)			
	-Basic (Amount in Rupees)	5.57	2.25	9.94
	-Diluted (Amount in Rupees)	5.51	2.21	9.84

Steady loan book growth has increased interest income

Improving cost-income ratio

Reduction in cost of funds in spite of significantly higher borrowings

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

Consolidated Balance Sheet

Statement of Assets and Liabilities	(Rupees in Lakhs)	
Particulars	As at	As at
	30.09.10	30.09.09
	(Unaudited)	(Unaudited)
Shareholders Funds		
(a) Share Capital	6,206.83	6,197.62
(b) Reserves and Surplus	4,32,515.03	4,27,219.84
Minority Interest	11,473.83	10,744.04
Loan Funds	12,99,347.04	4,98,209.85
Total	17,49,542.73	9,42,371.35
Fixed Assets (including Capital work in progress / Capital Advances)	4,460.68	4,114.84
Investments (includes Rs 185,353.58 lacs (previous half year Rs 87,245.04 lacs) invested under debt schemes of various Mutual Funds)	2,09,227.66	1,14,920.63
Deferred Tax Assets (Net)	3,146.81	2,572.34
Current Assets, Loans And Advances		
(a) Sundry Debtors	684.12	1,065.02
(b) Cash and Bank Balances	2,00,834.71	1,45,088.83
(c) Other Current Assets	15,324.89	12,193.36
(d) Loans and Advances	15,31,365.07	8,19,192.82
	17,48,208.79	9,77,540.03
Less: Current Liabilities And Provisions		
(a) Current Liabilities	1,68,224.46	1,31,029.58
(b) Provisions	47,276.75	25,746.91
	2,15,501.21	1,56,776.49
Net Current Assets	15,32,707.58	8,20,763.54
Total	17,49,542.73	9,42,371.35