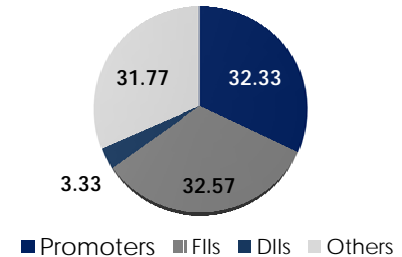


## INVESTOR'S DELIGHT

19<sup>TH</sup> JULY, 2011

Company	Indiabulls Financial Services
NSE Code	INDIABULLS
BSE Code	532544
FV	Rs.2
Book Value	Rs. 146
Equity Capital (Rs in mn)	621.9
Market Capitalization (Rs in mn)	53,794
CMP	Rs. 173
Target Price	Rs. 224
Upside	29%

SHAREHOLDING PATTERN (%)



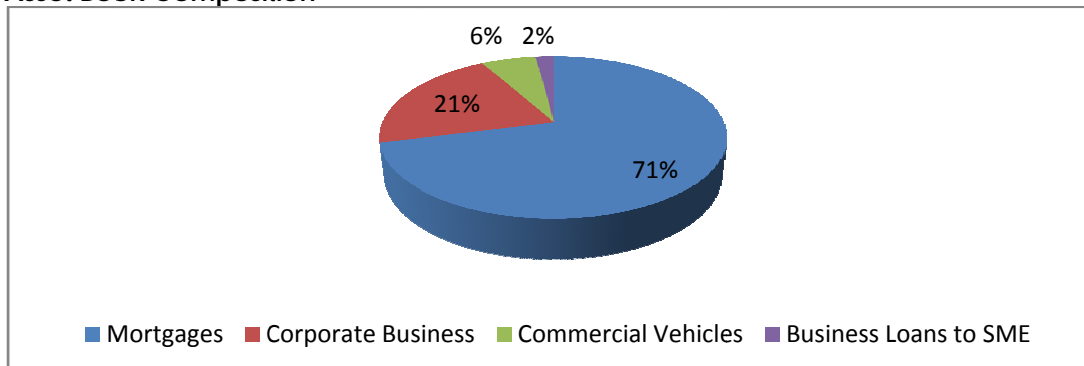
## ABOUT THE COMPANY

### Background

**Indiabulls Financial Services Ltd. (IFSL)**, one of India's leading non-banking financial companies (NBFCs) is leading provider of lending and other financial products including home loans, loans against property, commercial vehicle loans, and commercial credit to prime corporate. Indiabulls Housing Finance Ltd, a SARFAESI notified Housing Finance Company is a wholly owned subsidiary of Indiabulls Financial Services Ltd; provides competitively priced home loans to both self employed & salaried segment clients. The company has a wide network of 170 branches spread over 87 cities across India. Indiabulls Home Loans is emerging as the most preferred brand in housing finance.

IFSL has over 3,00,000 customers & cumulative disbursements of loan amount over Rs.500 bn. The company enjoys AA+ rating and has one of the lowest leverage and highest net worth among the peer group. Indiabulls has very stable long term financing from leading Indian and international banks and financial institutions.

### Asset Book Composition

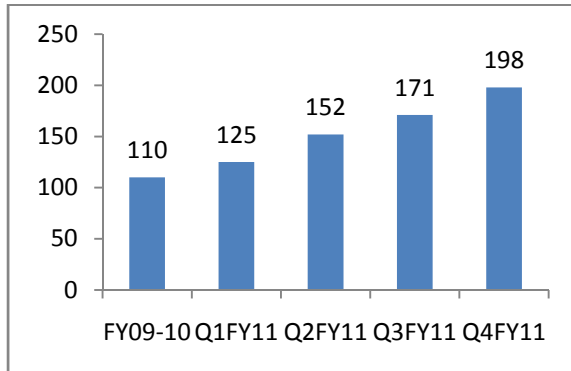


Source: Company, Ajcon Research

## INVESTMENT RATIONALE

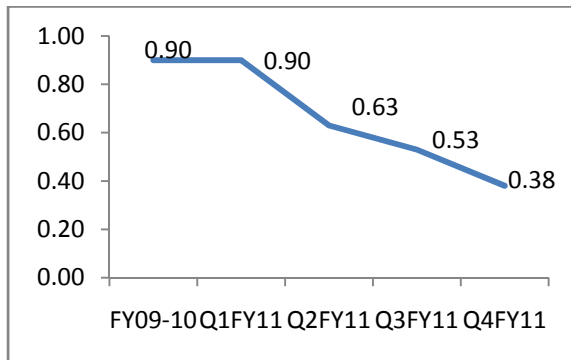
### Strong growth in AUMs

AUMs (Rs. in bn)



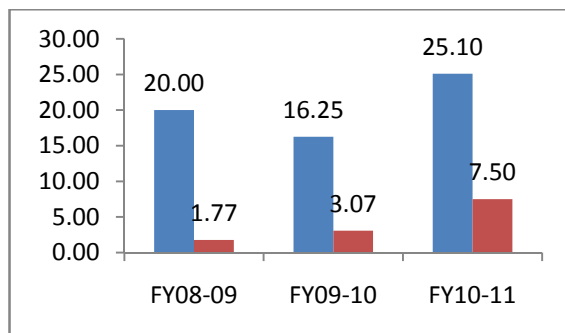
Source: Company, Ajcon Research

### Declining NPAs (%)



Source: Company, Ajcon Research

### Strong earnings growth (Rs. in bn)



Source: Company, Ajcon Research

### Improving Liability Profile (Rs. in bn)

Particulars	March 2011	March 2010
Bank Loans	133.7	37.9
NCD	39	8.1
CP	20.4	32.5
<b>Total</b>	<b>193.2</b>	<b>78.5</b>

Source: Company, Ajcon Research

- The company's long term debt rating has been upgraded to AA+
- It has achieved its stated objective of decreasing the dependence on short-term money to under 15% of its total borrowing.
- Q4FY11 witnessed continuing diversification of funding sources. Amongst its lenders, the company now counts 48 strong relationships: 20 PSU banks, 9 private and Foreign banks and other Mutual Funds, Provident Funds, Pension Funds and Insurance Companies.

### OUTLOOK AND VALUATION

At the CMP, the stock is valued at 1.18x at FY11 Book Value. With due consideration to factors like a) one of India's leading financial services company, b) strong capital adequacy ratio, c) healthy growth in AUMs, d) declining NPAs, d) steady earnings growth, we recommend **'BUY'** with a target price of Rs. 225 (1.18x estimated FY13 Book Value of Rs. 190) for investors with a horizon of 9-12 months.

### FINANCIAL SUMMARY

#### INCOME STATEMENT (Rs. in mn.)

Particulars	FY10	FY11
Investing and Financing related activity	16,008	24,027
Fee income	249	700
<b>Total income</b>	<b>16,257</b>	<b>24,727</b>
<b>PBT</b>	<b>4,573</b>	<b>9,915</b>
<b>PAT</b>	<b>3,013</b>	<b>7,427</b>
<b>Outstanding shares (mn)</b>	<b>309.8</b>	<b>310.9</b>
<b>EPS</b>	<b>9.94</b>	<b>23.88</b>
<b>P/E</b>	<b>17x</b>	<b>7x</b>
<b>ROE(%)</b>	<b>6.9</b>	<b>16.3</b>
<b>Book Value (Rs.)</b>	<b>139</b>	<b>146</b>

Source: Company, Ajcon Research



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