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Indiabulls Financial Services Ltd. (IBFSL), one of India's leading non-banking financial companies (NBFCs) with an asset book of ₹275.2 billion, provides lending and other financial services including home loans, loans against property, commercial vehicle loans, and commercial credit to prime corporates. The company has a wide network of 180 branches spread over 100 cities across India.

### Investor's Rationale

#### Net profit up by 24.3% (YoY) on low risk mortgage loans

IBFSL posted consolidated net profit after tax and minority interest of ₹3.0 billion for the quarter ended March 31, 2012 as compared to ₹2.4 billion for the quarter ended March 31, 2011, representing an increase of 24.3%, on low risk mortgage loans, diversified & long duration liability base, reduction in cost-income ratio and on lower delinquency levels.

#### Better cost control ensured improved operational efficiency

Total consolidated income surged by 45.4% to ₹11.1 billion in Q4FY'12 from ₹7.6 billion in Q4FY'11, as interest income contributed significantly to the total income on account of sustained asset book growth due to long-term mortgage loans. Net interest income (NII) continues to grow by 26.5% YoY and 20.7% QoQ at ₹5.5 billion. The company continues to witness improving operational efficiency, with the cost to income ratio further declining to 18.7% in Q4FY'12.

#### Healthy performance on asset quality front

The asset quality enhanced on account increasing weights of lower risk mortgage assets along with lower delinquencies as Gross NPA ratio declined by 21bps to 0.8% as against 1.0% in Q4FY'11 and remained stable on QoQ basis. The total provision pool, including floating and standard asset provisions, stood at ₹3.3 billion as on March 31, 2012.

#### Loan-book expanded by 36.6%YoY on steady home loan demand

The advances for IBFSL grew by 36.6%YoY to ₹214.7 billion. On the back of a strong and steady demand for Home Loans the company has seen sustained growth in its assets under management at a quarterly average of approx. ₹20 billion over the course of last ten quarters while the company made disbursements of ₹45 billion for the quarter. Home loan which forms the majority of incremental disbursements, are disbursed at an average ticket size of ₹23 billion, for an average term of about 14 years. Long term, low risk mortgage loans' contribution remains steady at 71% of the total assets.

### Market Data

CMP (₹)	224.2
Target Price	250
Stop Loss	215
Duration	Mid-term
52-week High-Low (₹)	250.9/116.8
Rise from 52WL (%)	91.9
Correction from 52WH (%)	10.6
Beta	0.80
1 year Average Volume (mn)	10.1
	1M-
	0.9
Stock Return (%)	3M-
	(7.4)
	6M-
	67.8
Market Cap (₹bn)	70.0
Enterprise Value (₹bn)	259.5

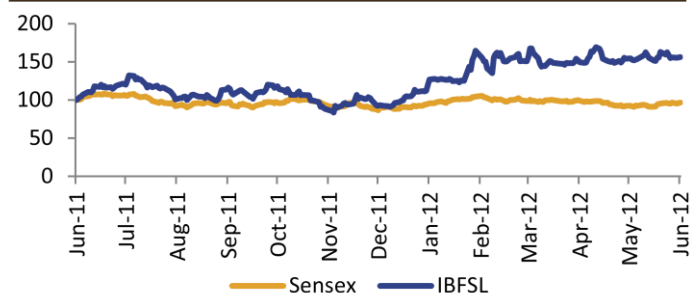
### Shareholding Pattern

	Mar'12	Dec'11	Chg
Promoters (%)	37.0	35.3	1.8
FII (%)	35.7	33.1	2.6
DII (%)	2.4	4.1	(1.7)
Public & Others (%)	24.8	27.5	(2.7)

### Quarterly Performance

(₹ bn)	Q4 FY'12	Q4 FY'11	Q3 FY'12	%Y-o-Y Change	%Q-o-Q Change
Total income	11.1	7.6	9.6	45.4	15.2
Op. expense	1.8	2.0	1.2	(7.0)	49.2
Net profit	3.0	2.4	2.5	24.3	22.7
NII	5.5	4.3	4.5	26.5	20.7
NIM (%)	18.9	20.1	18.4	(123bps)	45bps
Gross NPA (%)	0.8	1.0	0.8	(21bps)	-
EPS	9.6	7.5	7.9	28.0	21.0

### One Year Price Chart





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