

Indiabulls

Indiabulls Financial Services Limited

Earnings Update – Q4 FY07

Audited Results

April 16, 2007

Indiabulls

The Board of Directors of Indiabulls Financial Services Limited at their meeting held on 16th April 2007 took on record the audited results for the quarter and year ended 31st March 2007.

The Board of Directors declared a final dividend Rs 1 per share, 50% of face value of Rs 2 per share. The total dividend for FY 2007 (Interim and Final) is Rs 3, 150% of the face value of Rs 2 per share

Highlights:

Fiscal Year ending March 31, 2007 compared to Fiscal Year ending March 31, 2006

- **Consolidated Total Revenues up 102.9% to Rs. 1,244.4 crores in FY 07 from Rs. 613.2 crores in FY 06**
- **Consolidated Profit After Tax up 75.0% to Rs. 443.4 crores in FY 07 from Rs. 253.4 crores in FY 06**

Business highlights

- Financing Income was Rs. 719.2 crores (57.8% of total revenues) in FY 07 compared to Rs. 289.4 crores (47.2% of total revenues) in FY 06
- Total outstanding and serviced loans as on March 31, 2007 were Rs 3,097.3 crores, with secured loans consisting 68.0% of the total loans and unsecured consumer loans consisting 32.0% of the total loans compared to a total outstanding and serviced loans of Rs. 1,087.9 crores as on March 31, 2006
- Total consumer loans disbursed upto March 31, 2007 up 1,839.5 % to Rs. 2,202.3 crores (secured: 54.2%, unsecured: 45.8%) compared to total disbursements of Rs 113.55 crores (secured: 1.1%, unsecured: 98.9%) upto March 31, 2006
- Total consumer loans outstanding and serviced as on March 31, 2007 up 1,519.4 % to Rs 1,819.0 crores (secured: 45.6%, unsecured: 54.4%) as compared to Rs 112.32 crores (secured: 1.0%, unsecured: 99.0%) as on March 31, 2006
- Average annualized yield of 25% on the total outstanding and serviced consumer loans portfolio
- Total provisions of Rs 80.2 crores or 4.4% of total outstanding and serviced consumer loans portfolio of Rs. 1,819.0 crores as on March 31, 2007
- Fee based income from loan processing, insurance and advisory of Rs. 117.7 crores i.e. 9.5% of total revenues in FY 07 compared to Rs.7.5 crores i.e. 1.2% of total revenues in FY 06
- The consolidated Net worth of Indiabulls Financial Services Limited is Rs. 2,216 crores after the de-merger of Indiabulls Real Estate Limited as on March 31, 07 compared to 1,681 crores before the de-merger and as on 31st March 06

<u>Consolidated Financials</u> <u>(Rs. in crores except EPS)</u>	FY 2007 (Audited)	FY 2006 (Audited)	Growth (%) YoY
Brokerage and capital market related income	404.0	313.3	29.0%
Financing Income	719.2	289.4	148.5%
Fee based income (loan processing, insurance and advisory fees)	117.7	7.5	1460.7%
Other Income	3.5	2.9	18.0%
Total Revenues	1,244.4	613.2	102.9%
Profits before interest and taxes	731.0	404.9	80.5%
Interest Expense	68.0	31.5	115.8%
Profits before taxes	663.1	373.4	77.6%
Profits After tax	443.4	253.4	75.0%
EPS (basic) Rs.	Rs. 22.84	Rs. 15.61	46.3%

Fourth Quarter FY 2007 compared to Fourth Quarter FY 2006 (year-on-year quarterly comparison)

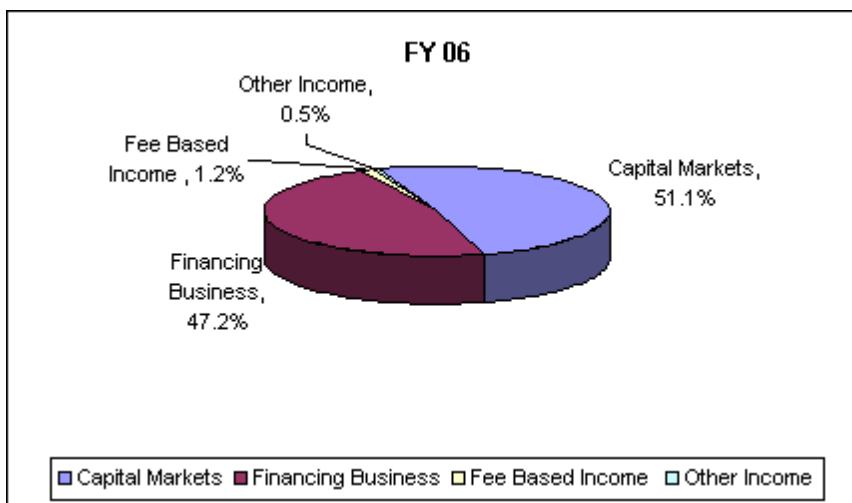
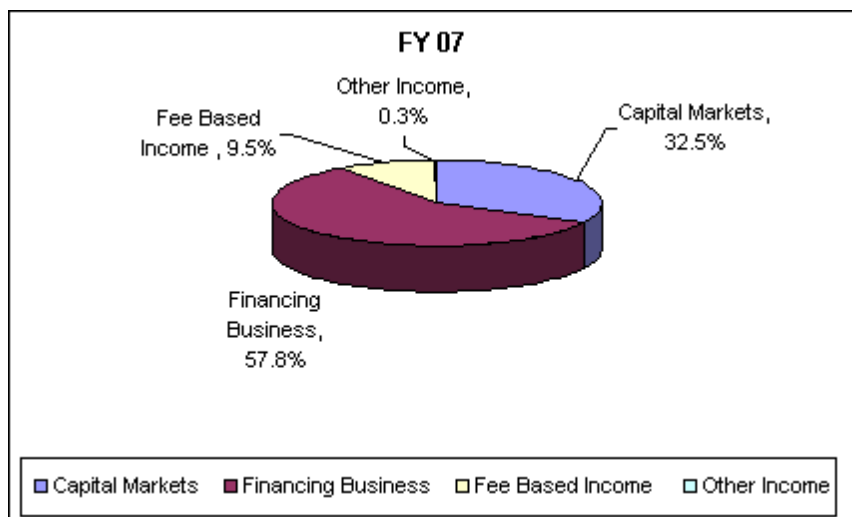
- Consolidated Total Revenues up 114.2% to Rs. 418.8 crores in Q4 FY 07 from Rs. 195.5 crores in Q4 FY 06
- Consolidated Profits after Tax up 99.0% to Rs. 159.9 crores in Q4 FY 07 from Rs. 80.4 crores in Q4 FY 06
- Consumer Finance loan disbursements of Rs 752.0 crores in Q 4 FY 07 compared to disbursements of Rs 35.44 crores in Q4 FY 06

Fourth Quarter FY 2007 compared to Third Quarter FY 2007 (sequential quarterly comparison)

- Consolidated Total Revenues up 25.2% to Rs. 418.8 crores in Q4 FY 07 from Rs. 334.5 crores in Q3 FY 07
- Consolidated Profits After Tax up 43.0% to Rs. 159.9 crores in Q4 FY 07 from Rs. 111.8 crores in Q3 FY 07

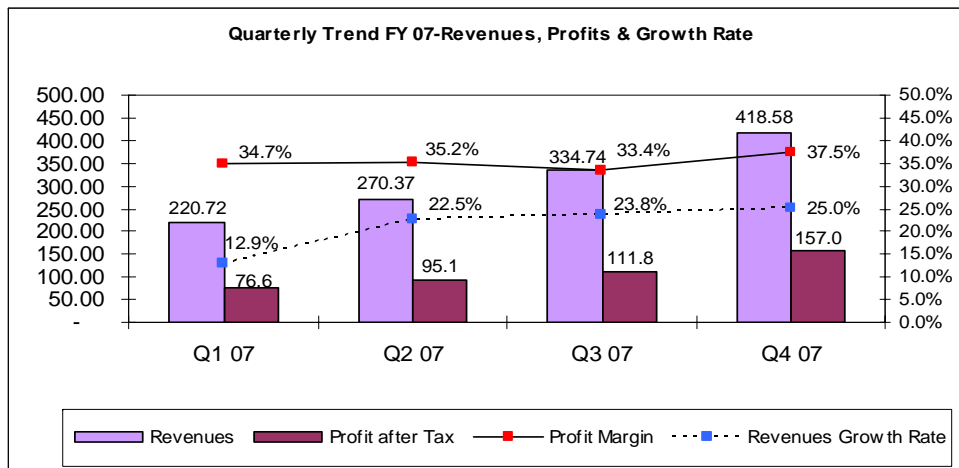
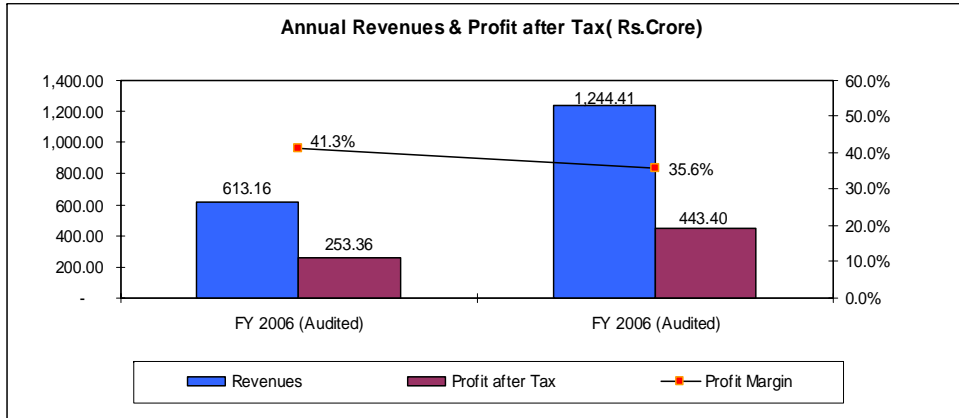
Revenue Mix in FY 2007 as compared to FY 2006

- Financing Income has replaced Brokerage Income as the largest revenue segment
- Fees based income (from insurance sales, loan processing fees, advisory fees and others) ~ 9.5% of total revenues in FY 07



Strong growth in Revenues and PAT in FY 2007 (quarterly and year over year)

- Strong growth in Revenues and PAT through out FY 2007, with double-digit sequential growth every quarter
- Steady Profit margins as company built critical infrastructure to foster future growth
- Annual Revenue and Profit growth of 103% and 75% respectively



Strategic Highlights

- Indiabulls Financial Services Ltd completed the de-merger of its real estate business into a separate publicly traded company, Indiabulls Real Estate Limited. This historic transaction unlocked Rs. 9,000 crores of shareholder wealth, as the share price of Indiabulls Financial Services Limited increased from Rs. 313.4 per share on 30-Apr-2006, the day prior to the announcement of the de-merger, to a combined price of Rs 799.1 per share of Indiabulls Real Estate Limited and Indiabulls Financial Services Limited on close of business on April 13, 2007. Indiabulls Real Estate Limited is the second largest listed real estate developer in India with business operations in Maharashtra, National Capital Region (Delhi), and Tamil Nadu.

	<u>29-Apr-06</u>	<u>13-Apr-07</u>	<u>Performance</u>
Indiabulls¹	313.4	799.1	155.0%
Sensex	12,042.6	13,275.0	10.2%

- Indiabulls Financial Services Ltd completed the acquisition of the minority interests in its mortgage subsidiary, Indiabulls Housing Finance Limited, and increased its ownership to 100% in the fast growing mortgage and loans against property business.
- Indiabulls Financial Services Ltd signed definitive agreement with the minority shareholders of Indiabulls Credit Services Limited to merge it with the company, and to issue 3 shares of Indiabulls Financial Services Limited, for every 10 shares of Indiabulls Credit Services Limited. The transaction is expected to accretive to both the earnings per share and the growth rate of Indiabulls Financial Services Limited. With the merger, Indiabulls will own 100% of its fast growing consumer finance business.
- Indiabulls also announced its plan to de-merge its Securities Business into a separate publicly traded company, Indiabulls Securities Limited. Shareholders of Indiabulls Financial Services Limited will receive one share of Indiabulls Securities Limited for every one share of Indiabulls Financial Services Limited held as of the record date.
- The above merger and de-merger will be implemented through a Scheme of Arrangement to be filed with the Hon'ble High Court, Delhi and is subject to the approval of the shareholders and creditors of Indiabulls Financial Services Ltd and the Hon'ble High Court, Delhi.

¹ Indiabulls market price before de-merger is the closing price of Indiabulls Financial Services Limited on NSE and after de-merger is the sum of the closing prices of Indiabulls Financial Services Limited and Indiabulls Real Estate Limited on NSE. Performance figures exclude dividend payments.

Business Strategy & Outlook update:

- **Business Outlook:**
 - Grow consumer loans disbursements to Rs. 6,000 crores in FY 08
 - Target two thirds of the new consumer loans in value as secured loans in the consumer loans portfolio in FY 08
 - Target double-digit pre-tax return on assets on the consumer loans portfolio
 - Target to generate upfront loan processing fees and insurance income to cover all loans origination and operating costs
 - Scale up the in-house collections full time employee team from current 1,500 to 2,500 employees in FY 08
 - Expand the current loans product offering to achieve high risk-adjusted returns and strong growth:
 - unsecured personal loans including general purpose, student, medical and others,
 - secured small ticket loans primarily in the form of auto / two-wheeler loans,
 - unsecured PL+, large ticket personal loans
 - loans against property, and new home loans
 - business installment loans, and Secured commercial loans to small to medium scale industries
 - commercial vehicle loans including used trucks
 - tractor loans: new and used tractors
 - Continue to grow the securities business driven by new client additions

Safe Harbor

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 in either Consumer Finance or Securities Business, the general state of the Indian economy and the demand for credit by commercial enterprises and consumers, and the management's ability to implement the company's strategy. Indiabulls doesn't undertake any obligation to update these forward-looking statements.

This document does not constitute an offer or recommendation to buy or sell any securities of Indiabulls or any of its subsidiaries or associate companies. This document also doesn't constitute an offer or recommendation to buy or sell any financial products offered by Indiabulls.

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